

CUSC Alternative and Workgroup Vote

CMP350: Changes to the BSUoS Covid Support Scheme

Please note: To participate in any votes, Workgroup members need to have attended at least 50% of meetings.

Stage 1 - Alternative Vote

If Workgroup Alternative Requests have been made, vote on whether they should become Workgroup Alternative Code Modifications.

Stage 2 - Workgroup Vote

2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).

2b) If WACMs exist, vote on whether each WACM better facilitates the Applicable CUSC Objectives better than the Original Modification Proposal.

2c) Vote on which of the options is best.

The Applicable CUSC Objectives (Charging) are:

- a. That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;
- b. That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);
- c. That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;
- d. Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and

- e. Promoting efficiency in the implementation and administration of the CUSC arrangements.

*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

Workgroup Vote

Stage 1 – Alternative Vote

Vote on Workgroup Alternative Requests to become Workgroup Alternative Code Modifications.

The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.

Should the majority of the Workgroup OR the Chairman believe that the potential alternative solution would better facilitate the CUSC objectives (against either the Baseline or the Original) then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative Code modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.

“Y” = Yes

“N” = No

“-“ = Neutral

Workgroup Member	Alternative 1 (E-ON) - £6.60 cap, 30/9/20	Alternative 2 (EDF) - £10 cap. 30/9/20	Alternative 3 (ESO) - £15 cap, 30/9/20	Alternative 4 (SSE) – 25/10/20 £5 cap	Alternative 5 (SSE) – 25/10/20 £6.60 cap	Alternative 6 (SSE) – 25/10/20 £10 cap	Alternative 7 (SSE) – 25/10/20 £15 cap
George Moran	Y	Y	Y	Y	Y	Y	Y
Garth Graham	Y	Y	Y	Y	Y	Y	Y
Grahame Neale	N	N	Y	N	N	N	N
Grace March	Y	Y	Y	N	N	N	N
Bill Reed	N	N	N	N	N	N	N
Paul Jones	Y	Y	Y	N	N	Y	Y
Simon Vicary	Y	Y	Y	Y	Y	Y	Y
Joshua Logan	Y	Y	Y	N	N	N	N
Graz Macdonald	N	N	Y	N	N	N	N
Joe Dunn	Y	Y	Y	Y	Y	Y	Y
Kate Dooley	Y	Y	Y	Y	Y	Y	Y
Lisa Waters	N	N	Y	N	N	N	N
Matthew Cullen	Y	Y	Y	Y	Y	Y	Y
WACM?	WACM1	WACM2	WACM3	WACM4 – saved by Chair	WACM5 – saved by Chair	WACM6	WACM7

Stage 2a – Assessment against objectives

To assess the original and WACMs against the CUSC objectives compared to the baseline (the current CUSC).

You will also be asked to provide a statement to be added to the Workgroup Report alongside your vote to assist the reader in understanding the rationale for your vote.

ACO = Applicable CUSC Objective

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
George Moran, British Gas						
Original	Y	-	Y	-	-	Y
WACM 1	Y	-	Y	-	-	Y
WACM 2	Y	-	Y	-	-	Y
WACM 3	Y	-	Y	-	-	Y
WACM 4	Y	-	Y	-	-	Y
WACM 5	Y	-	Y	-	-	Y
WACM 6	Y	-	Y	-	-	Y
WACM 7	Y	-	Y	-	-	Y

Voting Statement:

The Original and all WACMs better facilitate applicable objectives (a) and (c). The **Original** performs best against the applicable objectives.

Applicable objective (a): The Original and all WACMs provide greater protection to market participants against the exceptional BSUoS costs caused by Covid-19 over summer 2020. Deferring additional costs to a future period will allow Parties to reflect these exceptional costs into future tariff offerings. Such protection, for exceptional events, that are high impact and low probability, such as Covid-19, will reduce the level of risk that will need to be factored into future tariffs and facilitate effective competition in the generation and supply of electricity. In my

view this will, as a result, lower the long-term costs to consumers. Options which lower the cap and extend the scheme (Original and WACMs 1, 2, 4, 5, 6) perform better than those which extend the scheme only (WACMs 3 and 7).

The Original performs best because the supporting analysis provided with the modification objectively justifies that a £5/MWh cap would return BSUoS to a level which a prudent market participant could have foreseen and taken account of in commercial planning for the summer.

