

Public

CMP444

Workgroup Meeting 3
(11th December 2024)

Online Meeting via Teams

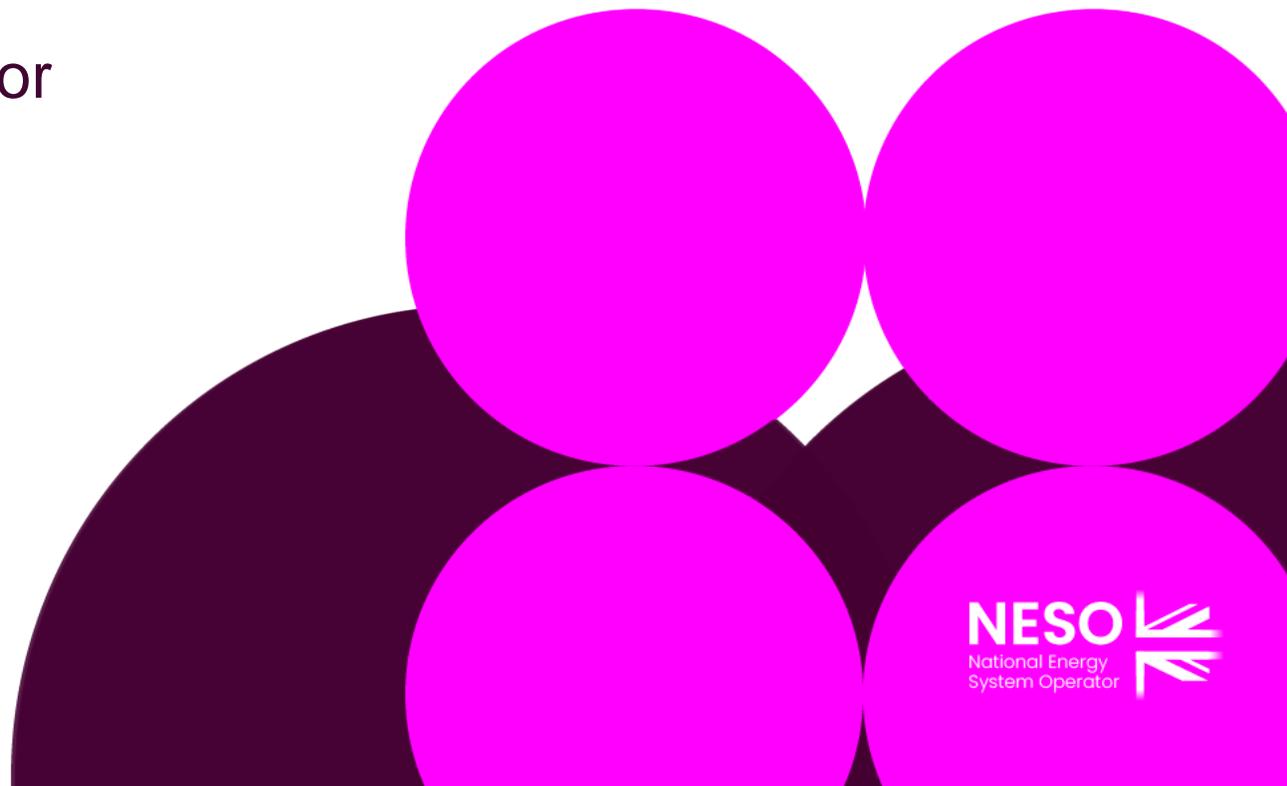
WELCOME

Agenda

Topics to be discussed	Lead
Objectives and Timeline	Chair
Workgroup Membership	Chair
Proposer presentation: <ul style="list-style-type: none">• Adjustment Tariff• Circuits in different backgrounds	Proposer
Alternative Requests Discussion <ul style="list-style-type: none">• Modification Scope	All
Any Other Business	Chair
Next Steps	Chair

