



Department
of Energy &
Climate Change

Meeting Note

EMR COLLABORATIVE DEVELOPMENT: 2nd IMPLEMENTATION STEERING GROUP

9.30 – 11.30, Wednesday 11 September 2013

Location: Mary Sumner House, 24 Tufton Street, London, SW1P 3RB

The agenda covered the following items:

1. Welcome & Introductions – Jonathan Mills (Chair)
2. Review of Capacity Market Working Groups – Stuart Cook, PwC, and Fergal McNamara, DECC
3. Contracts for Difference Collaborative Development – final programme - Rob Epstein, DECC
4. Forward look: shape of final deliverable - Stuart Cook, PwC
5. Summary & Next Steps – Jonathan Mills

1. Welcome & Introductions

Key points made:

- The chair thanked attendees for coming to the second Steering Group.
- Referring to the actions from the previous meeting:
 - *Action 1: DECC/PwC to draw up a statement to be read out at the beginning of each working group on competition law.* PwC said the need for this was discussed at the first working group. Attendees agreed the best approach was for individual companies to protect their own confidentiality and comments should not be attributed.
 - *Action 2: PwC to look into whether simulation is the best way to test the process mapping.* PwC said they would consider this when they get more into the detailed implementation design.
- The chair welcomed new members:
 - Alastair Fraser, CEO of Welsh Power; and

- Seamus Hegarty, from Energia, an independent energy supplier from Northern Ireland.

2. Review of Capacity Market Working Groups

Summary of DECC presentation:

- PwC formally recorded appreciation of industry's contribution and attendance at the working groups.
- Progress so far in the CM working groups included:
 - 8 workshops including 1 "wash up" session;
 - Remaining session on DSR and further "wash up" sessions to take place;
 - Good participation from a broad range of stakeholders. Up to the wash-up session, 22 separate organisations players had taken part; and
 - Identification of questions and detailed process design work.
- PwC outlined the process for taking forward the outcome of discussions and for working through issues.
- Key themes had been identified e.g. definition of a CMU, the methodology for de-rating, and the penalty regime.
- Attendees were talked through an indicative timeline for the pre-qualification and auction process.
- The Steering Group were asked how they thought the collaborative development process had been run to date.

Key points made:

- Collaborative Development's focus was implementation and not a forum for policy development.
- A process has been agreed for working through questions raised during the collaborative development work groups. Outstanding policy questions will be taken through the Expert Groups. Other questions would be resolved by the end of the collaborative development process, including through wash-up sessions where industry will be able to give input for resolving issues.
- In order to meet the legislative and public timescales, the publication of the consultation document and the consultation would be taking place in parallel to collaborative development.
- Attendees were invited to comment on work group attendees. There was a concern that there might not be adequate representation from small suppliers. PwC to look into the options for increasing engagement with the small supplier community.
- It has been a valuable process so far, well-run and drawing on a good balance of views.
- There needs to be a faster publication of the working group meeting notes to come out on the website.
- An area of concern was the definition of the CMU. As this was very technical, it might need a separate technical workshop if not dealt with in the Expert Group.

- Clarity was needed regarding how suppliers will charge back to customers. In this context, it was considered that there would be benefit from input by Ofgem. The Ofgem rep said they would be happy to participate. DECC and PwC said would take the issue away and might be able to take it to the wash-up sessions.

Action 1: PwC to explore ways of increasing participation from small suppliers.

Action 2: PwC/DECC to ensure that meeting notes from the working groups go up on the website as soon as possible.

Action 3: Fergal to look into the definition of the CMU.

Action 4: DECC/PwC to look at how to deal with the issue of charges to suppliers and Ofgem to engage on this issue.

3. Contracts for Difference Collaborative Development – final programme

Summary of DECC presentation:

- The presentation provided an outline of the areas in the CfD end-to-end process that would be put to the Collaborative Development working groups, recognising that extensive stakeholder engagement had happened and was planned on many elements.
- Further policy development would be published in the October consultation document and development of CfD policy would continue in parallel to the collaborative development process, in Expert Groups for example.
- Since the last Steering Group the CfD team had continued to work with National Grid to develop the process maps for the elements of the CfD life-cycle that would be exposed to Collaborative Development.
- Maps would be used to underpin Collaborative Development discussions so as to ensure a clear, coherent and common understanding of processes and system requirements.
- It was noted that in the slides not all functions were set out in chronological order: some elements of the process might run in parallel, or be required on an ad hoc basis.
- Attendees were shown an indicative programme of CfD workshops, scheduled to start in early October.
- The next steps included: a suite of process maps to be put up on the Collaborative Development website; outputs to be published late December before the consultation closed; and the development of an implementation timeline and CfD operating model.