Applicable objective (c): All options introduce a limit of £100m. The introduction of a limit to the amount of Covid costs that can be deferred will help to ensure the continued financeability of the ESO.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Garth Graham, SSE Generation						
Original	Y	-	Y	-	-	Y
WACM 1	Y	-	Y	-	-	Y
WACM 2	Y	-	Y	-	-	Y
WACM 3	Y	-	Y	-	-	Y
WACM 4	Y	-	Y	-	-	Y
WACM 5	Y	-	Y	-	-	Y
WACM 6	Y	-	Y	-	-	Y
WACM 7	Y	-	Y	-	-	Y

Voting Statement:

When compared with the Baseline only, the Original and all seven WACMs better facilitate Applicable Objectives (a) and (c) (whilst being neutral in terms of Applicable Objectives (b), (d) and (e)) for the reasons that the proposer of CMP350 Original has set out in the Proposal. Furthermore, the extension of the end date, to 25th October 2020, for WACMs 4, 5, 6 and 7 are better for the reasons set out in each of the

respective WACM forms for those four WACMs (which are shown in the Annex to the Workgroup Report) with WACM4 as the best of the nine options (the Original, the 7 WACMs and the Baseline).

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Grahame Neale, National Grid ESO					
Original	N	-	Y	-	-	N
WACM 1	N	-	Y	-	-	N
WACM 2	N	-	Y	-	-	N
WACM 3	Y	-	Y	-	-	Y
WACM 4	N	-	Y	-	-	N
WACM 5	N	-	Y	-	-	N
WACM 6	N	-	Y	-	-	N
WACM 7	N	-	Y	-	-	N

Voting Statement:

For ACO A, we believe all of the WACMs are negative except WACM4 which is positive against this objective. We believe it is difficult to justify any value other than £15/MWh (as approved in CMP345) for the BSUoS cap due to the market distortions that will materialise at lower £/MWh cap levels. There is a lack of analysis to justify different £/MWh cap levels and quantify the impact of these cap levels on consumers and market participants to understand the resultant market distortions. There is also little evidence that existing market participants are at risk of leaving the market due to Covid and so it is unlikely that any additional financial support (on top of the existing BSUoS Covid Support Scheme introduced in CMP345 and the TNUoS/DUoS support schemes) will benefit consumers. We also believe that extending the scheme past September is not required as market participants should be aware of the effects of Covid on BSUoS and be able to adapt accordingly. Finally, we are concerned that at a lower price cap, consumers will pay for every pound of Covid-19 costs being deferred to next year, which we do not believe is the right approach, there should be a split of this risk between BSUoS liable users and consumers.

In relation to ACO C, we believe all the WACMs are positive as they acknowledge the ESO's financeability with the introduction of £100m cap in the Covid Support Scheme, we also believe all the WACMs are neutral against ACO B, D and E.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Grace March, Sembcorp					
Original	N	N	-	-	-	N
WACM 1	N	N	-	-	-	N
WACM 2	N	N	-	-	-	N
WACM 3	N	N	-	-	-	N
WACM 4	N	N	-	-	N	N
WACM 5	N	N	-	-	N	N
WACM 6	N	N	-	-	N	N
WACM 7	N	N	-	-	N	N

Voting Statement:

A flat cap that is within “normal” BSUoS levels (below £10/MWh) will create a distortion between day and night consumption, as the cap is more likely to be applied overnight, thus affecting competition between user types. A cap will also distort competition between those generation users who can adjust their position, in order to reflect the expected increases, and suppliers on largely pass-through contracts, and those with fixed or fully traded positions. All proposals apart from those that keep a £15/MWh cap are therefore negative against ACO(a). Analysis showing the amount that would have been deferred over Summer 2018 and Summer 2019 from various caps suggests that £10/MWh and below will all significantly affect “business as usual” BSUoS. The publication of information regarding reaching the limit and the support scheme being lifted could potentially create a distortion between large and small users, those who have the resources to monitor this very volatile charge and then react within the notice period, and those who do not. The £100m limit is therefore slightly negative against ACO(a) and lower proposed caps all have an increased chance of reaching that limit compared to the £15/MWh.

