

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

Workgroup Meeting 9
27 September 2023 10.30am
Online Meeting via Teams



Timeline Update

Claire Goult – ESO Code Administrator

Updated Timeline for CMP411 as from 14 September 2023 (to Panel 29/9)

Milestone	Date	Milestone	Date
Modification presented to Panel	24 February 2023	Code Administrator Consultation (15 working days)	9 October – 30 October 6 November – 27 November
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) 7 December 2023
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) 15 December 2023
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 18 December to 22 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 WG 9 27 September 2023 WG 10 10 October 2023 (if required)	Final Modification Report issued to Ofgem	6 December 2023 3 January 2024
Workgroup report issued to Panel (5 working days)	21 September 2023 19 October 2023	Ofgem decision	Requested by 31 March 2024
Panel sign off that Workgroup Report has met its Terms of Reference	29 September 2023 27 October 2023	Implementation Date	1 April 2025



Objectives

- **Actions Review**
- **Legal Text Update and Section 11 Defined Terms**
- **Confirm Workgroup Vote**
- **Finalise Workgroup Report**
- **Agree Terms of Reference have been met**
- **AOB**
- **Next Steps**



Actions Review

Chair/Proposer

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
19	WG8	Proposer	Review wording and inclusion of AI cost gap (update page 3 and 5)	NA	8/9/23	Closed
20	WG8	Proposer	Review additional text added from the WG 7 (page 13)	NA	8/9/23	Closed
21	WG8	Proposer	Inclusion of members comments RE G2 coming along later than expected. Inclusion of comments and the possibility of it leading to a further modification as out of scope	NA	8/9/23	Closed
22	WG8	Proposer/Chair	To share updated legal text and final Workgroup Report with Workgroup members	NA	12/9/23	Open



Legal Text Update and Section 11 Defined Terms

Proposer – Nitin Prajapati



Confirm Workgroup Vote

All



Finalise Workgroup Report

All



Agree Terms of Reference have been met

All

Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	No EBR implications.
b) Consider Ofgem's decision on Anticipatory Investment (AI) (published 18 October 2022) and any further decisions/policy	Under consideration of Proposer's solution
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	Under consideration of Proposer's solution and within workgroup considerations section (p12) where scenarios of changes of Transmission Entry Capacity are considered.
d) Consider how the AI Cost Gap* is recovered prior to and post the subsequent generator(s) connecting to the National Electricity Transmission System *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'	Under consideration of Proposer's solution

Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report
e) 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).	Under consideration of Proposer's solution
f) Consider how stakeholders would get visibility of how the AI Cost Gap gets calculated and early visibility of the value.	Under consideration of Proposer's solution and within the Workgroup consideration section within the worked example (p9-10)
g) Consider the application of inflation and interest to relevant parties in terms of the cost to consumers and the cost to subsequent generator(s).	Within the Workgroup considerations section (p10-11)
h) Consider the potential duration of the AI Cost Gap.	Under consideration of Proposer's solution and within the Workgroup considerations section (p8)
i) Consider the understanding of "known" as per Ofgem's policy decision.	Within the Workgroup considerations section (p11)
j) Consider the impact on consumers including if subsequent generator(s) don't connect to the National Electricity Transmission System.	Within the Workgroup consultation summary (Q10, p13)



AOB/Next Steps

Claire Goult – ESO Code Administrator