

CMP375/315

5 December 2022

Online Meeting via Teams

WELCOME

A wide-angle landscape photograph of a mountain valley. In the foreground, a grassy hillside slopes down towards a valley. Several bright, glowing yellow-orange lines, resembling energy or data streams, curve across the valley floor from the left towards the right. In the background, a range of rugged mountains with patches of snow is visible under a dramatic sky with scattered clouds. The sun is low on the horizon, creating a warm, golden light across the scene.

nationalgridESO

The slide features several decorative yellow lines. In the top left, there are several thin, curved lines that sweep across the upper portion of the slide. In the bottom right, there are several thick, parallel diagonal lines that extend from the bottom left towards the top right, creating a sense of movement and direction.

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 1 December 2022

Action Number	Owner	Action	Due by	Status
1	LCP (Ed Smith)	Confirm weighting approach	11 November 2022	Closed - The LCP alternative will use MW-km to weight the costs of reinforcements. When calculating the representative basket of works, we propose to use km weightings as this data is already produced as part of TOs' regulatory reporting. If it were possible to obtain MW-km from the TOs in the same format, then we would consider using these in future. We have also specified that the NOA works used would be those works which have been recommended to 'Proceed' or which have been specified as 'HND essential'. Whether or not it is appropriate to include all works is not possible for us to judge without access to the data
2	ESO (Jo Zhou/Paul Mott)	Are Civil costs included in the current Methodology? If not, should they be and if so how would you get this data?	15 November 2022	Closed - Civil costs associated with OHL towers or underground cables are included, based on generic project profiles as described in STCP14-1 (e.g. assuming no motorway crossing etc).

Action Log as at 1 December 2022

Action Number	Owner	Action	Due by	Status
3	ESO (Jo Zhou/Paul Mott)	What is the rationale for the Overhead Factors and if an asset life is anything other than 50 years, should it be scaled accordingly?	15 November 2022	Open - The overhead factor was derived using the “whole basket” approach, rather than project-by-project. The forecast allowance associated with running and maintaining the TO assets, is compared with the Gross Asset Value (GAV) of the onshore TOs, to derive the overhead factor.
4	ESO (Jo Zhou/Paul Mott)	When are Price Controls approved?	15 November 2022	Closed - RIIO-ET2 Price Control final determination was published on 8 December 2020, ahead of ET2 (2021/22 – 2025/26). The price control financial model (containing some information derived from the business plan) was finalised on 3 February 2021 (but with potential change due to onshore TOs’ legal challenge on financial parameters).
5	ESO (Jo Zhou/Paul Mott)	When are the final annuitisation factors set?	15 November 2022	Closed - For T2 Expansion Constant calculation, as ESO raised CMP353 to continue using T1 Expansion Constant (barring inflation), the annuitisation factors were not relevant to ESO’s process. Otherwise it would have been finalised during ET2, when the legal challenge was concluded.

Action Log as at 1 December 2022

Action Number	Owner	Action	Due by	Status
6	LCP (Ed Smith) and Paul Jones and any Workgroup Members	All Proposers of alternatives to send their alternative proposal to Workgroup	25 November 2022	Ongoing – None received from other WG Members; Paul Jones confirmed not raising alternatives. Only LCP raising an alternative and have provided calculation but not yet completed formal workgroup alternative paperwork.
7	ESO (Paul Mott)	Issue draft Legal Text (broken down into key components rather than each solution) to Workgroup	25 November 2022	Open
8	ESO (Jo Zhou)	Timing of tariff impact analysis - how do ESO get the data they don't yet have and when can ESO get this to run the tariff impact analysis?	25 November 2022	Closed - have to first change the STC, if alternative data is used (unless already in the public-domain). Introducing a one-year “lag” might be a solution, to get round this issue.

Changes to solutions

- CMP315 Original
- CMP375 Original
- CMP375 Potential Alternative - LCP
- Confirm no further Alternatives?

Paul Mott – National Grid ESO



Legal Text Review

Paul Mullen— National Grid ESO Code Administrator

Alternative Vote

Paul Mullen— National Grid ESO Code Administrator

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

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.**

Can I vote? and What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings

Stage 2 – Workgroup Vote

- 2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC)
- 2b) Vote on which of the options is best.

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Next Steps

Paul Mullen– National Grid ESO Code Administrator