The first warning of significantly increased BSUoS was in early May, and most Users will have assumed at least some increased BSUoS costs throughout the year, and therefore increasing the extent of the Covid support scheme to September or beyond will create windfall gains at the expense of end consumers who are not on pass-through contracts. Forecasts from the ENCC suggest that demand is returning close to the levels that were expected this year and demand will continue to increase with the changing season. Keeping a cap on BSUoS once back in normal demand conditions (i.e. above 18GW) is not cost reflective and therefore all proposals are negative against ACO(b) as they extend support beyond expectations set by CMP345. This distortion is potentially more extreme for WACMs that extend into October (assuming the £100m limit is not reached earlier). It is worth noting that, once BSUoS is “normal”, the higher caps will have less impact in practice, and therefore less negative against ACO(b) than the lower.

All proposals still require the ESO to take a financial loss at the end of the year (as does the baseline). Low half-hourly caps potentially expose the ESO to much greater risk, but the £100m limit protects the ESO from financial overexposure. Given that demand levels are returning to normal and Ofgem have already allowed the deferral from above £15/MWh, in the round, the £100m limit is largely neutral against ACO(c) compared to the Baseline.

Linking the end date to that of ODFM (WACMs with an October end date) raises the potential that, should ODFM be extended, there will need to be a follow up Mod to adjust BSUoS. However, should demand return to the levels witnessed over the summer, all proposals could be reviewed, suggested proposals are neutral against ACO(e) on this point. I believe that higher BSUoS in October would be foreseeable by most industry parties, especially as the baseline Covid Support scheme will have ended. With that in mind, extending support out into October is unnecessary and potentially creates a unproven link between high BSUoS and ODFM. WACMs 4 to 7 are negative against ACO(e).

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Bill Reed, RWE					
Original	N	-	-	-	-	N
WACM 1	N	-	-	-	-	N

WACM 2	N	-	-	-	-	N
WACM 3	N	-	-	-	-	N
WACM 4	N	-	-	-	-	N
WACM 5	N	-	-	-	-	N
WACM 6	N	-	-	-	-	N
WACM 7	N	-	-	-	-	N

Voting Statement:

CMP350 and alternatives will not better meet Objective (a) since both the original and the alternatives are detrimental to competition. The original proposal and alternatives will remove periods of higher than average BSUoS costs which occur as part of the normal operation of the market. Market participants should be exposed to these costs and undertake a prudent hedging strategy to ensure that the risk of such costs is appropriately managed. We note that CMP345 has already removed extreme BSUoS prices until the end of August 2020.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Paul Jones, Uniper					
Original	N	-	-	-	-	N
WACM 1	N	-	-	-	-	N
WACM 2	N	-	-	-	-	N
WACM 3	N	-	-	-	-	N
WACM 4	N	-	-	-	-	N
WACM 5	N	-	-	-	-	N
WACM 6	N	-	-	-	-	N
WACM 7	N	-	-	-	-	N

Voting Statement:

Using the CMP345 cap with lower prices, in order to address a higher incidence of high but not extreme BSUoS prices, does not work. It results in the deferral of too much cost by affecting too many “business as usual” days. This is illustrated by the analysis presented to the second work group which shows the amount of cost that would have been deferred in the summers of 2018 and 2019 (pre Covid 19) had the caps been applicable. It also results in prices being capped out in periods when demand is not particularly low. This will therefore have effects beyond addressing the issue which the modification was raised against. This will impact market participants in different ways, some will benefit whilst others will disbenefit, and as a result distort competition in the wholesale and retail markets. This risk is exacerbated by extending the implementation until late in October, especially as demand increases above typical summer levels.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Simon Vicary, EDF					
Original	Y	-	Y	-	-	Y
WACM 1	Y	-	Y	-	-	Y
WACM 2	Y	-	Y	-	-	Y
WACM 3	Y	-	Y	-	-	Y
WACM 4	Y	-	Y	-	-	Y
WACM 5	Y	-	Y	-	-	Y
WACM 6	Y	-	Y	-	-	Y
WACM 7	Y	-	Y	-	-	Y

Voting Statement:

CMP345 put in place a degree of protection against extremes of BSUoS but only until 31st August which will fail to capture much higher than normal BSUoS prices after this date that will still have significant commercial impact on generators, suppliers and end consumers. Therefore, the Original and all WACM's are better than baseline.

