

Code Administrator Meeting Summary

CMP413 - Workgroup 10 - Rolling 10-year wider TNUoS generation tariffs.

Date: 06/11/2023

Contact Details

Chair: Claire Goult, ESO Code Administrator claire.goult@nationalgrideso.com

Proposer: Hugh Boyle – EDF Energy hugh.boyle@edfenergy.com

The Chair advised the group that an email had been issued this morning with details of the second Alternative request due to be discussed today.

Timeline

Members were advised by the Chair that the Workgroup Report was due to be presented at the next CUSC panel meeting in November 2023, but this would depend on how this Workgroup progressed today.

Alternative Request Update

Two Alternative requests have now been submitted, the first by Centrica and the latest by RWE.

The Centrica representative outlined details of their Alternative request. It was noted that this Alternative aligns with the Original, the difference being that the shortfall sits with the generator and not the supplier. The ESO representative noted that the Original Proposer has shared worked examples for their solution and questioned if the Alternative Proposer could do the same (**Action 23**). The Original Proposer highlighted that details in Annex 12 could be used in this instance to assist the Proposer of the first Alternative request.

The second Alternative request raised by RWE was also outlined by the Proposer who advised the Workgroup that their Alternative Request Form was still being updated and would be shared once completed. One member questioned if this Alternative addressed the Original defect. The Proposer of the Alternative suggested a discussion offline to understand which parts of the defect the member felt were not being addressed.

The Chair encouraged Workgroup members to ask questions and debate the Alternatives to ensure they were fully understood prior to voting. A number of Workgroup members advised they would need more time to assess the second Alternative request as they had not had time to review it fully.

Review Draft Legal Text

The ESO Representative shared an initial draft of Legal Text highlighting the areas of **CUSC Section 14** required to be updated as part of CMP413, adding that this is something ESO are continuing to work through.

14.29: Baseline references the requirements for ESO to publish a 5-year forecast of tariffs. Updated this to 10-year forecast with some additional detail.

14.15.138: Impact on Transmission Demand Residual Charge (introduced an additional adjustment into the calculation here to cover any shortfall from generation collection, but alternatively could combine into existing adjustment charge?)

14.15.144: Included how the cap/collar system works in this section. Shown split by component to make it a bit easier to follow.

- Introduced new term Constrained Transport Tariff – take Initial Transport Tariff and apply cap/collar.

14.23: Extended generation tariff example to include an example for how the cap/collar works.

The Proposer asked if consideration could be given to what appropriate decimal point is required for the new Charging Year table. The ESO rep agreed to consult with the Legal team on this aspect of the Legal Text (**Action 24**).

A Workgroup member stated that the worked examples in the Legal Text were a good idea and suggest the information be produced every year, although not necessary to codify. They went on to say the first few years are going to be different to seven years down the line and it will be difficult to apply the example given. The member also felt the ESO could go further and possibly build this into the normal ESO tariff publication process. The ESO representative agreed with this point.

Workgroup members agreed they would like more time to review the Legal Text.

Action update

The Proposer outlined the CMP413 Cap and Collar context detailing the non-confidential analysis requested in a previous Workgroup. The presentation included the HVDC link cable modelling impact and analysis highlighting the open governance risk from modifications, using CM315/375 as an example. The second part of the Action (sharing confidential analysis with Ofgem) had not been completed. The Proposer asked if this was something that needed to stay within the Workgroup actions or could be taken offline. Ofgem agreed to speak with colleagues internally and update the group at the next session (**Action 25**).

ESO's representative shared details outlining a number of reasons as to why the ESO is reluctant to refer to the 10-year projection as a forecast. The ESO rep also highlighted to the Workgroup that the projection recently shared with industry was a big piece of work taking approximately 6 months to put together.

The Authority representative questioned to what extent a future 10-year robust forecast is achievable, what the delivery timeline would look like (in respect of the Original and Alternative request 1), and for Alternative request 2, how incrementally difficult is it to do for a 15-year forecast. The ESO rep agreed to discuss with the Revenue Team regarding feasibility and feedback to Workgroup (**Action 26**). When questioned by a member on the likelihood of the ESO being able to produce a forecast for April 2024 the ESO member noted, ESOs position has not changed from previous statements.

A Workgroup member posed a question in relation to price control parameters and the rate of return being a factor when creating a forecast. The member asked why assumptions around TO Allowed Revenue and Price Control were required in order to set the forecast for the wider locational charge. The ESO agreed to take this question away and feedback to the Workgroup (**Action 27**). The Workgroup member also suggested, once the Workgroup have a better understanding of the two Alternatives, it might be an idea to do some kind of assessment to understand if the different solutions require different information, i.e., make life easier/harder, have more materiality etc. Each solution may potentially need different things. The ESO representative agreed this would be useful.

Alternative Request Vote

Members agreed to vote on the two Alternative Requests, and the majority of members agreed both Alternatives were to proceed as WACMs.

AOB

The Chair referred back to the timeline noting that as there are now two further solutions to be developed and therefore the Workgroup Report would not be submitted to the November CUSC Panel.

Next Steps

- Chair to meet with Proposer to confirm new timeline.
- Share new timeline with members before presenting to November Panel

Actions

For the full action log, [click here](#).

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
23	WG10	JK	Proposer of WACM 1 to share worked examples for the solution possibly using Annex 12 of the Original to assist	NA	WG11	Open
24	WG10	MC	Consult with Legal to consider the appropriate decimal point required for the new Charging Year table	NA	WG11	Open
25	WG10	DT	Ofgem to confirm if Proposer is still required to share confidential analysis to provide justification for proposed values	NA	WG11	Open
26	WG10	MC	Consult with the Revenue Team regarding feasibility to what extent a future 10-year/15-year robust forecast is achievable	NA	WG11	Open
27	WG10	MC	Feedback to WG as to why assumptions around TO Allowed Revenue and Price Control were required in order to set the forecast for the wider locational charge	NA	WG11	Open

Attendees

Name	Initial	Company	Role
Claire Goult	CG	Code Administrator, ESO	Chair
Deborah Spencer	DB	Code Administrator, ESO	Tec Sec
Hugh Boyle	HB	EDF	Proposer
Allan Kelly	AK	Coriogenesis	Observer
Chiamaka Nwajagu	CN	Orsted Wind Power	Observer
Damian Clough	DC	SSE Generation	Workgroup Member
David Tooby	DT	Ofgem	Authority Rep
Giulia Licocci	GL	Ocean Winds	Observer
Grace March	GM	Sembcorp	Workgroup Member
Harriet Harmon	HH	Ofgem	Authority Rep
James Cunningham	JC	Cornwall Insight	Observer

James Knight	JK	Centrica	Alternate
James Stone	JS	Ofgem	Authority rep
Martin Cahill	MC	ESO	Workgroup Member
Matthew Paige Stimson	MPS	NGET	Workgroup Member
Paul Jones	PJ	Uniper Energy	Workgroup Member
Ryan Ward	RW	Scottish Power Renewables	Alternate
Simon Vicary	SV	EDF	Alternate
Tom Steward	TS	RWE Renewables Ltd	Workgroup Member