Objectives and Timeline

Catia Gomes – NESO Code Administrator



Timeline for CMP444 as at 11 November 2024

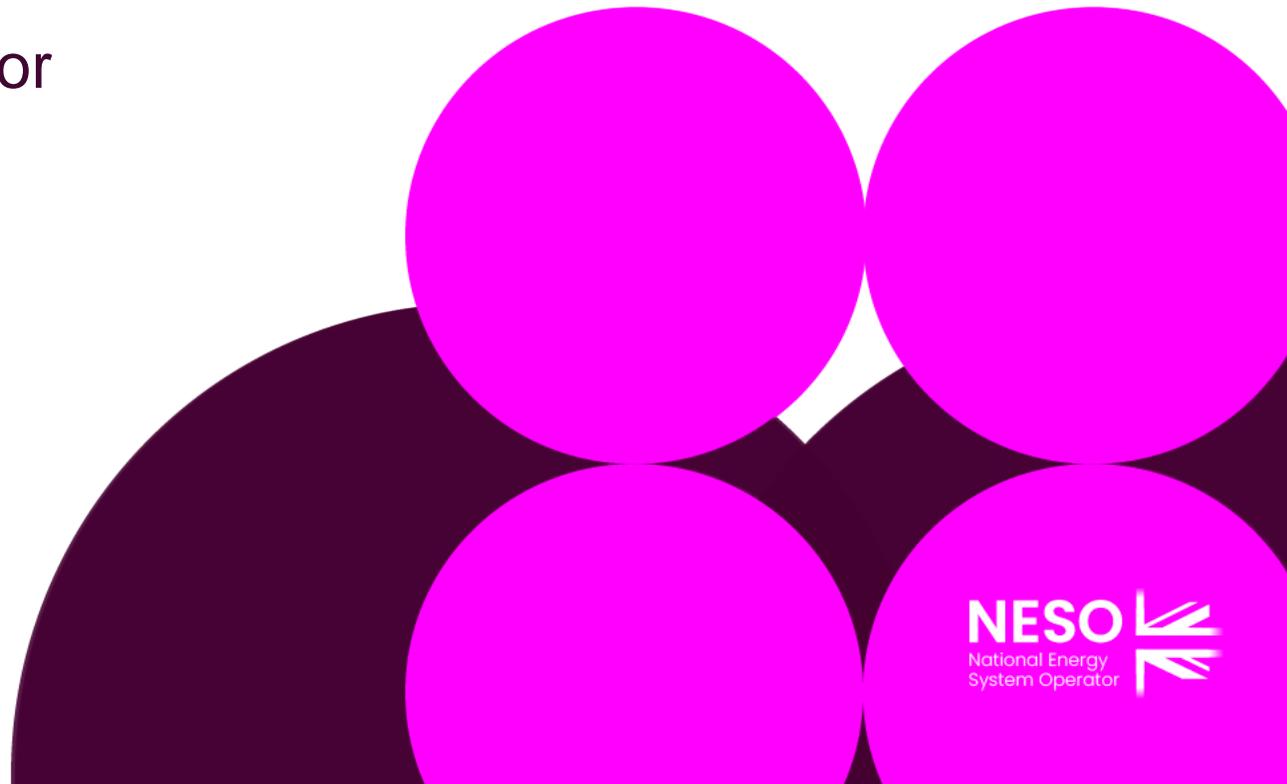
Pre-Workgroup		
Proposal raised	21/10/2024	
Proposal submitted to Panel	25/10/2024	
Workgroup Nominations	25/10/2024 - 06/11/2024	
Urgency Decision	31/10/2024	
Workgroups		
Workgroup 1	11/11/2024	Objectives and Timeline/Review and Agree Terms of Reference / Proposer presentation
Workgroup 2	04/12/2024	Solution Development / Workgroup Discussions
Workgroup 3	11/12/2024	Solution Development / Workgroup Discussions
Workgroup 4	09/01/2025	Solution Development/ Legal Text / Draft Workgroup Consultation
Workgroup 5	16/01/2025	Draft Workgroup Consultation Review / Specific Questions / Draft Legal Text Review
Workgroup 6	21/01/2025	Final Workgroup Consultation Review
Workgroup Consultation	23/01/2025 – 29/01/2025	
Workgroup 7	04/02/2025	Review of Workgroup Consultation Responses / Alternative Requests Discussion
Workgroup 8	06/02/2025	Review Solution Position /Alternative Requests Presentations and Vote (if required)
Workgroup 9	12/02/2025	ToR Discussion/ Draft Legal text and WACMs Legal text (if required) review
Workgroup 10	17/02/2025	Draft Workgroup Report review / Draft Legal text Review (WACMs legal text)
Workgroup 11	20/02/2025	Final Workgroup Report Review / ToR Sign-off / Final Legal Text Review (WACMS legal text)
Workgroup 12	25/02/2025	Finalising any outstanding points on legal text and WG Report – Workgroup Vote

Timeline for CMP444 as at 11 November 2025

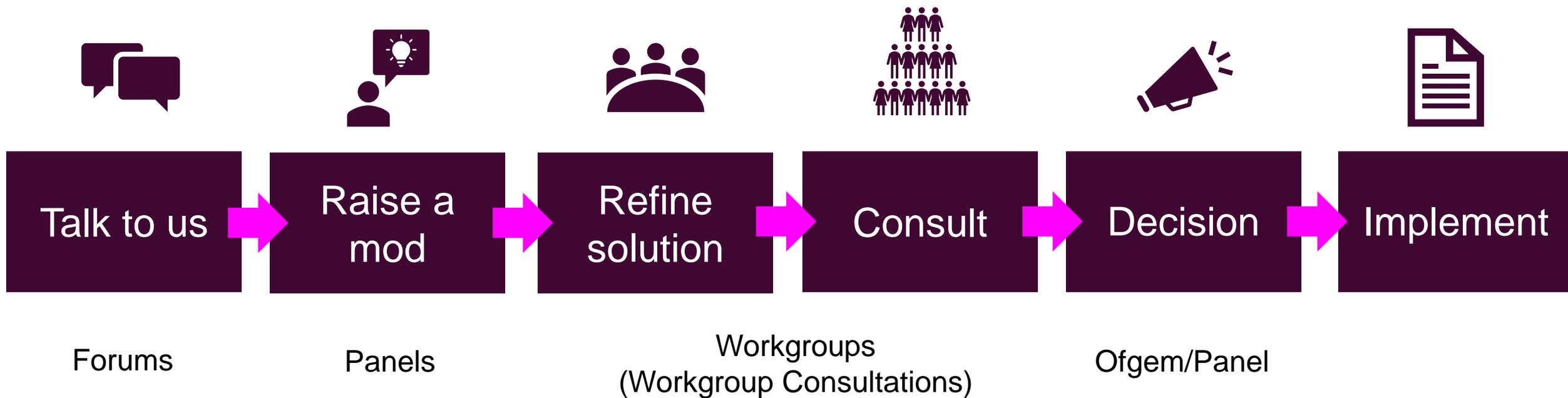
Post Workgroups		Key info
Workgroup Report submitted to Panel	03/03/2025	
Panel to agree whether ToR have been met	07/03/2025	Special Panel invites to be shared
Code Administrator Consultation	10/03/2025 – 14/03/2025	
Code Administrator Consultation Analysis and DFMR generation	17/03/2025 – 21/03/2025	
Draft Final Modification Report to Panel	24/03/2025	
Panel Recommendation Vote	28/03/2025	
Final Modification to Ofgem	28/03/2025	
Decision Date	01/07/2025	
Implementation Date	01/04/2026	