A cap of £10/MWh until 30th September 2020 seems to be the best option as it would defer an appropriate level of the additional BSUoS cost resulting from Covid-19 to protect suppliers, generators and end consumers.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Joshua Logan, Drax					
Original	N	N	-	-	-	N
WACM 1	N	N	-	-	-	N
WACM 2	N	N	-	-	-	N
WACM 3	N	N	-	-	-	N
WACM 4	N	N	-	-	-	N
WACM 5	N	N	-	-	-	N
WACM 6	N	N	-	-	-	N
WACM 7	N	N	-	-	-	N

Voting Statement:

The modification is seeking to address an average increase in BSUoS costs, capping the BSUoS rate is not an efficient way to tackle the issue.

Fundamentally, a BSUoS Price Cap creates adverse distributional impacts which have a negative effect on competition. That effect is exacerbated by:

- Lowering the cap value
- Increasing the length of time a cap is in place
- Increasing the amount of money deferred

The cap would have a distortive effect as it would defer different amounts from different periods, with most amounts being deferred through the overnight periods and weekends where BSUoS is typically at its highest. This is illustrated by the analysis showing that a £5/MWh cap would impact settlement periods overnight 3 times more than during the day. When the deferred money is smeared back over 2021/22 settlement periods, there is a cross-subsidisation between those parties who had greater chargeable volumes in the periods where the cap was applied (mainly overnight) and those parties that had little or no chargeable volume in those capped periods. Redistribution of BSUoS costs in this way introduces an unjustified market distortion as it would benefit some market participants over others, which in turn would have a detrimental impact on competition. Overall, this will result in a negative outcome; the benefit a few market participants will get in the current charging year will be outweighed by increased costs on all other parties in the 2021/22 charging year. This is particularly detrimental where fixed contracts / trades have already been agreed for 2021/22.

Additionally, lowering the capped value or extending the duration of the cap will lead to the deferral of costs which are normal forecastable balancing costs, this is not cost-reflective. In particular, £5/MWh and £6.60/MWh are not unprecedented levels of BSUoS. Whatever cap is chosen, COVID will not be the sole driver of costs above that level.

Furthermore, we are now at the stage where levels of demand are returning to normal as lockdown measures continue to be relaxed. This is supported by the chart which shows that demand is only approximately 5% less than “normal” at this time. Extending the scheme will inevitably lead to normal balancing costs being deferred which could have been reasonably foreseen by market participants.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Graz Macdonald, Viridis					
Original	N	N	N	-	N	N
WACM 1	N	N	N	-	N	N
WACM 2	N	N	N	-	N	N
WACM 3	N	N	N	-	N	N
WACM 4	N	N	N	-	N	N
WACM 5	N	N	N	-	N	N

WACM 6	N	N	N	-	N	N
WACM 7	N	N	N	-	N	N

Voting Statement:

This mod is distortive and creates arbitrary winners and losers and is thereby anti-competitive. Neither the original nor any of the WACMs will facilitate a more competitive or efficient market, and all of them will in fact create additional market distortions or extend existing distortions.

The months have rolled on and every day more commercial decisions have been taken with knowledge of Covid and the evolving demand situation. To extend CMP345 to 30 September or 25 August means that a shrinking proportion of commercial decisions made since the beginning of the pandemic will be plausibly unforeseen.

Over the past few months some customers have signed onto tariffs that incorporate a higher expected BSUoS due to both Covid and the evolving nature of the system. These customers will be paying again next year when they roll onto new tariffs that also include deferred BSUoS costs they have already paid. Even those consumers on older tariffs will need to pay next year for BSUoS charges unrelated to their activities as charges will be smeared to unrelated periods from the accrued deferred BSUoS amount. Generators have sold power that includes a higher BSUoS forecast and so will receive a windfall next year when they can price it in again. There are simply too many different types of players in this market to be able to identify or pick who to change the rules in favour of.

There is evidence that demand is significantly recovered from the levels seen in the earlier months. Against historical levels, BSUoS prices are regularly at levels proposed in the original proposal and all WACMs other than WACMs 3 & 7. Average BSUoS has been sharply trending upwards for years, and so previous year's average BSUoS costs should not be targeted in any event, with or without Covid. It is becoming clear that it is the nature of the system (high renewables, low system inertia) that is costly and difficult and costly to manage, with (Covid related) low demand being less of the primary issue.

But fundamentally this mod and the WACMs create uncertainty and a distrust of the regulatory system that when market conditions go awry for some market participants, that the regulator will change the rules. This is widely recognised as an issue of trust by the whole market that affects the cost of investing in this market and so is inefficient.

