

Code Administrator Meeting Summary

Meeting Name – CMP337/338 Workgroup 4

CMP337 – ‘Impact of DNO Contributions on Actual Project Costs and Expansion Factors’

CMP338 – ‘Impact of DNO Contributions on Actual Project Costs and Expansion Factors – New Definition of Cost Adjustment’

Date: 13 May 2020

Contact Details

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Key areas of discussion

- The Workgroup reviewed the consultation responses and agreed to carry out the following amendments to the definition of “Cost Adjustment”:
 1. Clarify that the contribution only applies to the cost of “a Transmission” infrastructure investment.
 2. Remove the reference to “a different Licensed Distribution Network Operator or”.

"Cost Adjustment" a payment whose value and timing has been approved by the Authority and which is made by a Licensed Distribution Network Operator as a contribution to the cost of an Transmission infrastructure investment made by a different Licensed Distribution Network Operator or Licensed Transmission Owner that recognises the shared value to the different parties.
- The Workgroup considered the feedback on Scenario 2 - Zone 1 Wider TNUoS recovery. They agreed that If there are no costs associated to a link at all (i.e. a transmission link is not built) then the Generation Residual Tariff will be less negative than in both situations where a link is built. This is because the Shetland generator TEC

would not exist and would therefore not pay TNUoS. Additionally, the Zone 1 wider tariffs would be lower in the No Link example as the tariff does not include link costs. This, therefore, means the Generation Residual would be less negative, all else being equal.

- The Workgroup carried out the Workgroup vote and unanimously agreed that the Original Proposals better facilitated the applicable CUSC objectives and should be implemented.
- The Chair confirmed the next steps and that a special CUSC Panel meeting will be held on the 20 May 2020. The Panel will consider whether the Workgroup have met their terms of reference and if these modifications can now proceed to Code Administrator Consultation.

Action number	Date raised	Owner	Action	Date due
15	13 May 2020	EH & RK	Provide additional commentary/illustrations for the Workgroup Report.	13 May 2020
16	13 May 2020	Code Admin	Finalise the Workgroup Report and circulate to the Workgroup for a final review.	14 April 2020
17	13 May 2020	Code Admin	Once actions 15/16 above are complete, circulate the final Workgroup Report to the CUSC Panel	14 April 2020

For further information, please contact the Code Administrator.