Modification Process

Catia Gomes – NESO Code Administrator

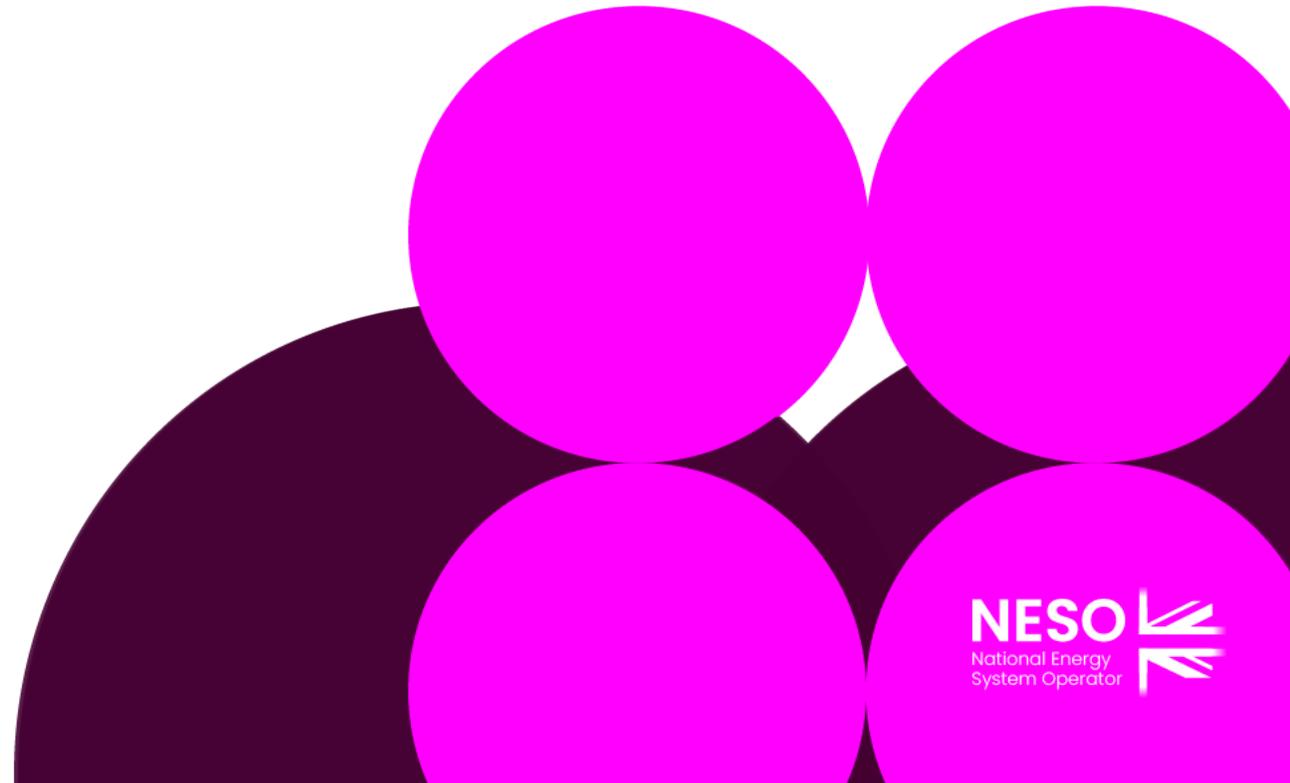


Code Modification Process Overview



Workgroup Responsibilities and Membership

Catia Gomes – NESO Code Administrator



Public

Expectations of a Workgroup Member

Contribute to the discussion

Be respectful of each other's opinions

Language and Conduct to be consistent with the values of equality and diversity

Do not share commercially sensitive information

Be prepared - Review Papers and Reports ahead of meetings

Complete actions in a timely manner

Keep to agreed scope

Email communications to/cc'ing the .box email

Your Roles

Help refine/develop the solution(s)