Key points made:

- There were approximately 20 process maps and not all would be taken through collaborative development. The focus would be on processes that industry needed to interact with.

- Detailed eligibility criteria for renewables would be covered in the Expert Group rather than the collaborative development process. The arrangements surrounding the biomass content of mixed fuels would be covered in the Metering Expert Group, a sub-group of the main Expert Group.
- As for the Capacity Market, policy questions that are still to be worked through will be covered in the Expert Groups and implementation will be covered in the collaborative development process.
- The CM working groups were due to finish before the CfD working groups begin in line with Steering Group views that some people might want to attend both the CM and CfD working groups.
- Length TCW impact – need to be clear what will be addressed – Rob Epstein to clarify

Action 5: Rob Epstein to clarify length of TCW impact

Action 6: Rob Epstein to check whether sourcing of baseload reference price has been discussed in an Expert Group.

4. Forward look: shape of final deliverable

Summary of DECC presentation:

- Working groups on the CM and CfDs would lead to two sets of outputs: an operating model and an implementation plan.
- The operating model would act as “user guides” for the CM and for CfDs, providing a common, single reference point for delivery partners and stakeholders.
- The primary purpose of the operating model was to support implementation. The aspiration is that the operating model would be the first document read by someone who was new to the arrangements.
- It was debated whether the documents might have an enduring value. The steering group considered this might lead to confusion, given the overlap with related documents.
- Attendees were taken through a slide showing the structure of the CM operating model.
- The implementation plan would implement the operating model, bringing together implementation approach, key activities, key milestones and dependencies, issues, risks and assumptions.
- The Steering Group were asked:
 1. Does the scope of the proposed Operating Model document look appropriate?
 2. At what point would industry like to see the final Operating Model (bearing in mind the October consultation process, and that drafts of the Operating Model will be made available in the period up to December)?

Key points made:

- How could the operating model be pinned down when there were several policy questions still outstanding? The response to this was that the operating

model would be a “living” document which would be updated to reflect emerging policy.

- The group was supporting of the aim of capturing the output from collaborative development as soon as possible.
- The group asked to what extent it was possible to “operationalize” the work of the Panel of Technical Experts? This would be taken away for further work.
- Smaller companies found it difficult to keep up with collaborative development but operational people would find it useful therefore it was important for information to go up on the website.

Action 7: DECC to look into the operationalisation of the Panel of Technical Experts.

5. Summary & Next Steps

- The chair thanked those who had attended the meeting and summarised the key points.
- The next meeting will take place on 17 October at 10.30. The location is to be decided.
- Reminded attendees that there is a collaborative development website and email inbox - www.gov.uk/government/policy-advisory-groups/electricity-market-reform-emr-collaborative-development and collaborative.developmentemr@decc.gsi.gov.uk.

List of Attendees

Member	Organisation
Jonathan Mills (Chair)	DECC
Harriet Thompson	DECC
Andy Shields	DECC
Fergal McNamara	DECC
Rob Epstein	DECC
Stuart Cook	PwC
Steven Jennings	PwC
Mark Ripley	National Grid
Julian Roberts	Ofgem
Mark Bygraves	Elexon
Kenneth MacRitchie	CFD Counterparty
Rupert Steele	Scottish Power
Frédéric Mayoux	EDF
Sara Vaughan	EON
Raoul Thulin	RWEpower
Sue Wheeler	Centrica
Deirdre Powers	SSE
David Alcock	GDF Suez
Andy Taylor	Intergen
Paul Gardiner	British Sugar
Marina Hod	KiWi Power
John Moriarty	Horizon Nuclear Power
Harry McCracken	Simple Power
Andrew MacLellan	Ener-g
Alastair Fraser	Welsh Power
Geraldine Heavey	ESB
Observer	Organisation
Jane Cooper	Dong Energy
Chris Woodhall	National Grid
Gordon Edge	Renewable UK
Lisa Waters	Waters Wye Associates
Frank Gordon	REA
Alastair Evans	Nuclear Industry Association
Victoria Judd	Slaughter & May
Graham Meeks	Green Investment Bank
Pavel Miller	Energy UK
Richard Hall	Consumer Futures
Rafael Jimenez	NuGen
Rozie Haines	Helius Energy
Angela McIntyre	DECC
Steven Mills	DECC
Lawrence Avery	DECC
Vanessa Muir-Smith	DECC (Secretariat)