

# CMP350

## Tuesday 21 July 2020

Online Meeting via WebEx



### WebEx details

Meeting link (copy into web browser):

<https://uknationalgrid.webex.com/uknationalgrid/j.php?MTID=m836d3d3925604dce45780ca33f14748b>

### Audio connection:

**Telephone:** 020 7108 6317

**Access code:** 130 096 0237

**Password:** aSjeBpM48H7



# WELCOME

A wide-angle landscape photograph of a mountain valley. In the foreground, a grassy hillside slopes down. Several bright, glowing yellow-orange lines, resembling energy or data streams, curve across the middle ground from the left towards the right. In the background, large, rugged mountains with patches of snow are visible under a dramatic sky with scattered clouds. The sun is low on the horizon, creating a warm, golden light across the scene.

**nationalgrid**ESO

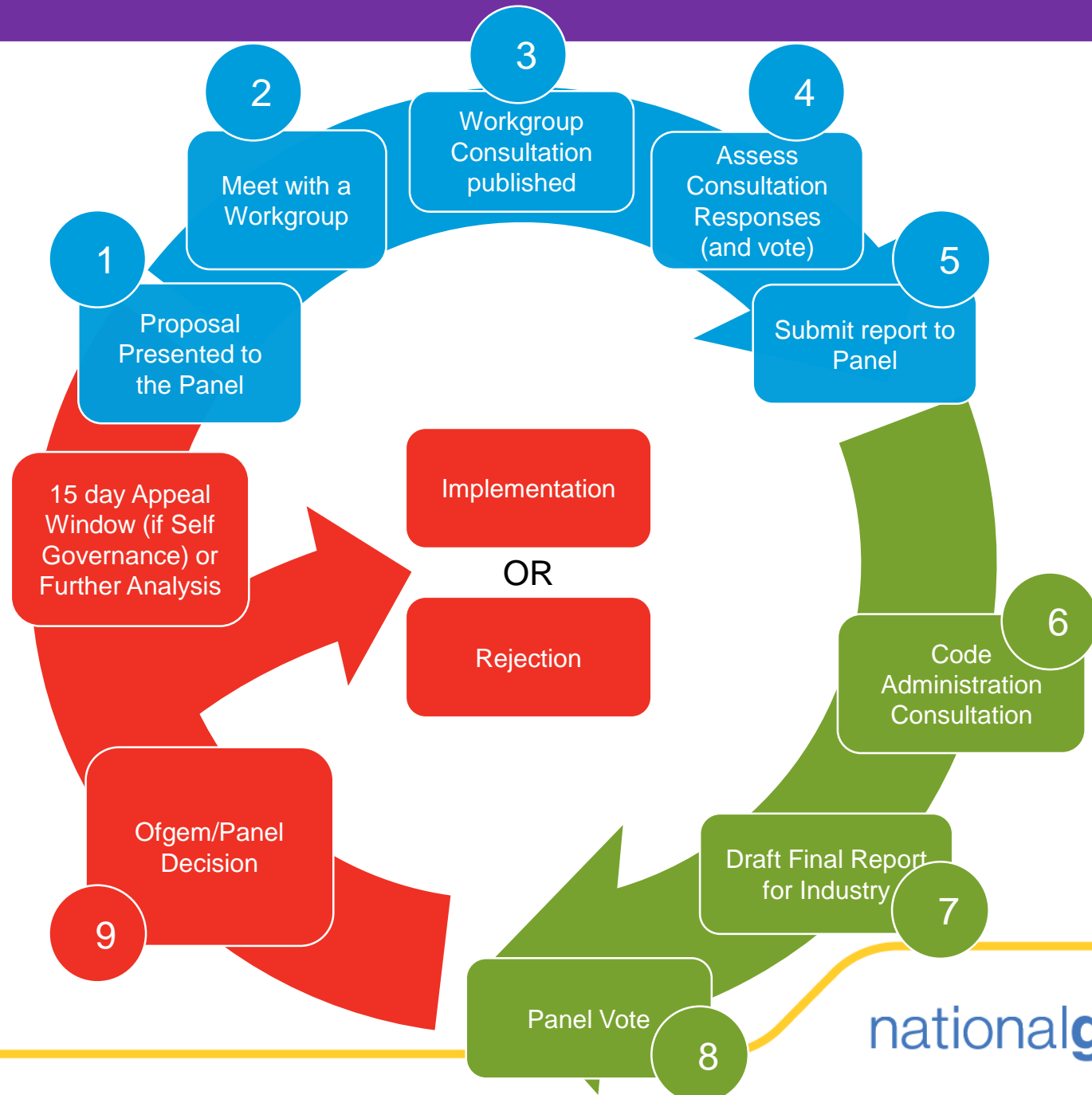
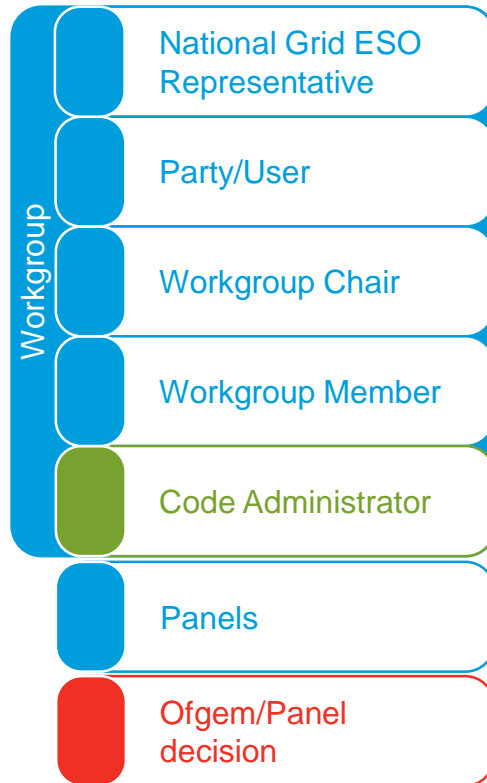
# Modification Process