Bring forward alternatives as early as possible

Vote on whether or not to proceed with requests for Alternatives

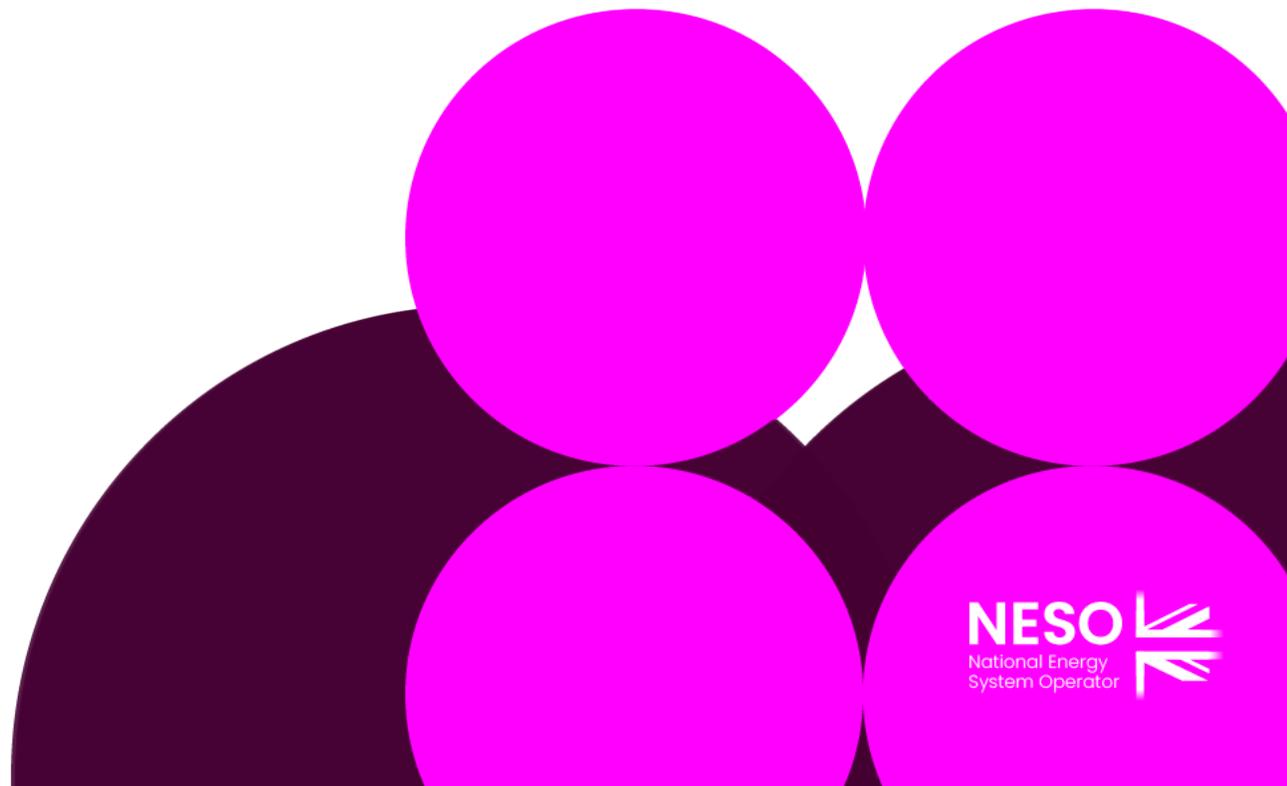
Vote on whether the solution(s) better facilitate the Code Objectives

Workgroup Membership

Role	Name	Company	Alternate	Name
Chair	Catia Gomes	NESO Code Administrator		
Tech Sec	Deborah Spencer	NESO		
Proposer	Niall Coyle	NESO	Alternate	Paul Mott
Workgroup member	Will Maidment	Nadara (nominated by Farr Windfarm Ltd)	Alternate	
Workgroup member	Barney Cowin	Bluefloat Energy	Alternate	Mark Canterbury
Workgroup member	Ryan Ward	ScottishPower Renewables	Alternate	Joe Dunn
Workgroup member	Graham Pannell	BayWa r.e.	Alternate	James Brown
Workgroup member	Ben Adamson	Low Carbon	Alternate	Ed Birkett
Workgroup member	Caitlin Butchart	InterGen	Alternate	Robin Dunne
Workgroup member	Alan Kelly	Corio Generation	Alternate	Dan Gilbert
Workgroup member	Anthony Dicicco	ESB	Alternate	Dayna Rodger
Workgroup member	James Knight	Centrica	Alternate	Gregory Edwards
Workgroup member	Paul Youngman	Drax	Alternate	Joshua Logan
Workgroup member	Lauren Jauss	RWE Supply & Trading GmbH	Alternate	Tom Steward
Workgroup member	Joe Colebrook	Innova Renewables	Alternate	
Workgroup member	Kyran Hanks	Waters Wye Associates (Nominated by Saltend Cogeneration Company Ltd)	Alternate	Graz Macdonald
Workgroup member	Damian Clough	SSE	Alternate	John Tindal
Workgroup member	Lambert Kleinjans	Energiekontor UK Ltd	Alternate	Cameron Gall
Workgroup member	Binoy Dharsi	EDF	Alternate	Simon Vicary
Workgroup member	Paul Jones	Uniper	Alternate	Sean Gauton
Workgroup member	Dennis Gowland	Research Relay Ltd (Nominated by European Marine Energy Centre (EMEC))	Alternate	Chris White
Workgroup member	Nina Brundage	Ocean Winds	Alternate	Aaron Priest
Workgroup member	Emanuele Dentis	Northland Power	Alternate	Als Scrope
Workgroup member	Darshak Shah	BP (nominated by BP Alternative Energy)	Alternate	Joao Varejao
Workgroup member	Simon Lord	Engie	Alternate	Andrew Rimmer
Workgroup member	Tom Palmer	Zenobe	Alternate	Archie Campbell
Workgroup member	Chiamaka Nwajagu	Orsted	Alternate	James Jackson

