Department
of Energy &
Climate Change

Meeting Note

EMR COLLABORATIVE DEVELOPMENT: SCOPING MEETING TO ESTABLISH AN IMPLEMENTATION STEERING GROUP

Monday 1 July 2013, 11.00 – 13.00, Room C6, BIS Conference Centre

The agenda covered the following items:

- Welcome & Context – Jonathan Brearley (Chair)
- Overview of Collaborative Development on the Capacity Market & Contracts for Difference – Ruth Herbert
- Steering Group Terms of Reference – Vanessa Muir-Smith
- Process Architecture for the Capacity Market – Fergal McNamara
- Draft work programme for Capacity Market collaboration – Angela McIntyre

1. **Overview of Collaborative Development on the Capacity Market & Contracts for Difference**

   Summary of DECC presentation:

- Collaborative Development refers to a phase of development of EMR in which industry will work closely with DECC and delivery partners on developing the EMR designs towards implementation.
- The objectives of this process are:
   - To ensure deliverability of the designs;
   - Provide industry with clarity on information requirements; flows and hand-off, compliance and audit requirements; and on the detailed design of systems on issues such as allocation and payment.
- The process will involve a series of open and transparent working groups – there will be separate working groups for the Capacity Market (CM) and for Contracts for Difference (CfD) – with representation from all parties involved

in ensuring system readiness, including DECC and its delivery partners, generators and suppliers.

- The process will be overseen by a senior steering group to ensure executive buy-in and enable companies to dedicate sufficient resources to the process.
- The collaborative development process will take place in parallel with the drafting of Regulations – the purpose of this is to test the operability of designs to mitigate the risk that regulations need to be amended after they have come into force.
- While not reopening policy decisions, the collaborative development process will be responsive to operational issues that come up and ensure that these are addressed, where necessary, through further design work.
- The collaborative development process will be transparent, with all meetings open to observers and papers put up on the web.

Key points made:

- DECC should consider developing a web interface that made sharing documents and collaborating easier and more efficient than by email. If there could be some commentary alongside papers making clear what the next steps are and the opportunity for people to post comments or questions, this would be helpful.
- Papers should not be protected and point of contact for comments on documents should be made clear.
- Non-attendees should be able to submit ideas and papers and these should be discussed by the working group.
- Papers should be put on the web one week before sessions to enable company views to be gathered in advance, and notes of meetings put on the web overnight if possible or at least within 24 hours if sessions were daily.
- Emails with large attachments should be avoided.
- The timetable was extremely tight for implementation in 2014 so this process should have started earlier.
- Policy needed to be tied down for this process to be effective and given that in some areas policy development was still on-going, it would be difficult to start this process any sooner and there would be a need to revisit some areas once designs were more developed.
- The Steering Group should have joint responsibility for making decisions on the operational system.
- DECC saw the Steering Group as a forum to maintain buy-in and check that the process was working properly, not a decision-making forum, and would be expecting working groups to reach unanimous solutions as far as possible through collaboration.
- DECC would need to retain ownership of the process and outputs in order to link them with the parallel secondary legislation drafting process and DECC

would need to maintain momentum to assure Ministers that the process is on track.

- Would DECC provide analytical support to this process?
- The CM working groups are likely to start slightly before the CfD groups because the current estimate suggests that the CM will take longer to implement. There will be overlap between the two to ensure that similar processes in each mechanism can be developed together.

Action 1: DECC to put papers relating to the collaborative development process on the web as soon as possible.

Action 2: DECC to answer the question of whether it would provide analytical support to the working groups.

2. **Steering Group Terms of Reference**

Summary of DECC presentation:
- The purpose of this session was to talk attendees through the draft TORs for the Steering Group (SG), to get views on the role of the proposed group and to test whether the TORs were broadly right.

Key points made:
- How will the SG and the working groups interact and how will the critical path be identified? A process will be put in place to make sure key issues are captured at working-group level and fed to the SG.
- The SG should be able to meet on an ad-hoc basis if necessary.
- SG should look at the initial implementation plan to be made aware of leading items that work needs to start on now for 2014.
- SG should receive a RAG report from the working groups to make sure they are aware of progress or lack of progress and have time to react in terms of providing more resource or resolving a conflict of views.
- SG should have an objective to ensure there is a balance of views present at the working groups. Trade Associations who were observers could be called upon to help in this regard.
- Umbrella organisations could represent groups of smaller companies provided DECC ensured they were not drowned out.
- Companies should avoid raising partisan issues and enter into the spirit of resolving cross-industry issues through this process
- Rapporteurs from working groups could meet to keep an eye on progress and interdependencies and prepare reports for the SG.
- This would need to avoid giving some companies more influence over the process than others and would need to be transparent.
- Areas common to both mechanisms should be covered in one working group – e.g. Volume of Loss Load.

- Would need to review process weekly to see if it was working – weekly status report to SG members?
- More representatives needed from large electricity users who were independent generators, e.g. Veolia?
- In terms of seniority of membership, one view was that the group should be at a working level, similar to the NETA process. The counter view was that the risk was that the process would not get sufficient senior buy-in.
- If conflicts arose at working-group level and it became impossible to work out the best way forward, these could be brought to the SG.

Action 3: DECC to amend the TORs to reflect that the Steering Group could meet on an ad-hoc basis if necessary.

Action 4: DECC to ensure that smaller companies are sufficiently represented on the Steering Group.

3. **Process Architecture for the Capacity Market**

   Summary of DECC presentation:
   - The slides presented reflected a rigorous process mapping exercise for the capacity market carried out by design leads and delivery partners.
   - All the essential business entities were shown on the process map and each one will create a unit of work to be dealt with.
   - The next step is that the overarching process architecture is to be developed.

   Key points made:
   - In terms of the number of process maps, each box on the diagram is a process.
   - This will have an impact inside organisations not just on delivery partners and there needs to be an awareness of how long approval processes internally can take.
   - There may be the potential for crossovers between the CM and CfD processes and there is a need to understand where these crossovers are.
   - DECC agreed to send out a copy of the diagrams that were presented.
   - The CfD process architecture will be shown at the first Steering Group meeting at the end of July.

Action 5: DECC to send around copies of the CM process maps which will be presented/discussed at each meeting before the meeting.

4. **Draft work programme for Capacity Market collaboration**

   Summary of DECC presentation:
   - Attendees were given an overview of how the programme of workshops covering the Capacity Market will be structured.

Key points made:
- Industry will need sufficient information in advance of the workshops to know who should attend given the amount of resource required and the fact they are taking place over the holiday season.
- The draft work programme shown was illustrative rather than definitive at this stage and DECC welcomed views on the draft programme.
- There was discussion about the feasibility of covering all the required work in three days each week and what the timetable of each would be in terms of starting and finishing times as participants would need time to contact their organisations during the process.

Action 6: Attendees to provide Angela McIntyre with views on the draft programme for Capacity Market collaboration.

Action 7: DECC to ensure that final workshop schedules are circulated early and to allow for participants' need to maintain contact with their organisations.