



Department  
of Energy &  
Climate Change

## **Meeting Note**

### **EMR INDUSTRY IMPLEMENTATION FORUM**

**14.30 – 16.30, Thursday 23<sup>rd</sup> January 2014**

**Location: 10-11 Carlton Terrace, London**

#### **The agenda covered the following items:**

1. Welcome & Introductions including an overview of the aims of the meeting – Jonathan Mills (Chair)
2. Discussion on the IIF Ways of Working – Lesley Potts, PwC
3. Update on Collaborative Development deliverables – Lesley Potts, PwC
4. Update on CM and CfD Implementation – Chris Woodall (National Grid) and Ruth Herbert (CfD Counterparty)
5. Update on additional DECC stakeholder engagement – Jack Thomlinson

#### **1. Welcome & Introductions including an overview of the aims of the meeting – Jonathan Mills (Chair)**

- The Chair welcomed everyone to the meeting and asked everyone to introduce themselves.
- The Chair outlined that the Industry Implementation Forum replaces the old Collaborative Development Steering Group.
- The Chair outlined the key objective for today's meeting was to clarify how we move from collaborative development into implementation, for the implementation co-ordinators to feedback from their industry engagement on implementation and for the forum to discuss how to continue dialogue to close down remaining issues.

#### **2. Discussion on the IIF Ways of Working – Lesley Potts, PwC**

##### *Summary of presentation*

Lesley Potts outlined the draft objectives of the IIF which are:

1. DECC to keep Industry updated on the overall implementation of EMR and progress towards delivery
2. Implementation coordinators to report back on their engagement with industry and on progress against the respective Implementation plans
3. Industry to escalate significant implementation issues that cut across the programme and to identify implementation matters to be brought to the IIF
4. Industry to advise DECC on any cross-industry processes that need to be established to support implementation.

The frequency of the meetings for Industry Implementation Forum will be every 6 – 8 weeks. DECC would provide the Secretariat for the Forum and meeting papers will be issued at least 48 hours in advance of each meeting. Membership of the IIF would comprise of members from industry at Director of Operations level or equivalent.

#### *Key points made*

- It was suggested that if there were a lot of papers for meeting, these should be issued well in advance of meetings to allow sufficient time to review the papers before the meeting. The Chair however reassured participants that a long list of papers were not expected to be produced for future Forum meetings.
- The Chair reinforced that the IIF was an implementation forum and was not designed to discuss policy issues.
- A participant suggested that it would therefore be useful to have plan of outstanding policy decisions, and when and in what format these would be resolved.

**ACTION 1 – PwC to amend the Ways of Working document to include a timeframe for issuing lengthy meeting papers.**

**ACTION 2 – DECC to provide a chart setting out the forward look for EMR policy decisions.**

### **3. Update on Collaborative Development deliverables – Lesley Potts, PwC**

#### *Summary of presentation*

Lesley Potts gave a reminder on the Collaborative Development outputs that were published on 23 December 2013 and confirmed these were available on the DECC website. Lesley also confirmed that there were several outputs currently on hold on

both CM and CfD side - the CM Settlement Body Process Maps, CfD Customer Journeys, Data Flows and Implementation Plan.

#### *Key points made*

- It was confirmed that the remaining outputs of Collaborative Development would reflect policy approach set out in the October consultation document.
- As Implementation Co-ordinators, National Grid will own and update the CM documents and CfD Counterparty Body will do the same for CfD documents.

#### **4. CM Implementation Update – Chris Woodall, National Grid**

##### *Summary of presentation*

Chris presented slides that ran through National Grid's role in implementing CM (their role as Delivery Body and CM Implementation Coordinator), as well as summarising what National Grid needed from industry to help them carry out their role effectively, including ensuring implementation issues were raised as early as possible with National Grid so that there are "no surprises" and issues have enough time to be resolved.

Chris also updated on the CM Implementation Co-ordination Launch event that was held on 15<sup>th</sup> January (see slides) and outlined plans for future sessions which will be held on a monthly basis and are currently scheduled through to June 2014. As we move nearer to pre-qualification, sessions may be run more regularly if needed.

#### *Key points made*

- Industry should continue to engage with the National Grid EMR contacts they have been working with to date. As knowledge grows over time and implementation becomes more advanced, lead contacts may change.
- National Grid's implementation plan sets out the critical path timescales from the point of legislation going live which is procedural and is set out in the market rules (i.e. allows for the longest possible time for each phase of delivery). There is the option for the first auction process to vary the rules and timescales by agreement from the Secretary of state should, for example, a milestone on the critical path be missed, but there is currently no plan or requirement to do this.
- Contingency planning on the critical path may be discussed through the implementation forum run by National Grid.
- Some participants expressed concern that firm rules and regulation would not be available until late June. The Chair confirmed that the response to the consultation on the draft regulations will be set out in the Spring, but

discussions with industry will continue in the meantime. Any changes in policy will be communicated to industry as early as possible.

- Industry said it would be helpful to have sight of a timetable of engagement up to June. This would also be helpful to National Grid in terms of them shaping their implementation engagement.
- One participant said that if DSR trials start in 15/16 there will need to be changes in data flows and settlement systems and it would be useful to know where that will be managed.
- Industry asked whether National Grid would hold separate workshops for IT officials to consider connectivity issues. National Grid confirmed that they would happy to do this and would at the next session “de-bunk” some thoughts about what the connectivity might be.
- DECC are actively engaged with the European Commission on EMR related state aid cases.
- Industry commented that implementation success requires a Plan B and it would be good for industry to understand from DECC from Plan B was. The Chair confirmed that although this has been considered, DECC’s priority was to ensure delivery of EMR to the deadlines set out in 2014.
- Industry said that they had previously been told that if State Aid approval was not granted pre-qualification would not start and questioned whether this was still the case. The Chair said that the legal position on this needed to be checked.