Paul Mullen

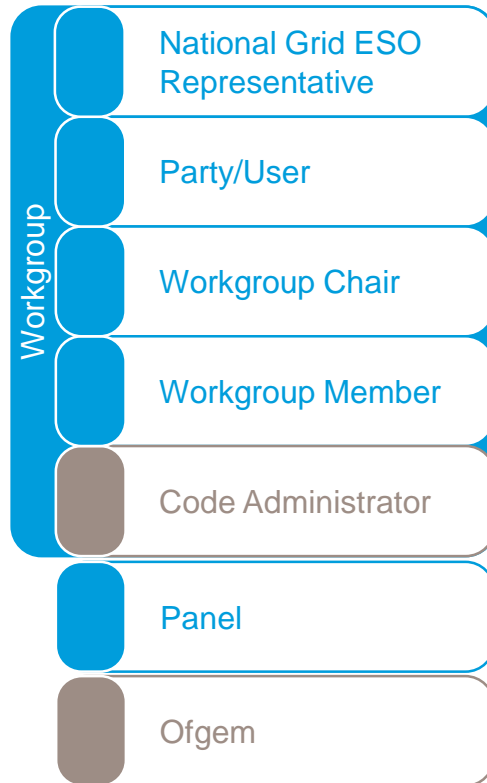


# High Level Mod Lifecycle

## Who is involved?

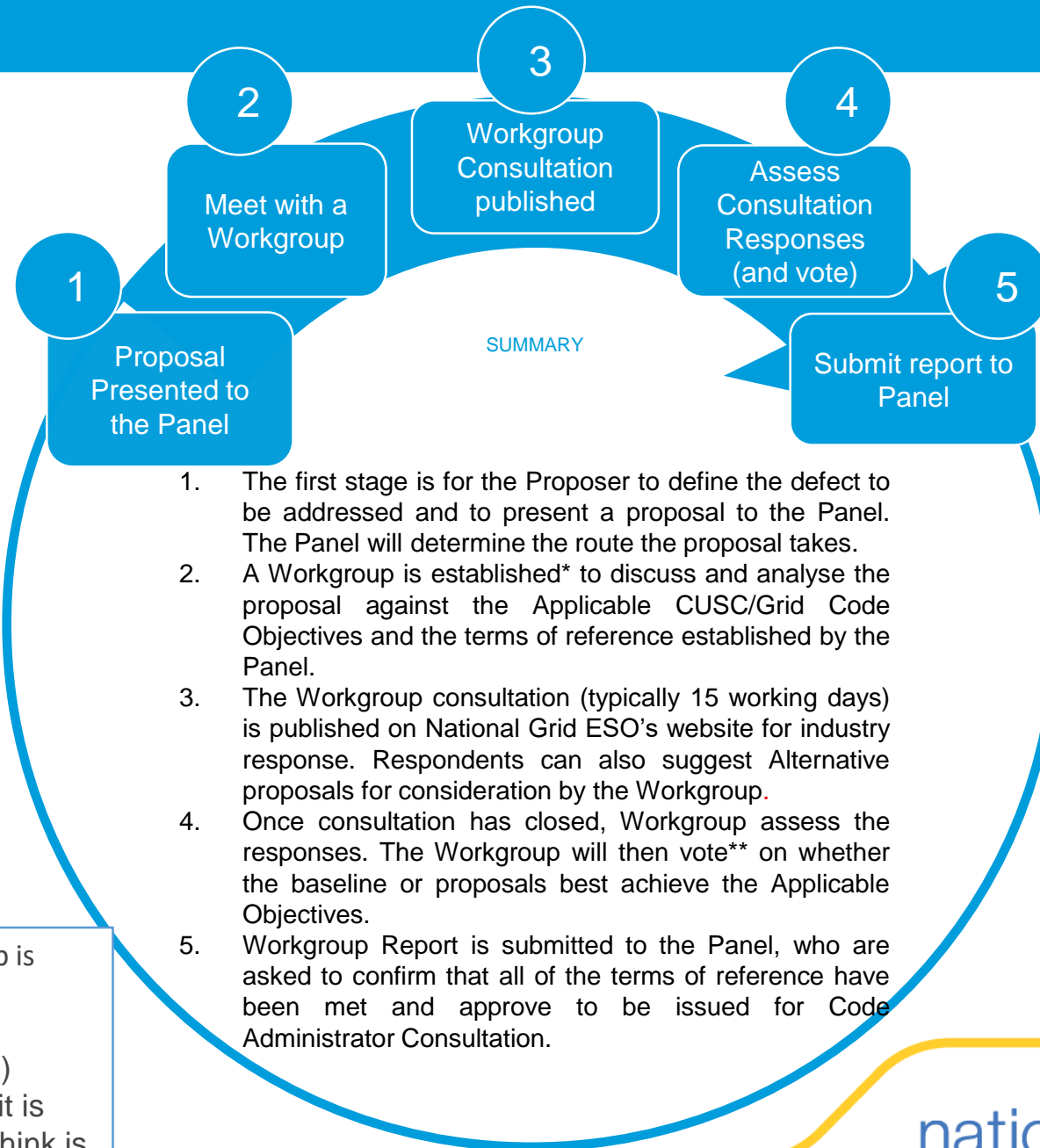


## Who is involved?

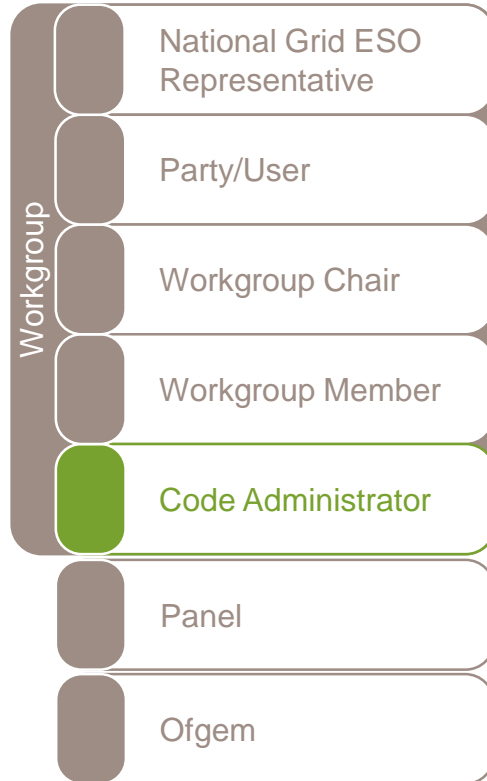


\*Steps 2-5 only apply if Panel determine that a Workgroup is needed

\*\*For any alternative proposals the WG will vote on a) whether it is better than the baseline and b) whether it is better than the Original before voting on option they think is best

