**CfD Market Readiness Working Group 2 – Code of Practice**

**Tuesday 3rd September 2013 12:00 – 13:30**

**Minutes and actions**

**Attendees:**

**DECC attendees:**

Matt Coyne (chair)

Jessica Henry

Tim Warham

Adam Harper

**Group members:**

Terry Ballard, RWE

Martin Bell, Ofgem

Emma Christian (for Christopher Granby), Infinis

Owen Forster, EDF

Claire Nelson (for Peter Lynch), Mainstream Renewables,

Stuart Noble, Scottish Power

James O’Meara, SSE

Stephen Packwood, RES

Christian Pegrum, Eon

**Apologies:**

Scott Buckleton, GPS

Kirsty Hamilton, LCFG

Lee Priestly, Centrica

Simon Proctor, Good Energy

Robert Williams, BT

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|  | **Feedback from Steering Board** | |  | | | **Matt Coyne** |
| Matt Coyne gave an update on the last meeting of the steering board and the group discussed their recommendations, including the rebalancing of responsibilities between generator and offtaker; and the addition of an element on reporting.  The Group noted that the addition of the timing & process section to the code included significant responsibilities for the offtaker.  The Group discussed the possible elements of reporting later in the meeting. | | | | | | |
|  | **Discussion on Best Practice Guidelines** | | **Best Practice Guidelines Draft Paper** | | | **All** |
| The group ran through the guidelines as they currently stand and discussed each section in detail.  Milestones:   * On the CfD, the group agreed that this section may need to link to the CfD process once further detail is available. It was generally agreed that a CfD could be included in the ‘minimum information’ section.   Minimum information:   * The group picked up on a couple of points in particular,   + The requirement to report the ultimate owners. There was a short debate on the usefulness of providing this information but a consensus was reached on inclusion with additional explanation of what was meant. There was general agreement for the proposition to broaden the term to read ‘corporate structure’ as it would cover more types of ownership and provide a more transparent overview.   + There was also some debate over reporting expected output – it was deemed important to clarify this definition.   **Action**: DECC to add explanatory footnotes to some of the minimum information to clarify what is expected from certain areas.  **Action**: Stephen Packwood to draft options for section 5 (key commercial terms required)  Process & Timings:   * General agreement over the usefulness of an expected process/timings section to give greater clarity for new entrants, but the group wanted it to be made clear that some timings could be expressed as a range depending on the complexity of the project/resources required to process contracts. * Step f (indicative offer provided by Offtaker or Offtaker supplies Generator with reasons for decision not to tender) was discussed at length, and it was agreed that the time should be expressed as a range with the top end extended to 8 weeks. * Steps c & d were also discussed, as the point was made that NDAs are not always offered before the generator issues a Request for Proposal. The group agreed to clarify that an NDA at this point would be optional. * To improve the process, the group agreed that it might be useful to include a step for the offtaker to provide the generator with an estimate of the expected timings for subsequent steps during initial dialogue (step b). * The group also discussed including any subsequent steps after the generator has accepted a proposal. It was agreed to include a final step of signing the contract, to highlight the length of time this can take.   Sample PPA link   * The group agreed to rethink what this link might include once the other working group on the PPA contract has finalised products. | | | | | | |
|  | **Steering board recommendation: Reporting** | | **Draft discussion paper on reporting options** | | | **Matt Coyne** |
| Matt Coyne gave feedback from the steering board about the possibility of introducing a reporting function to support the best practice guidelines and provide DECC & the regulator with data on the PPA market. This would be used to monitor the market to assess the effectiveness of EMR and anticipate any potential issues. It would not be put into the public domain.  The group was presented with a short justification for a reporting function and shown 3 possible options which could be deployed separately or in some combination, all requiring varying details of contract activity and negotiations.  There was a group discussion on the purpose of reporting – members questioned what data might be used for and by whom. They agreed that the level of detail needed would depend on the overall objective of a reporting function. More generally, the group discussed the need for any function to be easy to understand and accessible, and agreed that it may be beneficial to have continuous data collection rather than brief snapshots of the PPA market.  The group also noted that the monitoring of the CfD mechanism may provide better data to suitably assess the state of the PPA market under EMR, as it would cover all generation, while relying on a voluntary code of practice would introduce gaps in coverage. A further indication of the health of the market could be gleaned from the number of interested parties applying for the offtaker of last resort scheme.  The group also agreed that there may be significant confidentiality or commercially sensitive issues with reporting, but agreed to consider the options in more detail.  **Action**: Group to take away possibilities for reporting proposals for further consideration. DECC to consider further the rationale for a reporting mechanism and to consider whether the CfD mechanism would provide sufficient data for the purpose. | | | | | | |
|  | | **Next steps & AOB** | | **No papers** |  |  |
| Next Steps   1. Group to consider possibilities for reporting 2. DECC to redraft Best Practice Guidelines based on feedback and circulate more widely to invite comments.   Next meeting is scheduled for 15 October – further details will be circulated in advance. | | | | | | |