

CMP375/315

8 November 2022

Online Meeting via Teams

WELCOME



nationalgridESO

The background of the slide features several abstract, flowing yellow lines. Some lines are thin and curve gracefully, while others are thicker and more angular, creating a dynamic, modern feel. The lines are primarily yellow, with some segments in a darker blue-grey color, particularly in the bottom right corner where they form a shape reminiscent of a stylized 'n' or a series of connected steps.

Objectives and Timeline

Paul Mullen— National Grid ESO Code Administrator

CMP375 (and CMP315) Proposed Timeline as at 13 October 2022

Milestone	Date	Milestone	Date
Modification presented to Panel	25 June 2021	CMP375/CMP315 Workgroup 16 – finalise Legal Text, Workgroup Report, agree Terms of Reference have been met and Workgroup Vote	11 January 2023 (Showstopper Meeting: 17 January 2023)
Workgroup Nominations (15 Working days)	1 July 2021– 5pm on 22 July 2021	Workgroup report issued to Panel	19 January 2023
CMP375/CMP315 Workgroups 1 to 7	10 August 2021, 1 and 13 September 2021, 15 November 2021, 12 January 2022, 9 and 29 March 2022	Workgroup report presented to Panel	27 January 2023
CMP375/CMP315 Workgroup Consultation (20 working days as Easter)	14 April 2022 to 17 May 2022 (5pm)	Code Administrator Consultation (20 working days)	31 January 2023 to 28 February 2023 (5pm)
CMP375/CMP315 Workgroup 8 – review Workgroup Consultation responses and agree next steps	25 May 2022	Draft Final Modification Report (DFMR) issued to Panel	23 March 2023
CMP375/CMP315 Workgroup 9 – understanding of methodology for CMP315, CMP375 and LCP Approach	14 June 2022	Panel undertake DFMR recommendation vote	31 March 2023
CMP375/CMP315 Workgroup 10 and 11 – review ESO’s analysis, finalise solutions and discuss alternatives	30 June 2022 and 18 July 2022	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	4 April 2023
CMP375/CMP315 Workgroups 12, 13 and 14 - finalise analysis, finalise solutions, including confirming mathematical approaches for each solution, discuss alternatives	17 August 2022, 11 October 2022 and 8 November 2022	Final Modification Report issued to Ofgem	12 April 2023
CMP375/CMP315 Workgroup 15 – hold alternative vote, finalise solutions including reviewing legal text for each solution and tariff analysis for each solution	5 December 2022	Implementation Date	1 April 2024
NOTE: 3 previous Workgroups for CMP315			



Action Log

Paul Mullen— National Grid ESO Code Administrator

Action Log as at 3 November 2022

Action Number	Owner	Action	Due by	Status
1	Paul Mullen	Revise timeline and update Workgroup	13 October 2022	Completed – also added as Slide 4
2	Paul Mott	<p>Consider Workgroup feedback on proposed top down approaches and issued updated proposal</p> <p><i>Does RAV include CAPEX and OPEX?</i></p> <p><i>Consider the view that the current methodology looks at cost of capital and debt but the RAV is an initial market value that is then refined by deducting for depreciation and inflating by CPI</i></p> <p><i>Consider robustness of the cost scale-down factor applied to remove the substation cost?</i></p>	28 October 2022	<p>Open – Proposer on 3 November 2022 confirmed that no change to top down approach. Agrees that RAV develops entirely differently to the current approach, which uses WACC and an overhead factor on actual new circuit costs and RAV is subject to both depreciation and inflation. Confirmed that has no better way to split out the 22% circuit costs (the scale-down factor) and doesn't appear to be a public reference document any more. The question “Does RAV include CAPEX and OPEX?” remains open</p>
3	Nick Sillito, Paul Jones, Paul Mott	<p>Further develop and share calculations (CMP375 Original solution calculation needs to be added) for their respective solutions and ensure consistently shown</p> <p><i>Add same line items in and “0” where not included (e.g. CMP375 Original does not include substations) so it is clear what is and isn't included</i></p>	28 October 2022	Completed – included in Panel Papers submitted 3 November 2022

Action Log as at 3 November 2022

Action Number	Owner	Action	Due by	Status
4	Paul Mott / Jo Zhou	Consider if current “Overhead Factors” where annuitising over a different period to 50 years need to be reviewed	28 October 2022	Open – update to be provided at meeting on 8 November 2022
5	Ed Smith	Consider changing weighting methodology to “MW km based weighting”	28 October 2022	Completed – still Length weighted average cost
6	Ed Smith	Consider which works in the NOA would be included when calculating the Expansion Constant	28 October 2022	Completed – as do not have access to NOA data detail that would allow them to be more specific in the layering calculation approach, LCP have eliminated the reference to NOA, and focused on providing full detail on how their approach could be implemented today based on approved business plan data only.
7	Workgroup	Consider potential alternatives and what should be included (at a principle level) within the calculation of the Expansion Constant	8 November 2022	Open

Review and finalise solutions

- Review the key components of and maths for each potential solution
- Any further alternatives?

All Workgroup

Next Steps

- Test that voltage upgrades work for each method?
- Test that the Expansion Factors can be calculated for each method?
- Demonstrate tariff impact for each method?
- Legal Text

Paul Mullen— National Grid ESO Code Administrator