### **ACTION 3 – DECC to consider which release dates it is able to share with industry.**

#### **5. CfD Implementation Update – Ruth Herbert (DECC)**

##### *Summary of presentation*

Ruth outlined the role of the Counterparty Company Set Up Team. She explained that this team is currently working on the design, processes and tracking them back to policy. She confirmed they were thinking about the timing of a launch event and how that would fit in with their procurement processes and timeline for delivery. Ruth presented slides giving background to the CfD Counterparty Company including their role and responsibilities, which included setting up the CM Settlement Body. Ruth confirmed that as part of CfD Counterparty Company role as CfD Implementation Co-ordinator, they now owned the CfD Operating Model (a Collaborative Development output) and have set up the CfD Business Design Authority which includes the relevant Delivery Partners. And that they will also own the CfD Implementation Plan and will also have an oversight role on co-ordinating the testing of readiness. (See slides)

Ruth informed the Forum that the CfD Counterparty Company was currently looking at a server tool to publish information and enable industry to comment on the most recent versions of documents. Comments would be posted on-line and amended versions available for all to see. Ruth asked the Forum for feedback on whether there was any appetite for engaging in this way and how useful such a system would be.

#### *Key points made*

- The CfD contract explains the role and responsibilities of the CfD Counterparty Company. A framework document was also being developed which will outline the constitution of the Company, including setting out guidance on how the Counterparty Company will exercise its discretionary rights. DECC is currently thinking on how best to engage industry in the development of the framework document.
- Industry commented that it was currently being asked to prepare investment decisions around the application process on the back of some limited and incomplete information. A lot of industry have been close to the processes and have been considering investment and it would be important to have transparency to build confidence in the processes, including getting paid.
- Industry expressed that transparency around the budget split and budget management process was urgently required to inform investment decisions and their responses to DECC's consultations.
- There was a question on the processes for implementing the CfD allocation auction, who would own it, and whether the October live date was still on schedule. The Chair confirmed that no timescales are being changed.
- National Grid confirmed they are responsible for delivering guidelines on application, running the allocation process and advising the Counterparty Company of the successful applicants. They are the key Delivery Partner within the CfD overall end-to-end cycle. However the Counterparty Company is the enduring relationship owner of implementing the CfD and National Grid are delivering under their overall Delivery Partner oversight responsibilities. National Grid will engage with industry separately on CM and CfD.
- Industry expressed concern about the amount of time available between October auction launch (9 months away) and pre-qualification which could take up to 90 working days (4 months). If policy decisions were not being taken until March-June and legislation in July, this would be very challenging to industry.
- Chris Hemsley (DECC) explained that DECC was currently consulting on the CfD regulations, and explained the plans for engagement with stakeholders on the allocation framework. The allocation framework and the regulations will bring together all of the relevant detail on the legal frameworks and the detailed rules which National Grid will deliver in their Delivery Partner role.

- Chris also informed the Forum that within the next few weeks there will be consultation on the OLR framework, the results of which will feed into a set of OLR regulations.

**ACTION 4 – Ruth to investigate the possibility of providing guidance setting out examples of the CPB discretion, decision making processes and addressing boundaries. The Chair however made it clear that the CfD contract was the binding document on the role and responsibility of the CfD Counterparty Company.**

**ACTION 5 – DECC to circulate the forward look on decisions for CfD allocation.**

## **6. Update on Additional DECC Engagement – Jack Thomlinson (DECC)**

Jack Thomlinson provided a forward look of DECC publications coming out in the next few months as well giving an overview of planned engagement forums.

### **Publications**

- The Consultation on Detailed Implementation of EMR closed on 24 December 2013. Policy teams are currently analysing responses to the consultation, and a Government Response will be published in late spring 2014.
- There are a number of policy areas which need to be finalised before Secondary Legislation is laid in June. A number of consultations will therefore be published between January and June, including:
  1. Consultation on Code and License Changes: This consultation was published on 15 January, and will close on 13 February.
  2. Consultation on CfD Allocation: This consultation was published on 16 January, and will close on 12 February. Following the publication of the Government Response to this consultation, DECC intends to publish a consultation setting out further details on the CfD budget.
  3. Consultation on the Offtaker of Last Resort: This consultation will be published in February 2014. Following the publication of the Government Response to this consultation, DECC will publish a consultation on proposed Secondary Legislation for the Offtaker of Last Resort.
- The Consultation on CfD Allocation contained a forward look of future planned publications on the CfD. DECC will continue to provide a forward look in future publications, so that stakeholders are aware of which publications to expect.

## Engagement

- The Industry Implementation Forum will meet every 6-8 weeks, and the Capacity Market Implementation Coordination Group will meet on a monthly basis during 2014.
- Expert Groups for the Capacity Market, Offtaker of Last Resort, and CfDs will continue until the beginning of March 2014.
- EMR teams held a number of bilateral meetings with industry prior to and during the October consultation period. These meetings have been very useful, and we will continue to meet regularly with industry representatives over the next six months.

**ACTION 6 - The EMR stakeholder team will email Industry Implementation Forum members with further details of stakeholder engagement from January to June 2014, and a list of forthcoming publications.**