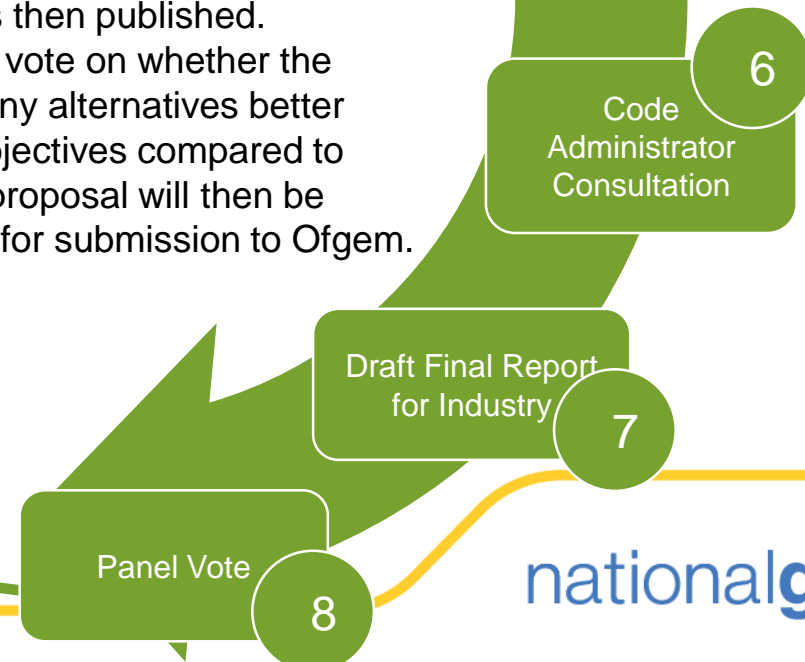


## Who is involved?

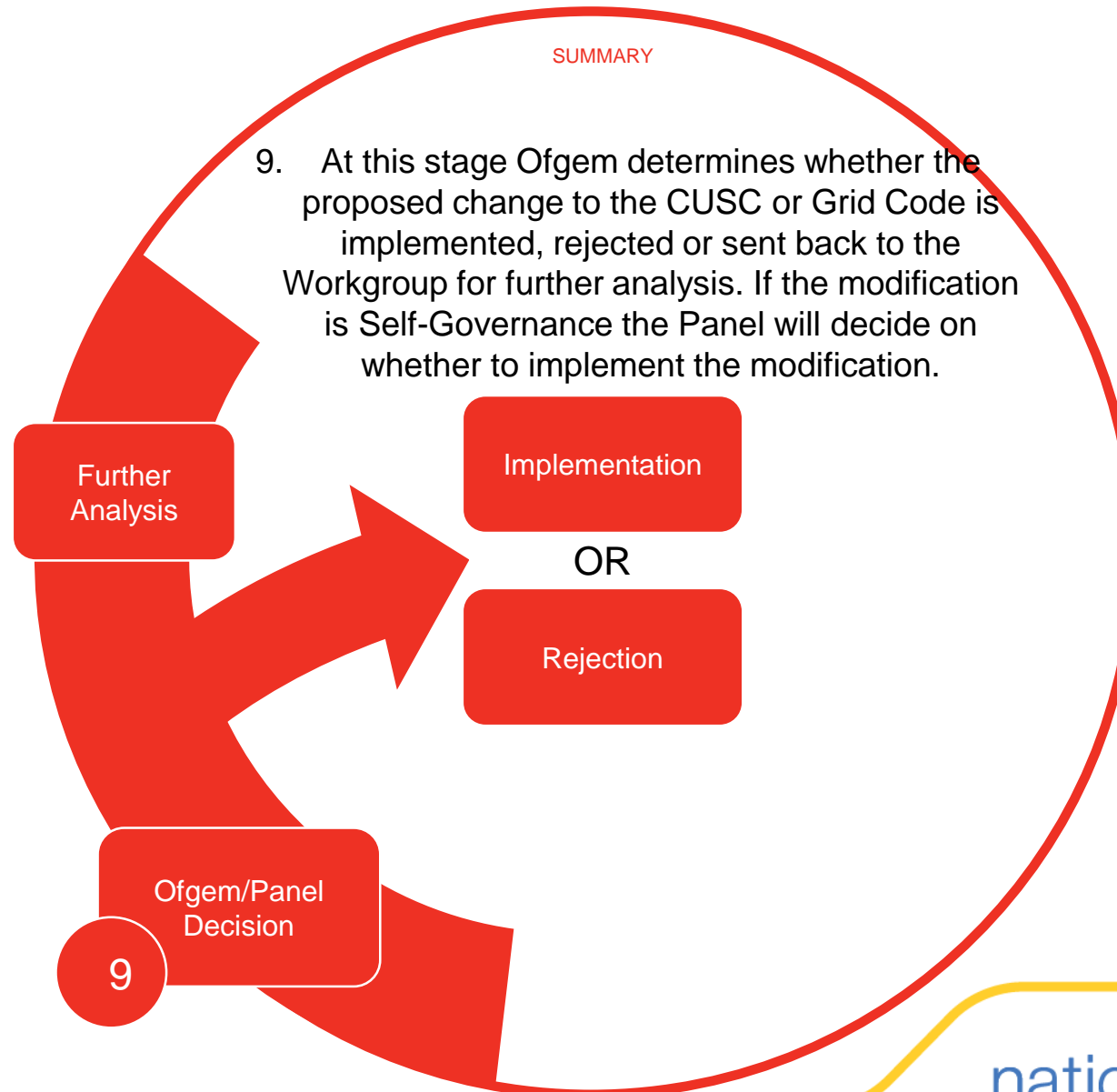
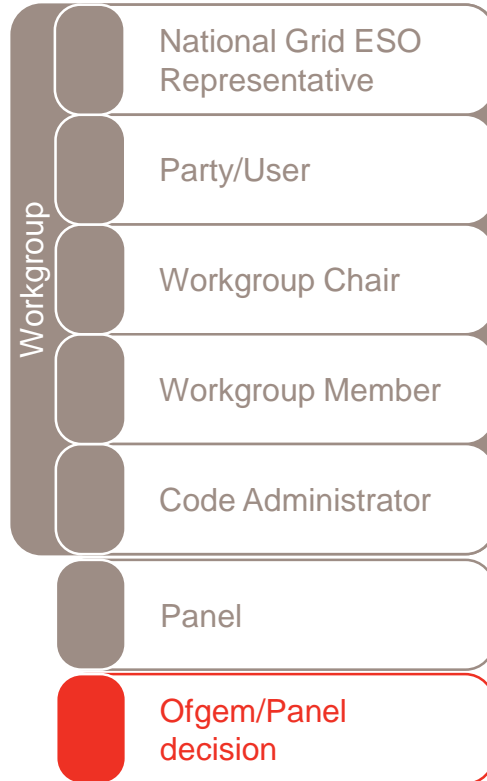


## SUMMARY

6. At this stage the Code Administrator gathers views and data from the wider industry on the final proposal and alternatives. Typically 15 working days.
7. The Code Administrator Consultation responses are added to the Workgroup report, which is then published.
8. The Panel will vote on whether the proposal and any alternatives better facilitate the objectives compared to baseline. The proposal will then be recommended for submission to Ofgem.



## Who is involved?



The background features several abstract, flowing yellow lines. Some lines are curved and loop around the top left, while others are straight and parallel, extending from the bottom left towards the right side of the slide.

