

Whole System CBA
Feedback and Next Steps
Open Networks | WS4 P1
August 2022 | Version 1.0

Feedback received and actions taken

The following feedback has been received from users:

Password for unlocking the table does not work so, for example, new rows to add additional costs and benefits cannot be included. - this has been corrected

Clarifications made

The difference between “scenarios” and “strategies”.

Pointed out where data for the weighted average cost of capital (WACC) and other related items can be found - These can be found in Ofgem’s final determinations.

Provided clarity on what is meant by “non-regulated stakeholders” (e.g., generators)

Clarified what goes into the “additional costs and benefits” space

General Feedback

The WS CBA tool was able to produce all results that were needed, and no issues were encountered, the tool was large and flexible enough to accommodate all cost/benefit categories and strategy variations required.

Overall, the spreadsheet seems a bit daunting

There should be consistency across industry on option valuation.

Feedback from Project EPIC, a network innovation project.

It is a very useful educational resource for getting up to scratch with CBA and signposting best practice.

It is structured intuitively and is flexible.

It was stable and was able to process all the results needed without issue.

Project EPIC has highlighted the difficulties of doing whole system CBA.

Integrating gas and electricity network costs

Having analysis tools which are able to model a wide range of impacts.

There is definite value in having a WS CBA tools which can guide project decisions, and ensure best practice is used. However, from the experience of Project EPIC, whole system assessments of energy infrastructure first need improved data and network modelling capabilities.

Potential development areas

Option valuation

- This has been supported by stakeholders (e.g. ADE) during stakeholder engagement
- Should be consistent across industry
- Question about whether WS CBA *drives* this work, or *takes the output* from it

Carbon

- **Embodied carbon** - there is an agreed methodology between the TOs. This could be incorporated
- **Carbon difference** – ESO has shared a methodology for use during RDPs that could be incorporated

CEM updates

- Any updates to the CEM should be reflected in the WS CBA.

Actions taken and next steps

Completed

- Stakeholder workshops to help potential users understand the CBA model and to answer the clarification questions asked to date. Workshops were held on 5th and 12th Aug-22.
- Engaged with Open Network CEM (Common Evaluation Methodology) product team to develop a [CEM-CBA interactions report](#).

Next steps

- Further stakeholder engagement
- Update the User Guide to address clarification comments
- ON to consider a potential future product that looks at availability and deliverability of network investment data