

# Code Administrator Meeting Summary

## CMP413 - Workgroup 13 - Rolling 10-year wider TNUoS generation tariffs.

Date: 15/01/2024

### Contact Details

Chair: Claire Goult, ESO Code Administrator [claire.goult@nationalgrideso.com](mailto:claire.goult@nationalgrideso.com)

Proposer: Hugh Boyle – EDF Energy [hugh.boyle@edfenergy.com](mailto:hugh.boyle@edfenergy.com)

Details of meeting objectives were shared with the Workgroup by the Chair.

### Timeline Update

The Chair confirmed two further meetings are planned prior to the submission of the Workgroup Report to Panel on 15 February 2024. No questions or concerns were raised by members in relation to the timeline.

### Action Update

#### **Action 31 - Proposer to share confidential analysis to provide justification for proposed values with Ofgem.**

The Proposer requested the action to remain open.

#### **Action 34 - Update from TNUoS Task Force regarding CMP413 WACM2**

An update was shared with the Workgroup by a member who is also part of the TNUoS Task Force group. It was explained to the Workgroup that during the meeting held on 10 January 2024, Task Force members discussed WACM2 raised by RWE in relation to CMP413. A question was raised whether it should be a Proposal in its own right or remain as a WACM. The following discussion points were highlighted;

- When fixing a forecast ahead of time Task Force members were determined that it must be robust. It was agreed the forecast should be transparent and codified to illustrate how it would be compiled and formulated within the CUSC. The Workgroup also agreed consultations and peer reviews with industry, in relation to the forecast, would also be required.
- Points were raised around ESO's ability to provide a meaningful forecast for 15 years. Task Force members queried if this was a realistic expectation considering the Original CMP413 request was a 10 year forecast.
- Task Force members discussed how the contractual arrangements for the WACM would be different to the Original Proposal (i.e., fixing the cost rather than setting a band in which the price is set) and examined how the decision to keep WACM2 would disrupt the current CMP413 timeline.
- Consideration was also given as to whether a deep connection charge approach would allow the tariff to be protected in the future.

Workgroup members were advised no firm or unanimous recommendations had been made by the Task Force, and clarified there were no strong objections to WACM2 being raised as a modification in its own right. The following points were noted as possible scenarios;

- WACM2 to be raised as a separate modification.
- WACM2 and CMP413 Original could both be implemented in theory.
- If the WACM was to be raised as a modification in its own right, Taskforce will scope analysis which would be performed by Frontier as part of the signal's subgroup work.

**Action 32 – ESO to produce a starter for ten in text to be included into the Original and WACMs**

The ESO Representative shared a high level presentation on the ESO 10 Year Projection, informing members ESO revenue are currently very low on resource. Several Workgroup members indicated the forecast would have to be improved over time to reduce the risk of inaccurate forecasts impacting on cost reflectivity. It was confirmed by the ESO Rep, the forecast will be an evolutionary process and highlighted possible target areas required to develop and improve the inputs to the forecast model (e.g., Reduction of Scenario based inputs, DNO Data and CSNP). It was also suggested further assessment of enhancements could be made by engaging with SMEs to identify areas that can add value and combine with existing processes for efficiency (i.e the 5 year forecast publication).

It was noted by the ESO Rep, the forecast produced for an implementation year of 2025 (therefore based off a forecast in 2024) would still retain many of the significant uncertainties that were present in the 10 year projection publication. It was explained there would be more inaccuracy in the first forecast, largely due to data inputs which are not currently available, and the lack of time for development. The ESO Rep confirmed the modification did not seek to codify any of the forecasting process due to the fact it will develop and change over time.

Examples were shared with members of recent STC modifications and how long there has been between raising and sending to Ofgem. This was due to a question from the Original Proposer who wanted to understand the timeline if an STC modification was raised. The Original Proposer questioned if there was more flexibility in the STC modification timelines. The ESO Rep responded to say it would not be a case of needing the STC modification to be in place to progress with this modification. The STC mod would come at some point in time as part of the approach of improving the accuracy of the forecast. The Chair questioned if this would affect the implementation and the ESO Rep confirmed it would not.

A member questioned if ESO were committing to a 10 year forecast and requested further clarification. It was confirmed that the forecast was to support either the Original modification, or either of the WACMs that will rely on that forecast being produced on a regular basis. The ESO Rep added that a forecast could be produced on an ongoing basis outside of this modification and consideration is being given to what the benefits are and what value it will add.

A member noted they were appreciative ESO were continuing to look at the potential for a long-term forecast. They added that although the methodology made sense now, they would not want ESO to be constrained by the methodology and be unable to include new data which may become available in the future. The ESO Rep agreed with this point, adding it is something ESO will need to continue to consider.

**Action 33 – Update WACM2 Proposal to present to the Workgroup.**

The Proposer of WACM2 gave an overview, highlighting the reasons for raising the WACM and inquired what might need to be added to the solution if it becomes a modification. Although the WACM may possibly be withdrawn, the Proposer suggested it would be beneficial to share the progress of their solution with the Workgroup and receive valuable feedback to support solution development.

It was suggested by the Chair that the WACM2 Proposer should attend the CUSC Panel this month to get a steer from Panel members as to whether the WACM could be raised as a modification. A discussion took place regarding the ruling on whether a modification can be raised if it is addressing the same defect. A member advised that the ruling was “If something has substantially the same effect”, it cannot be raised, and therefore this would not apply to WACM2.

