



Department
of Energy &
Climate Change

Meeting Note

EMR COLLABORATIVE DEVELOPMENT: THIRD IMPLEMENTATION STEERING GROUP

10.30 – 11.30, Thursday 17 October

Location: 10-11 Carlton Terrace, London

The agenda covered the following items:

1. Welcome & Introductions including an overview of engagement during the consultation period – Jonathan Mills
2. Review of Collaborative Development Working groups – PwC
3. Collaborative Development Deliverables Update - PwC

1. Welcome & Introductions including an overview of engagement during the consultation period – Jonathan Mills

- The Chair reminded the ISG of the three key levels of engagement:
 - High level policy framework – e.g. passage of the Energy Bill;
 - Detailed policy design level – via the Expert Groups, consultation events and formal responses to the consultation; and
 - Development of the operating model - via Collaborative Development process.
- Consultation events on the CfD and CM will be held in London in November and participants could sign up to attend on the .GOV website
- The Chair outlined that the main focus for this workstream was developing the operating model, with the CM working groups now concluded and the CfD working groups well underway.
- Actions from the last meeting were reviewed:
 - Action 1 - *PwC to explore ways of increasing participation from small suppliers* – PwC have been in touch with Cornwall Energy regarding participating in the sessions along with other small suppliers

- Action 4 *DECC/PwC to look at how to deal with the issue of charges to suppliers and Ofgem to engage on this issue*
DECC/PwC have followed up with Ofgem on this issue
- Actions 3& 5 – relating to the CMU definition and the length of TCW have been fed into the Expert Group process

2. Review of Collaborative Development Working groups – PwC

Summary of presentation

- The CM working groups completed in September – final wash ups were now planned to cover outstanding queries
- 4 CfD workshops completed - covering the Supplier Obligation and settlement
- 27 separate organisations have taken part in the workshops to date - all of the six largest suppliers, alongside a number of independent generators, small suppliers, developers and advisers
- Positive response with constructive engagement on the Supplier Obligation process maps
- Emerging themes –
 - Potential concern around the amount of capital that will be tied up through the Supplier Obligation mechanisms – further detail required on sizing and calculation methodology
 - Industry stakeholders are keen to understand how the CfD Supplier Obligation process will differ from their current experience with BSC mechanisms
 - Industry also keen to understand how the invoicing and payment processes would take account of small generators and suppliers and their systems
 - Industry have also asked how the Supplier Obligation would deal with extreme events such as Reserve Fund depletion and supplier insolvency.

Key points made

- Policy issues raised through the collaborative development process and recorded in the question log are a high priority and stakeholders wanted to know how and when they would be answered.
- ISG were keen that outstanding questions raised during sessions should be mapped against questions in the consultation document
- More clarity was needed on budget forecasting under the LCF and the interfaces with allocation process.
- Some areas on the boundary between policy and process could be taken forward by industry working with DECC and Delivery partners, e.g. CfD cash flow and reconciliation and CMU definition – these would be suitable topics for

further workshops and needed resolving by end December as critical to companies' system design.

- The recently published consultation and draft SIs could create raise further issues– the ISG sought assurance that there would be time for discussions before decisions were made
- In relation to demand side response – some issues are outstanding and there is a need to understand the implications of the policy – the chair cited the planned workshop on DSR which will follow main CM consultation event in November
- The ISG also wanted to know how stakeholders would be engaged in the further development of the Operating Model. At what stage would companies get to provide feedback on the draft Operating Model before it is published and how would they be engaged as it developed further beyond initial publication? Would this be led by delivery partners or DECC and how would changes be governed?

ACTION 1 – PwC and DECC to determine a process for resolving issues captured in the question log

ACTION 2 - PWC are producing a document that will clarify what issues raised through CD have already been resolved through the consultation document, and references to the relevant section.

3. Collaborative Development Deliverables Update - PwC

Summary of presentation

- The operating model (OM) will serve a number of purposes – including ensuring there is a similar level of understanding across delivery partners and stakeholders.
- The OM will serve as user guides for both CM and CfD participants

ACTION 3 – DECC to clarify what would be available, when, and what the opportunity to comment would be.

Key points made

- Stakeholders were keen that outstanding issues were resolved before they could decide if participant journeys were necessary
- Points raised in relation to the relationship between the operating model and the implementation plan

ACTION 4 - ISG asked that DECC prioritise between participant journeys and issues relating to the process maps. These were a “nice to have” at this stage given the gaps in the policy and process maps.

- Clarity is required in relation to the pre-qualification framework being developed between National Grid and Ofgem - this needs to be available as soon as the legislation goes live
- Process maps need further work if they are going to be used to design companies' systems. Companies would like to see the next level of detail down and presume this is for delivery partners to work on, but it is unclear who is leading on what sub-processes at the moment.