







*the different inlet cooling options.*

The WG reviewed the Procedure Change Proposal. It was noted that on completion of the inlet cooling analysis by SKM that further details surrounding inlet cooling would be incorporated.

It was noted that any changes to the MRCP Market Procedure as detailed in the proposal would only be effective from the next determination applying from 2014/15 onwards.

Mr Ruthven presented the draft revised MRCP Market Procedure and asked for comments, noting that written comments had been received from Mr Dykstra, Mr Gibbney and Mr Peake via email.

It was noted that additional detail on inlet cooling might be required under clause 1.5.1(f) following the outcomes of any analysis performed by SKM.

Mr Gould suggested, and the WG agreed, that the matters dealt with under clauses 1.7.3 and 1.7.4 should be incorporated into clause 1.7.1 to improve the readability of the document.

*Action Point: Incorporate elements of clauses 1.7.3 and 1.7.4 under clause 1.7.1 where possible.*

Under Clause 1.8, Transmission Connection Works, Mr Ruthven broadly explained that the calculation of costs, where historical connection costs or relevant access offers were available, was defined under clause 1.8.1. Mr Gibbney confirmed that his draft for section 1.8, as separately distributed to the WG but not included in the draft Market Procedure, had been written with the intent of accurately expressing the agreed outcomes of the WG.

It was confirmed that in the event of there being no actual connection cost data or access offers then clause 1.8.2 defines the basis for calculation of an estimate. It was noted that clause 1.8.2 assumes a zero deep connection cost.

It was agreed that the IMO would clarify the handling of deep connection costs, under clause 1.8.2, with SKM. It was agreed that the IMO would provide information to the WG for comment and feedback and hold further discussions if requested.

*Action Point: The IMO to*

Under clause 1.12.1(b) regarding margin M, Mr Dykstra noted that there was still a question of duplication with compensation for debt financing costs allowed for under the calculation of WACC. Mr Ruthven confirmed that the IMO would review this and make any necessary changes.

Mr Ruthven noted that clause 1.12.1(e) relating to fixed costs under margin M would be edited to ensure consistency with the rest of the document. In addition Mr Ruthven noted that the contingency cost described in clause 1.12.1(f) was ambiguous and incompatible with the rest of the Procedure. The Chair noted that the IMO intended to clarify and align the contingency provision with the current practice of applying the contingency allowance to the full Power Station cost rather than the other components of margin M.

*Action Point: The IMO to review and update clauses 1.8, 1.9.4, 1.10.2(b), 1.12.1(b), 1.12.1(e) and 1.12.1(f) as agreed by the WG.*

With regards to clause 1.13.7 detailing WACC, the Chair detailed the drafting of 1.13.7(h) included in the distributed pack as well as a revised version distributed at the meeting. He confirmed that whilst the IMO accepted that the current state of flux with regards to the ERA's proposed Bond Yield Approach, the IMO weâ