The Chair asked the Workgroup for their views on whether WACM2 should be a separate modification, highlighting the delay on the timeline so far due to work needed to progress WACM2. The WACM2 Proposer responded advising that it had never been the intention to delay CMP413 and they were minded to withdrawing the WACM2 and raise it as a new modification. Workgroup members discussed legal text for WACM2 and how further work was needed on it if it was to stay within CMP413. The Chair confirmed to the group that there is still lots of work needed for WACM2 if it was to stay as part of CMP413 which could further delay the timeline.

A member addressed the WACM2 Proposers concerns of a new modification being rejected at CUSC Panel, advising that although the WACM may address the same defect, they did not think it had substantially the same effect and would be surprised if it was rejected.

Members were asked if they had any objection to WACM2 being withdrawn should Panel agree it can proceed as a modification, no objections were raised. The Chair confirmed, WACM2 would remain as part of CMP413 until clarification had been received.

### **Legal Text Review**

ESO's representative shared the latest version of draft legal text for the Original Proposal, WACM1 and WACM2.

#### **Original Proposal Legal Text**

##### **14.15.42**

Original Proposer suggested 'Financial Year' was in the incorrect place in the text. The ESO Representative agreed to examine the Original baseline and confirm. A member requested adding something in the interaction section for this paragraph would be an idea. A discussion was had around zoning, and the Chair suggested further wording would need to be added in the Workgroup Report on this subject.

##### **14.15.138**

It was pointed out to members an extra term had been included in the TDR calculation but questioned members if it made more sense to be a negative value in line with the rest of the calculation. The Workgroup discussed whether to have a separate adjustment for any shortfall in generation revenue after applying the cap and collar (as noted in 14.15.138). It was suggested by a member that this is kept separate and ESO's Representative agreed.

##### **14.15.144**

A table to illustrate how the Cap and Collar would be applied each charging year had been added into the text along with additional wording. A member requested having the proportions noted somewhere, suggesting a guidance document for clarity.

Members discussed the percentages used for Peak, Year Round Shared and Year Round Not shared outlined in the draft text. The Original Proposer clarified these were from the April 2023 tariffs. The ESO Rep asked members to consider if these numbers should be confirmed in the solution or whether they should change periodically. The Representative advised a detailed process would be required for this, and the Workgroup would need to consider the impact on previously set tariff bandings when they change. The Chair advised these numbers should be made explicit in the Workgroup report rather than indirectly referring to an annex.

#### **WACM1 Legal Text**

##### **14.15.138:**

The ESO representative highlighted the only difference to the Original legal text was the Adjustment Revenue.

##### **14.15.144**

Additional paragraph added to explain how the increase or decrease in net wider tariff recovery will be socialised. The Original Proposer suggested identifying the amount of money being socialised across all generation through CMP413. The ESO Rep agreed it would be useful to have this separated in some way, possibly adding in an official calculation for clarification.

#### **WACM 2 Legal Text**

It was highlighted to Workgroup members where possible changes might be made to the legal text. The WACM2 Proposer suggested it might be an idea to take legal text debate offline. The ESO Rep agreed to meet to discuss on Thursday 18 January and the Original Proposer requested to join the discussion.

### **AOB/Next Steps**

- The Chair to email members with outcome of the CUSC Panel discussions in relation to CMP413 and the removal of WACM2 (Panel meeting 26 January 2024).
- WACM2 legal text discussion to take place Thursday 18 January 2024, legal text to be updated and circulated to Workgroup members.
- Prioritisation of CMP413 will be discussed at the next CUSC Panel meeting.

**Actions**

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

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
30	WG11	TS	WACM2 Proposer to consider non-Charging mods in relation to their WACM	NA	WG12	Closed
31	WG11	HB	Proposer to share confidential analysis to provide justification for proposed values with Ofgem	NA	TBC	Open
32	WG12	MC	ESO to produce a starter for ten in text to be included into the Original and WACMs (following on from action 28)	NA	WG13	Closed
33	WG12	TS	Update WACM2 Proposal to present to the Workgroup	NA	WG13	Closed
34	WG12	PJ	Update from TNUoS Task Force if appropriate regarding CMP413	NA	WG13	Closed
35	WG13	Chair	The Chair to email members with outcome of the CUSC Panel discussions in relation to CMP413 and the removal of WACM2 (Panel meeting 26 January 2024).	NA	WG14	Open
36	WG13	MC/TS/HB	WACM2 legal text discussion to take place Thursday 18 January 2024, legal text to be updated and circulated to Workgroup members.	NA	WG14	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
Simon Vicary	SV	EDF	Proposer
Alan Kelly	AK	Coriogeneration	Observer
Calum Dell	CD	Invenergy	Workgroup Member
Calum Duff	CDu	Thistle Wind Partners	Observer
Chiamaka Nwajagu	CN	Orsted Wind Power	Observer
Damian Clough	DC	SSE Generation	Workgroup Member
Daniel Hickman	DH	ESO	Observer

David Tooby	DT	Ofgem	Authority Representative
Grace March	GM	Sembcorp	Workgroup Member
James Cunningham	JC	Cornwall Insight	Observer
James Knight	JK	Centrica	Alternate
Martin Cahill	MC	ESO	ESO Representative
Matthew Paige Stimson	MPS	NGET	Workgroup Member
Melissa McKerrow	MM	Ocean Winds	Workgroup member
Nick Everitt	NE	ESO	SME
Paul Jones	PJ	Uniper Energy	Workgroup Member
Tom Steward	TS	RWE Renewables Ltd	Workgroup Member
Ryan Ward	RW	Scottish Power Renewables	Workgroup Member