Proposer's Presentation

Niall Coyle – NESO

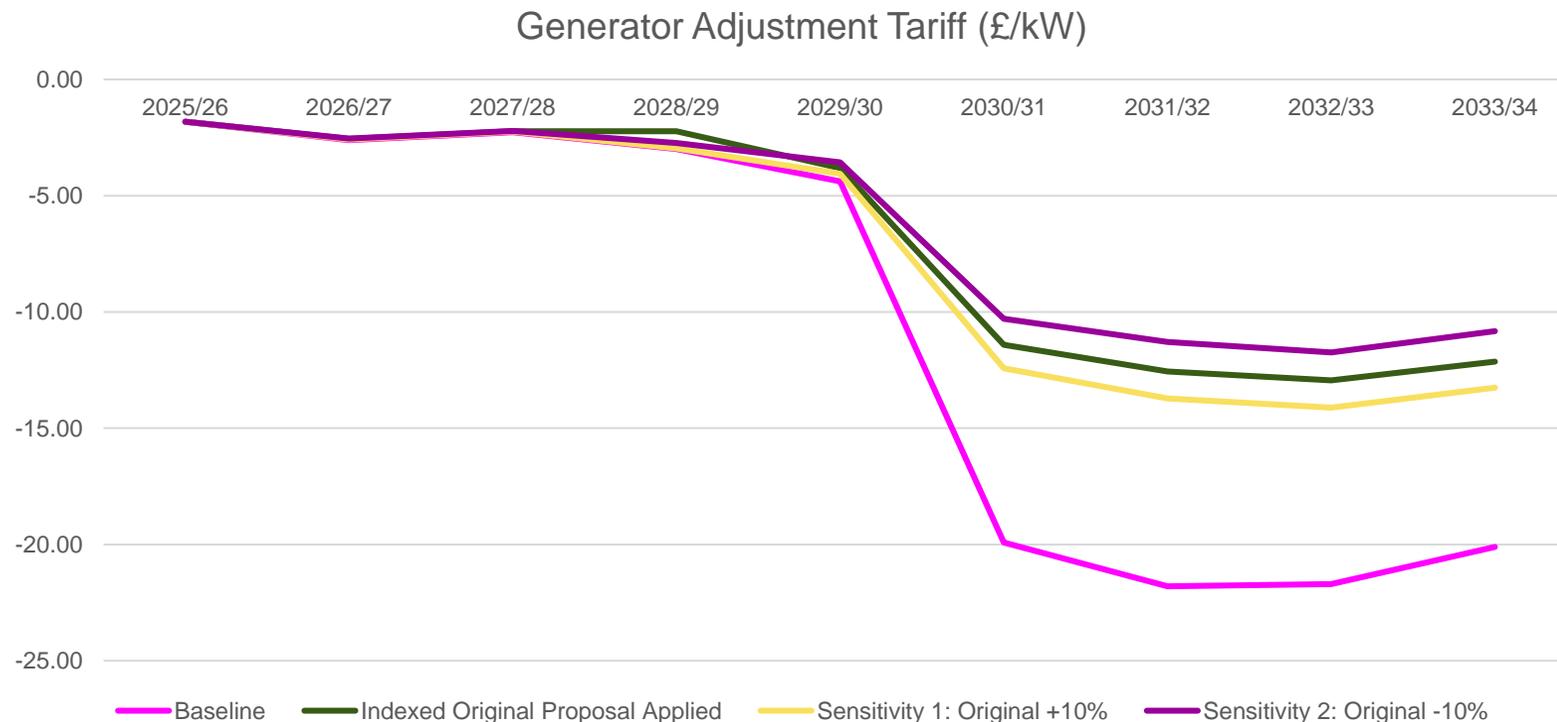


CMP444 – WG3 Update

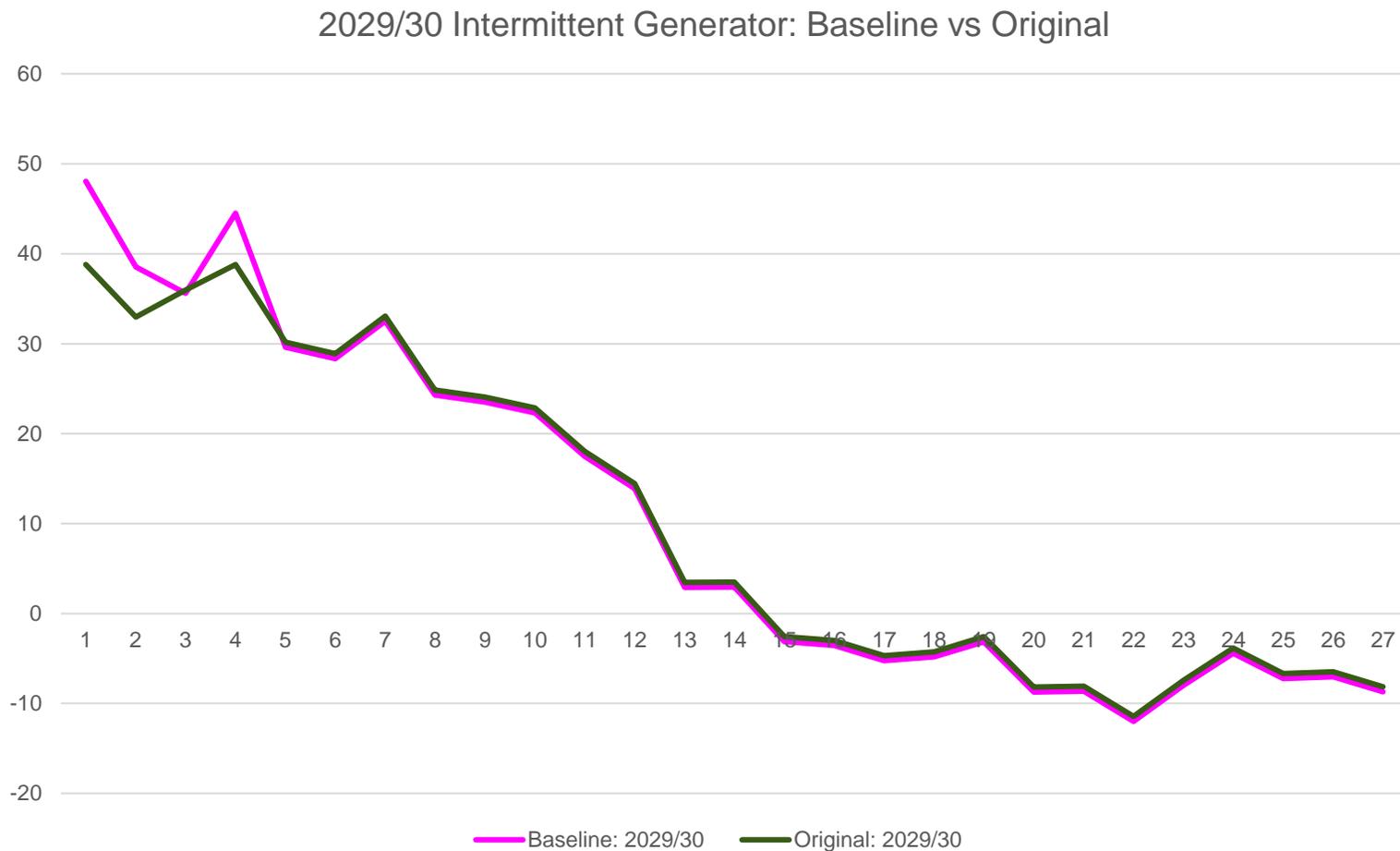
Niall Coyle, NESO

Adjustment Tariff

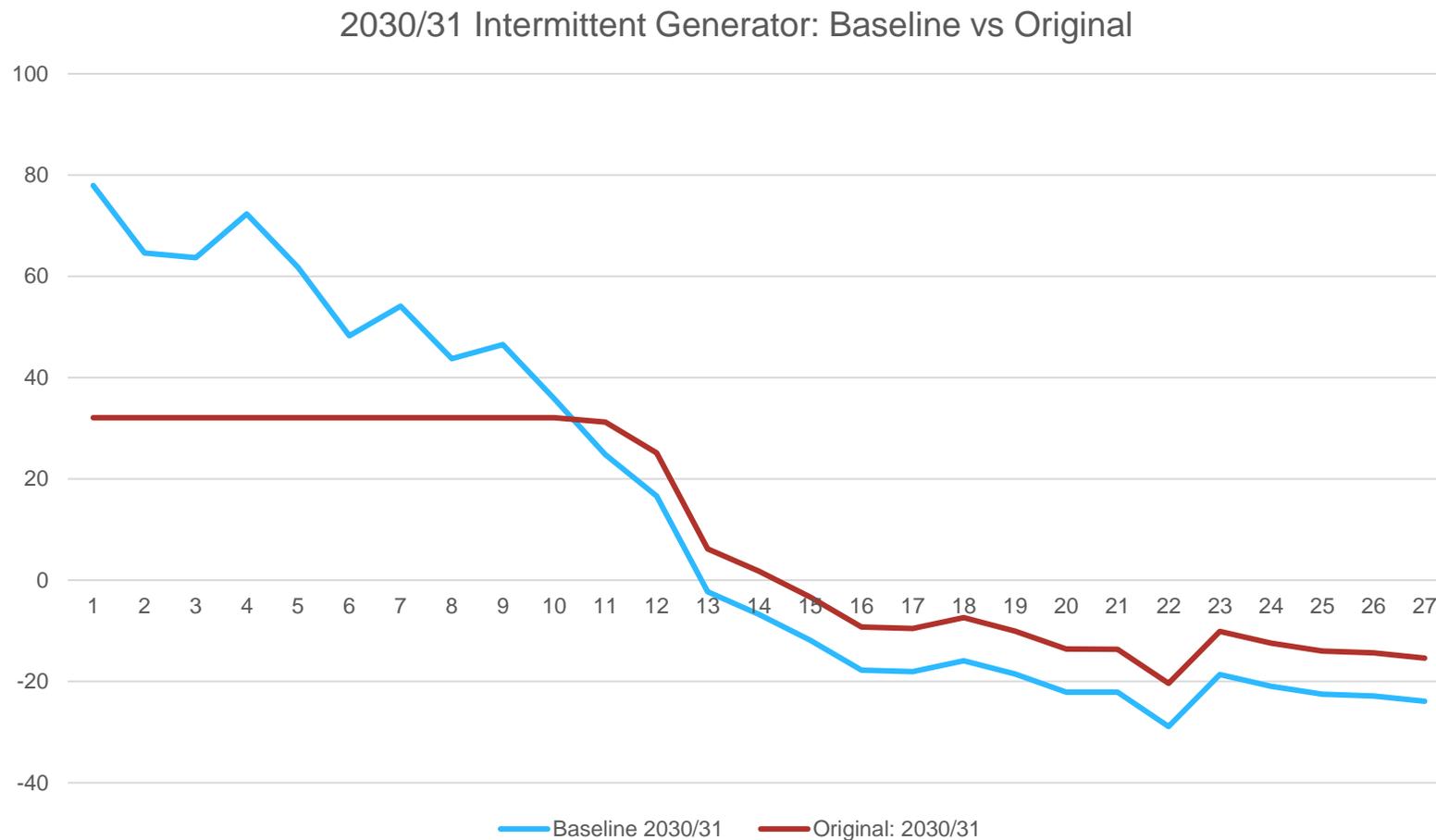
- The full tariff impact of the original proposal vs the baseline has now been shared with the workgroup.
- The generator adjustment tariff decreases in all years vs baseline, with the most significant impact from 2030 onwards due to the significantly higher charges in the 10-year projection