But, essentially, the “defect”, as identified by the proposer, is not a defect of the CUSC. This mod relates to the commercial strategies of market participants that choose different risk management strategies, NOT the CUSC itself.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Joe Dunn, Scottish Power					
Original	Y	-	Y	-	-	Y
WACM 1	Y	-	Y	-	-	Y
WACM 2	Y	-	Y	-	-	Y
WACM 3	Y	-	Y	-	-	Y
WACM 4	Y	-	Y	-	-	Y
WACM 5	Y	-	Y	-	-	Y
WACM 6	Y	-	Y	-	-	Y
WACM 7	Y	-	Y	-	-	Y

Voting Statement:

Relative to the baseline, all of the options (including the original and each of the alternatives) better facilitate ACO (a) as they will have a positive impact on consumers as they all enable the recovery of an increased portion of the exceptional costs associated with Covid, reducing the adverse impacts on competition of significant losses related to balancing costs that could not have been reasonably anticipated. As a result of better facilitating competition in the generation and supply of electricity, the developments of transmission licensees' transmission businesses are therefore improved, better facilitating ACO (c) in all cases. In addition to ACO (c) so far as is consistent with ACO (a), all of the options (including the original and each of the alternatives) include the introduction of a limit to the total amount of Covid costs that can

be deferred ensuring certainty of a cap which will aid the continued financeability of the ESO. Additionally, WACMs 4, 5, 6 and 7 provide a date extension that aligns with ODFM which was extended and GC0143, both introduced to manage low demand associated with Covid and therefore provide the option to align the period of the Covid BSUoS support scheme. All of the options are neutral against ACOs (b), (d) and (e).

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
Kate Dooley, ESB						
Original	Y	-	Y	-	-	Y
WACM 1	Y	-	Y	-	-	Y
WACM 2	Y	-	Y	-	-	Y
WACM 3	Y	-	Y	-	-	Y
WACM 4	Y	-	Y	-	-	Y
WACM 5	Y	-	Y	-	-	Y
WACM 6	Y	-	Y	-	-	Y
WACM 7	Y	-	Y	-	-	Y

Voting Statement:

While we are supportive of the original modification and the methodology developed by the proposer, we believe that using the most up-to-date information, as put forward in WACM 1, is most cost reflective therefore a cap of £6.60 is best. ESB believes that while a higher than 'usual' BSUoS is foreseeable now, it was unforeseeable when prudent actions were taken by some market participants last year. These costs are unprecedented and have resulted in 'winners' and 'losers' as a result of the unforeseeable event that impacted on demand. By allowing these costs to be deferred into the following charging year (2021) Ofgem would be levelling the playing field in terms of competition. The current cap, while capturing high peaks seen as a result of covid related actions taken by the ESO, does not capture most of the cost associated with Covid as the proposer has demonstrated in its analysis. We agree with the proposer that lowering the cap would ensure that the extraordinarily higher than 'usual' BSUoS costs that the industry is exposed to as a result of Covid, would be recoverable. The £100 million cap would ensure that the costs deferred into next year do not spiral.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Lisa Waters, Waters Wye					
Original	N	N	N	-	N	N
WACM 1	N	N	N	-	N	N
WACM 2	N	N	N	-	N	N
WACM 3	N	N	N	-	N	N
WACM 4	N	N	N	-	N	N
WACM 5	N	N	N	-	N	N
WACM 6	N	N	N	-	N	N
WACM 7	N	N	N	-	N	N

Voting Statement:

While I understand the issues that the suppliers have been facing, a lower BSUoS price cap will remove many of the “normal” BSUoS prices and create a distortion in competition by pushing the costs out by a year. The £100m cap would be necessary were the HH cap to be reduced to stop the ESO become exposed to unlimited costs and the industry carrying too much cost between years. It seems that demand is returning to “normal” but BSUoS remains high, as NGESO seems to be having issues managing the system despite the increasing demand. While I fully support the review of BSUoS, and hope longer term reform can be achieved in a timely manner, I have concerns that a reduced cap and shift in additional costs amplifies competitive distortions and risks treating customers unfairly, noting some will win and other lose. Allowing any cap to go on longer simply extends the distortion created by the cap. On balance, I therefore believe that none of the alternatives better fulfils the relevant objectives compared to the baseline.

