

# CMP375/CMP315

**5 July 2023**

**Online Meeting via Teams**

# Agenda

#	Topics to be discussed	Lead
1.	Meeting expectations	Chair
2.	Objectives and Timeline	Chair
3.	Actions Review	Chair
4.	Explanation on smoothing factor and weighting factor figures	Paul Mott
5.	Terms of Reference	All
6.	Workgroup Report	All
7.	Legal Text Review	Paul Mott
8.	Any Other Business	Chair



# Meeting Expectations

## Chair

# Meeting Expectations

- 1) Timings and breaks
- 2) Comments & etiquette
- 3) Scope

Request to record



# Objectives and Timeline

## Chair

# CMP375 (and CMP315) Proposed Timeline as at 4 July 2023

Milestone	Date	Milestone	Date
Modification presented to Panel	25 June 2021	CMP375/CMP315 Workgroup 19 – finalise Legal Text, Workgroup Report, agree Terms of Reference have been met and Workgroup Vote	5 July 2023
Workgroup Nominations (15 Working days)	1 July 2021– 5pm on 22 July 2021	Workgroup report issued to Panel	20 July 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	28 July 2023
CMP375/CMP315 Workgroup Consultation (20 working days as Easter)	14 April 2022 to 17 May 2022 (5pm)	Code Administrator Consultation (20 working days)	1 Aug 2023 to 29 August 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	21 September 2023
CMP375/CMP315 Workgroup 9 – understanding of methodology for CMP315, CMP375 and LCP Approach	14 June 2022	Panel undertake DFMR recommendation vote	29 September 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 October 2023
CMP375/CMP315 Workgroups 12, 13, 14 and 15 - finalise analysis, finalise solutions, including confirming mathematical approaches for each solution, discuss alternatives and hold alternative vote,	17 August 2022, 11 October 2022, 8 November 2022 and 5 December 2022	Final Modification Report issued to Ofgem	12 October 2023
CMP375/CMP315 Workgroup 16, 17 – finalise legal text for CMP375 and CMP315 Original, review tariff analysis, review CMP375 WACM1 and further potential alternative (including holding alternative vote)	5 April 2023 and 2 May 2023	Implementation Date	1 April 2025
CMP375/CMP315 Workgroup 18 – finalise Legal Text, Workgroup Report,	22 June 2023	<b>NOTE: 3 previous Workgroups for CMP315</b>	



# Action Review

## Chair

# Action Review

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
9		ESO	Confirm plan for data request to the Transmission Owners re: WACM2	Included in discussion during WG18	15/05/2023	Closed
11	CMP315 WG21 & CMP375 WG18	Workgroup	To understand any impact of CMP353 indexation occurring in the 24/25 (If the implementation of CMP315/CMP375 moved to April 2025).	Make an agenda item	05/07/2023	New
12	CMP315 WG21 & CMP375 WG18	Workgroup	Review impact of implementation being moved back to 2025 to the Terms of Reference (is update required to reflect new price control periods?).	Complete	05/07/2023	Closed
13	CMP315 WG21 & CMP375 WG18	Workgroup	To determine which SCR we are referring to in the CMP315 Terms of Reference “i) Be mindful of, and consider, the SCR.”	It is the Targeted Charging Review SCR – believe there is no implications for this modification	05/07/2023	Closed
14	CMP315 WG21 & CMP375 WG18	ESO	Original proposal legal text to be tidied up and final version to be shared with the workgroup ahead of the next WG 5/7/23 so members can review.	Complete	28/06/2023	Closed
15	CMP315 WG21 & CMP375 WG18	JZ, MP and PM	To understand the timeline and what's available and when, with the reference to “Price control business plan data” in the WACM 2 legal text.	Meeting held on June 29 <sup>th</sup> – length is not in the annual update to the Price Control. SHTL and SPT details provided. Legal text updated to reflect this.	05/07/2023	Closed
16	CMP315 WG21 & CMP375 WG18	JZ	Circulate the smoothed EC's data spreadsheet.	Data shared	28/06/2023	Closed
17	CMP315 WG21 & CMP375 WG18	PM	To capture thinking on CATO's post CATO being made a defined term within the STC and subsequent STCP change.	Wording included in CATO report – WG to review	05/07/2023	Closed
18	CMP315 WG21 & CMP375 WG18	PM	Add a line to the legal text around inflating up the 10 years TO data alongside the reinstatement of paragraph 61 but without the steel and labour indexation, just the inflation.	Complete	28/06/2023	Closed



# Action Review

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
19	CMP315 WG21 & CMP375 WG18	CH	Workgroup Report – Tariff Analysis: Check that demand and generation tariff charts have been added into the correct annex	Complete	05/07/2023	Closed
20	CMP315 WG21 & CMP375 WG18	JZ	To share impact on the tariffs (generation, demand and consumers) rather than the Expansion Constants and Expansion Factors that have been gone through already.	Complete	05/07/2023	Closed
21	CMP315 WG21 & CMP375 WG18	CH / AH	Terms of Reference “d) Consider any interaction with demand TNUoS tariffs if floored at zero” Section to be added to the Workgroup Report explaining this as a legacy to the fact the ToR date back to when the TCR and SCR were only halfway through. Relates to the TDR change which needs to be included but not a big impact anymore.	Complete	05/07/2023	Closed
22	CMP315 WG21 & CMP375 WG18	PM	Agenda item for next WG explain why 0.13 smoothing factor and 0.87 weighting factor.	On the agenda	05/07/2023	New
23	CMP315 WG21 & CMP375 WG18	PM	Update legal text to reflect the culmination of data building up to 30 years	Completed	29/07/2023	Closed
24	CMP315 WG21 & CMP375 WG18	MP	To complete current historic data, up until recently in Workgroup report		05/07/2023	New



# Explanation on smoothing factor and weighting factor figures

Paul Mott



# Terms of Reference

## All

# Terms of Reference

Workgroup Terms of Reference	Workgroup outcome
a) Consider EBR implications	As stated in section above, there are no interactions.
b) Review of the principles of the current methodology	Covered within <b>Transport and Tariff Model Interpretation – General section</b>
c) Consider the effect on both TNUoS demand charges and generation charges	Covered within the tariff impact table (figure XX)
d) Consider any interaction with demand TNUoS tariffs if floored at zero	Covered in Tariff Analysis section
e) Consider in terms of aligning with Recital 63 of EU Renewable Energy Directive (2009/28/EC)	Check if this has been retained. This may have fallen outside of the scope of CUSC workgroup.
f) Consider the distributional effect on Consumer tariffs	This is covered within Tariff analysis tables shared within the annex.
g) Implementation timeframes to be considered ahead of the TO RIIO price controls in 2021	Implementation timeframes considered as part of the workgroup meetings. There is no longer any change in the EC approach due on the transition to the new price control, and therefore has no significant impact.
h) Consider interactions with the Transmission license and any cross code impacts especially STC	Cross code impacts are covered in section above.  Transmission license interactions – this has been considered and there is a fairly limited interaction. The only interaction that has been found is with the Weighted Average Cost of Capital (WACC) and the overhead factor, and there is no need for any changes as a result of this modification.
i) Be mindful of, and consider, the <u>SCR</u>	Targeted Charging Review Significant Code Review has already been covered by the outcome from ToR d. There are no other interactions to note.
j) Clarify need, as soon as possible, for any external analysis	Covered in Lane and Clark (LCP) analysis section
k) Consider interactions with CMP375	This is covered throughout the Workgroup Report



# Workgroup Report

## All



# **Legal Text Review**

**Paul Mott**



**Any Other Business**  
Chair