2029/30 Impact



2030/31 Impact



Circuits in different backgrounds

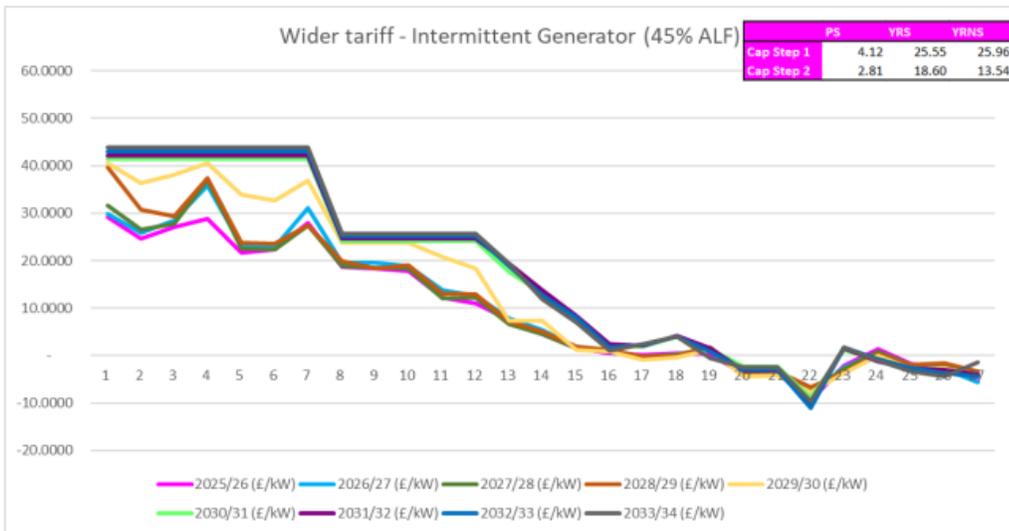
- In WG2 a workgroup member highlighted the issue of some circuits within the transport model “flipping” between being designated as a peak circuit and a year-round circuit.
- This can impact the flows within a zone on a year-to-year basis therefore impact charges within that zone
- This phenomenon mainly impacts 132 kV circuits in southern Scotland

- As we are proposing to set the cap based on a 5-year average we don’t believe this will have a material impact vs if we were setting the cap on a single year (i.e when a circuit is in of the two potential backgrounds)
- If it is an issue of application of the cap (i.e. a generator is outside range of the cap one year and inside the range another) – this is a feature of the current charging methodology, not specific to the cap
- If “flipping” is a problem in general, then this should be the subject of a separate mod rather than CMP444

