

CMP411: Introduction of Anticipatory Investment (AI) within the Section 14 charging methodologies.

Workgroup Meeting 8
5 September 2023 1.30pm
Online Meeting via Teams



Timeline and Objectives

Claire Goult – ESO Code Administrator

UPDATED Timeline for CMP411 as from 8 August 2023

Milestone	Date	Milestone	Date
Modification presented to Panel	24 February 2023	Code Administrator Consultation (15 working days)	9 October – 30 October
Workgroup Nominations (15 Working Days)	27 February 2023 to 20 March 2023 (5pm)	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	16 November (CUSC Panel Papers Day)
Workgroups 1 – 4 – process and mod understanding including scope, agree timeline and terms of reference (Workgroup 1) and step through terms of reference, analysis and develop Workgroup Consultation (Workgroups 3 and 4)	3 April 2023, 24 April 2023 and 23 May 2023 , 8 June (2.30-4.30pm)	Panel undertake DFMR recommendation vote	24 November 2023 (CUSC Panel)
Workgroup Consultation (15 working days)	16 June 2023 to 7 July 2023 (5pm)	Final Modification Report issued to Panel to check votes recorded correctly	28 November 2023 – 5 December
Workgroups 5 - 8 – review Workgroup Consultation responses, finalise legal text and finalise Workgroup Report (WG7) and ensure Terms of reference met, hold Workgroup Vote (WG8)	17 July 2023, 31 July 2023 WG 7 21 August 2023 WG 8 5 September 2023	Final Modification Report issued to Ofgem	6 December 2023
Workgroup report issued to Panel (5 working days)	21 September 2023	Ofgem decision	Requested by 31 March 2024
Panel sign off that Workgroup Report has met its Terms of Reference	29 September 2023	Implementation Date	1 April 2025



Objectives

- Actions Review
- Legal Text Update
- Finalise Workgroup Report
- Agree Terms of Reference have been met
- Workgroup Vote



Actions Review

Chair/Proposer

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
13	WG6	CH	Workgroup Member to share details of other options available for TOR (c) that may be useful for the Workgroup report	NA	WG7	Open
16	WG7	Proposer Authority Rep	Liaise to ensure TDR mechanism is explicit either in the legal text/Workgroup report or both	NA	30/8	Open
17	WG7	Proposer DC	Highlight in Workgroup Report the purpose of the mod is to determine how to recover that AI value covered by the consumer in the interim period from the 2nd Generator once they connect, and over what length of time and the appropriate inflation calc to use.	NA	30/8	Open
18	WG7	ALL	Review and comment on draft legal text and Workgroup Report	NA	30/8	Open



Legal Text Update

Proposer – Nitin Prajapati



Finalise Workgroup Report

All



Agree Terms of Reference have been met

All

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
a) Consider EBR implications	
b) Consider Ofgem's decision on Anticipatory Investment (AI) (published 18 October 2022) and any further decisions/policy	
c) Consider application of the solution to the Holistic Network Design (HND) and Early Opportunities Projects to ensure principles can be applied to actual designs/offshore windfarm projects	
d) Consider how the AI Cost Gap* is recovered prior to and post the subsequent generator(s) connecting to the National Electricity Transmission System <i>*The difference between what is payable to the OFTO by the subsequent generator(s) and cannot be recovered from them is referred to as the 'AI Cost Gap'</i>	
a) Consider how 'non- AI' and 'AI' values (determined by the early-stage assessment process for projects incurring any AI expenditure) would be recovered from both the initial and subsequent generator(s).	
b) Consider how stakeholders would get visibility of how the AI Cost Gap gets calculated and early visibility of the value.	
c) Consider the application of inflation and interest to relevant parties in terms of the cost to consumers and the cost to subsequent generator(s).	
d) Consider the potential duration of the AI Cost Gap.	
e) Consider the understanding of "known" as per Ofgem's policy decision.	
f) Consider the impact on consumers including if subsequent generator(s)	



Workgroup Vote

All



AOB/Next Steps

Claire Goult – ESO Code Administrator