Workgroup Member	Better facilitates ACO (a)	Better facilitates ACO (b)	Better facilitates ACO (c)	Better facilitates ACO (d)	Better facilitates ACO (e)	Overall (Y/N)
	Matthew Cullen, E.ON					
Original	Y	-	Y	-	-	Y

WACM 1	Y	-	Y	-	-	Y
WACM 2	Y	-	Y	-	-	Y
WACM 3	Y	-	Y	-	-	Y
WACM 4	Y	-	Y	-	-	Y
WACM 5	Y	-	Y	-	-	Y
WACM 6	Y	-	Y	-	-	Y
WACM 7	Y	-	Y	-	-	Y

Voting Statement:

I believe that the current £15/MWh cap does not capture the majority of the cost associated with Covid. The entire distribution of prices has been altered with lockdown and the associated low demand. Therefore, applying a cap that just looks to deal with the extreme prices misses a significant level of cost that should be passed through to the end customer. By retaining a £15 cap, this will put more pressure on suppliers and generators, some of which will find this additional cost too much to bear and exit the market, thereby reducing competitive forces in the supply and generation side of the industry. Therefore, as the Original Proposal and all the WACMs look to defer more Covid costs into 2021/22, I believe all the options better facilitate CUSC Objective (a) to ensure fair and competitive markets. As all the options also support a £100m cap on deferral costs, thereby protecting the ESO from having to finance >£100m I believe that all the options are positive with regard to CUSC Objective (c) as well.

Stage 2b – WACM Vote

Where one or more WACMs exist, does each WACM better facilitates the Applicable CUSC Objectives than the Original Modification Proposal?

Workgroup Member	Company	WACM1 better than Original Yes/No	WACM2 better than Original Yes/No	WACM3 better than Original Yes/No	WACM4 better than Original Yes/No	WACM5 better than Original Yes/No	WACM6 better than Original Yes/No	WACM7 better than Original Yes/No
George Moran	British Gas	No	No	No	No	No	No	No
Garth Graham	SSE Generation	No	No	No	Yes	No	No	No
Grahame Neale	National Grid ESO	Yes	Yes	Yes	No	Yes	Yes	Yes
Grace March	Sembcorp	Yes	Yes	Yes	No	No	No	No
Bill Reed	RWE	No	No	No	No	No	No	No
Paul Jones	Uniper	Yes	Yes	Yes	No	No	Yes	No
Simon Vicary	EDF	No	Yes	No	No	No	Yes	No
Joshua Logan	Drax	Yes	Yes	Yes	No	No	No	No
Graz Macdonald	Viridis	No	No	Yes	No	No	No	No
Joe Dunn	Scottish Power	No	No	No	Yes	Yes	No	No
Kate Dooley	ESB	Yes	No	No	No	Yes	No	No
Lisa Waters	Waters Wye	No	No	No	No	No	No	No
Matthew Cullen	E.ON	Yes	No	No	Yes	Yes	No	No

Stage 2c – Workgroup Vote

Which option is the best? (Baseline, Proposer solution (Original Proposal), WACM1, WACM2, WACM3, WACM4)

Workgroup Member	Company	BEST Option?	Which objective(s) does the change better facilitate? (if baseline not applicable)
George Moran	British Gas	Original	a and c
Garth Graham	SSE Generation	WACM4	a and c
Grahame Neale	National Grid ESO	WACM3	a and c
Grace March	Sembcorp	Baseline	n/a
Bill Reed	RWE	Baseline	n/a
Paul Jones	Uniper	Baseline	n/a
Simon Vicary	EDF	WACM2	a and c
Joshua Logan	Drax	Baseline	n/a
Graz Macdonald	Viridis	Baseline	n/a
Joe Dunn	Scottish Power	WACM4	a and c
Kate Dooley	ESB	WACM1	a and c
Lisa Waters	Waters Wye	Baseline	n/a
Matthew Cullen	E.ON	WACM1	a and c

Assessment of the Original and WACM1 to WACM7 vs Baseline

The Workgroup concluded by majority that only WACM3 better facilitated the CUSC Objectives than the Baseline. However, there was support (6 out of 13 votes) for the Original and WACM1, WACM2, WACM4, WACM5, WACM6 and WACM7

Proposed Solution	Of the 13 votes, how many said that this option was better than the Baseline
Original	6
WACM1	6
WACM2	6
WACM3	7
WACM4	6
WACM5	6
WACM6	6
WACM7	6