Alternative Requests Discussion

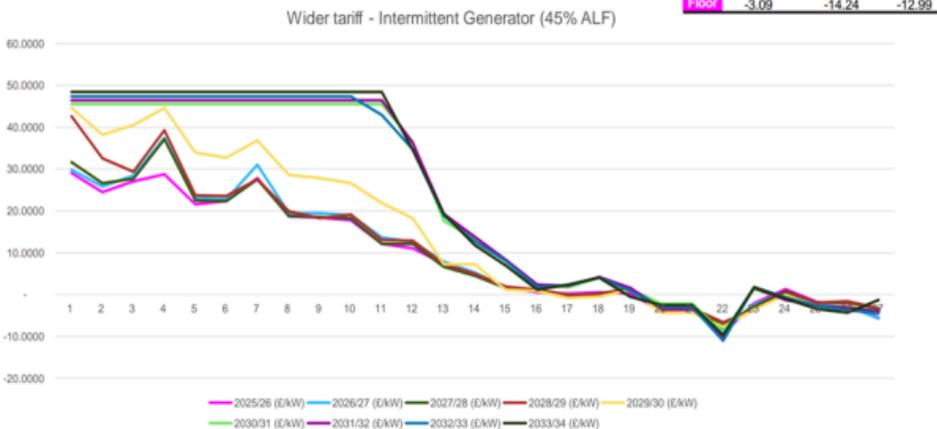
Catia Gomes – NESO Code Administrator

Possible Alternative Request



Cap and Floor Proposal

- Using April 2024 ESO 5-year forecast



CMP444 possible alternative proposal: Two-step cap

Defect with Original proposal

- Fails to provide materially better certainty for investors in zones 8-12
- Removes locational signal between zones 1-12, but retains elsewhere

Proposed alternative methodology

- **Zones 1-7 cap:** Average of zones 1-7 plus 1 standard deviation
- **Zones 8-27 cap:** Average of zones 8-12 plus 1 standard deviation
- **All other features same as Original**

Cost reflectivity vs Original

- **Better cost reflectivity in zones 1-12:** Better meets Ofgem statement: *“retains regional/locational differentials in charges and between technology types through a single GB cap and floor;”*

Effective competition vs Original

- **Better certainty for zones 8-12:** Better meets Ofgem statement: *“We think this balance will be best achieved by reducing uncertainty around the future range of TNUoS charges, particularly in Northern GB where projected charge increases published by NGENSO last year were particularly high and not necessarily aligned with our long-term TNUoS policy direction.”*

Efficiency in implementation and administration vs Original

- **Neutral – Retains simplicity of single cap, but with a step:** Meets Ofgem statement: *“NGESO and other participants in any new proposal should give regard to the specific reasons for our rejection of CMP413, particularly the complexity of the methodology and deliverability.”*

*Open Letter: Seeking industry action to develop a temporary intervention to protect the interests of consumers by reducing the uncertainty associated with projected future TNUoS charges

Modification Scope

- In the modification form we stated our intention to limit the scope of the mod to the parameters in Ofgem's open letter:

...the intended scope of this modification is limited to the parameters stated above in Ofgem's open letter, by only considering options for a single GB cap/floor to each element of the wider generation TNUoS charge, within NESO's existing forecasting approach/timetable. Broader, more fundamental, reforms to the TNUoS charging methodology, zonal cap options or fixing of parties TNUoS charges are out of scope.

- This is to keep the cap/floor methodology agnostic of the number/location of zones, and to avoid the need for additional mods to change the cap/floor application should the number of zones change at a later date.
- The proposer's view is that potential alternates with zonal caps (including those with 2 or more tiers) fall outside the scope of CMP444

What is the Alternative Request?

What is an Alternative Request? The formal starting point for a Workgroup Alternative Modification to be developed which can be raised up until the Workgroup Vote.

What do I need to include in my Alternative Request form? The requirements are the same for a Modification Proposal you need to articulate in writing:

- a description (in reasonable but not excessive detail) of the issue or defect which the proposal seeks to address compared to the current proposed solution(s);
- the reasons why you believe that the proposed alternative request would better facilitate the Applicable Objectives compared with the current proposed solution(s) together with background information;
- where possible, an indication of those parts of the Code which would need amending in order to give effect to (and/or would otherwise be affected by) the proposed alternative request and an indication of the impacts of those amendments or effects; and
- where possible, an indication of the impact of the proposed alternative request on relevant computer systems and processes.

How do Alternative Requests become formal Workgroup Alternative Modifications? The Workgroup will carry out a Vote on Alternatives Requests. If the majority of the Workgroup members or the Workgroup Chair believe the Alternative Request will better facilitate the Applicable Objectives than the current proposed solution(s), the Workgroup will develop it as a Workgroup Alternative Modification.

Who develops the legal text for Workgroup Alternative Modifications? ESO will assist Proposers and Workgroups with the production of draft legal text once a clear solution has been developed to support discussion and understanding of the Workgroup Alternative Modifications.

Can I vote? And What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chair believe that the potential alternative solution may better facilitate the CUSC objectives than the Original then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.**

Alternate Requests cannot be raised after the Stage 2 – Workgroup Vote

Can I vote? What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings. The vote shall be decided by simple majority of those present at the meeting at which the vote takes place (whether in person or by teleconference)

Stage 2 – Workgroup Vote

- 2a) Assess the original and Workgroup Alternative (if there are any) against the relevant Applicable Objectives compared to the baseline (the current code)
- 2b) Vote on which of the options is best.

Any Other Business

Catia Gomes – NESO Code Administrator

Next Steps

Catia Gomes – NESO Code Administrator