# Timeline

Paul Mullen



## Timeline for CMP350 – Proposed Urgent Timeline *(Recommended by Code Admin)*

Milestone	Date	Milestone	Date
Modification presented to Special Panel	17 July 2020 (9am)	Code Administrator Consultation (2 working days)	31 July 2020 (5pm) to 4 August 2020 (5pm)
Workgroup Nominations (2 Working Days)	17 July 2020 (10am) to 20 July 2020 (5pm)	Draft Final Modification Report (DFMR) issued to Panel	5 August 2020 (5pm)
Workgroup 1 (assuming Ofgem have granted Urgency)	21 July 2020	Panel undertake DFMR recommendation vote (1 working day)	6 August 2020 (1pm)
Workgroup Consultation (2 working days)	24 July 2020 to 5pm 27 July 2020	Final Modification Report issued to Panel to check votes recorded correctly	6 August 2020 (3pm)
Workgroup 2 - Assess Workgroup Consultation Responses and Workgroup Vote	29 July 2020 (11-5pm)	Final Modification Report issued to Ofgem	6 August 2020 (5pm)
Workgroup report issued to Panel (1 working day)	30 July 2020	Ofgem decision (5 working days)	13 August 2020
Panel sign off that Workgroup Report has met its Terms of Reference	31 July 2020 (10am)	Implementation Date (1 working day)	14 August 2020

# Proposer Slides

George Moran

# CMP350: Changes to the BSUoS Covid Support Scheme



### **Purpose of Modification:**

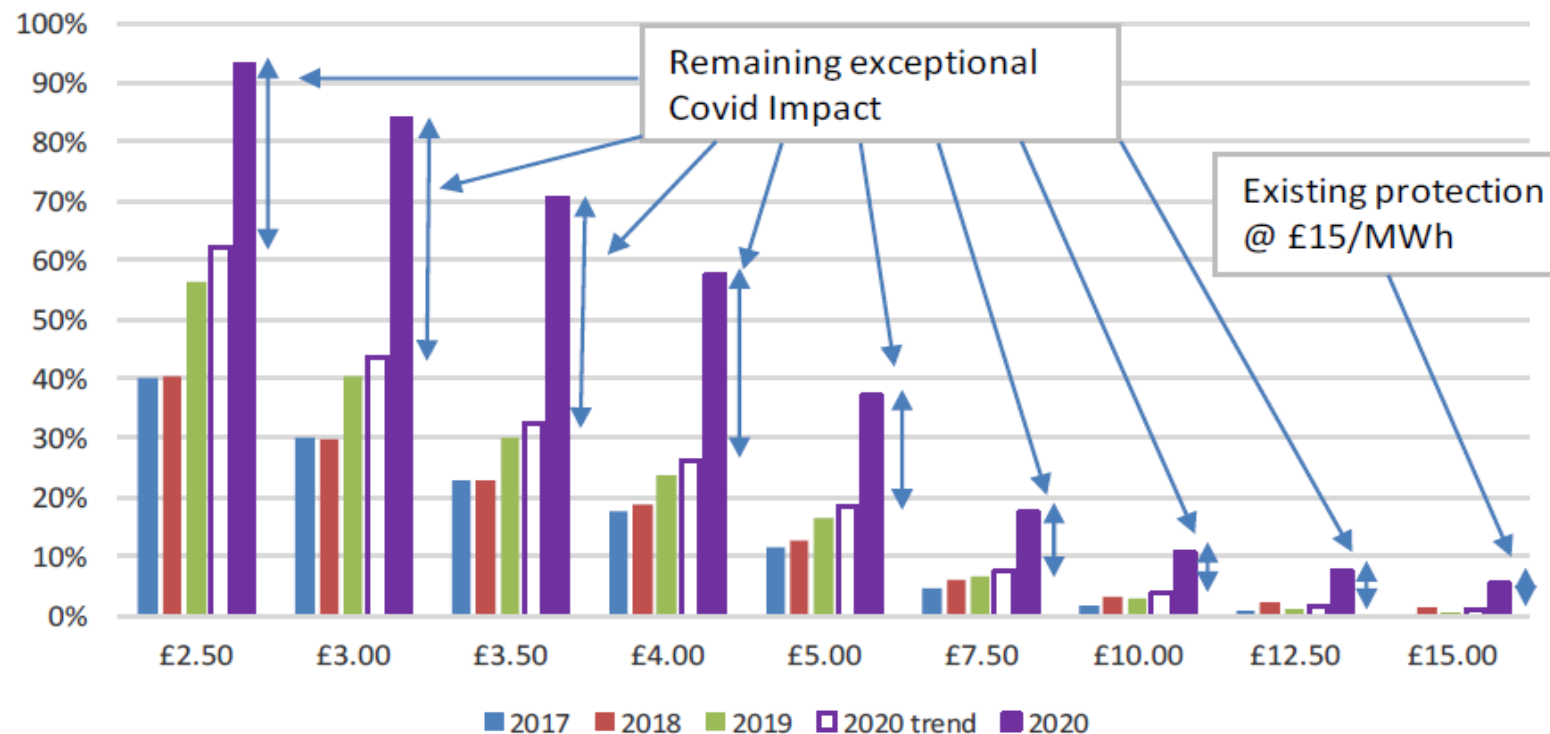
To change the Covid Support Scheme by:

- Reducing the current £15/MWh cap;
- Extending its application to 30th September 2020;
- Introducing a limit of £100m for the amount of deferred Covid Costs.

## CMP 350: Reducing the current £15/MWh cap

- Current baseline cap of £15/MWh (CMP345) provides protection against increased instances of **exceptional price levels**
- But fails to consider the impact Covid-19 has had on the **exceptional frequency** of higher BSUoS rates across a broad range of BSUoS price levels.

Figure 1: Frequency of Summer HH BSUoS greater than...

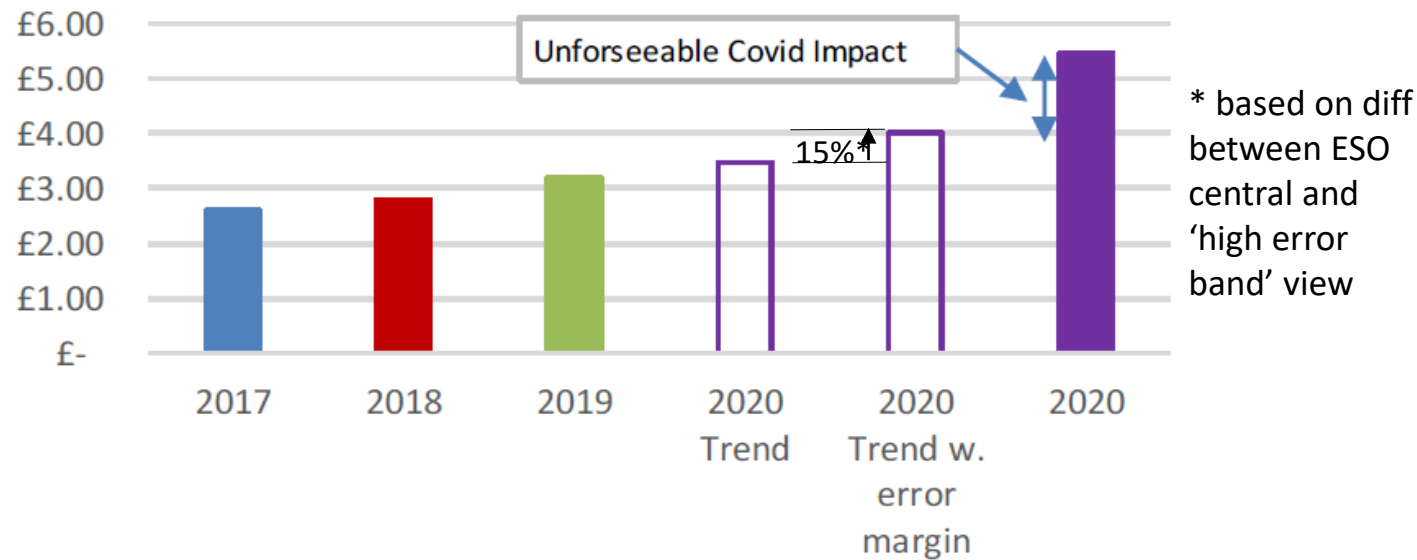




## CMP 350: Reducing the cap to £5/MWh

- Propose to lower the cap to £5/MWh (to apply from 1 August)
- Seeking to objectively reflect the increase in overall BSUoS rates for summer 2020 which a prudent market participant could not have foreseen and taken account of in commercial planning

Figure 2: Summer BSUoS Rates

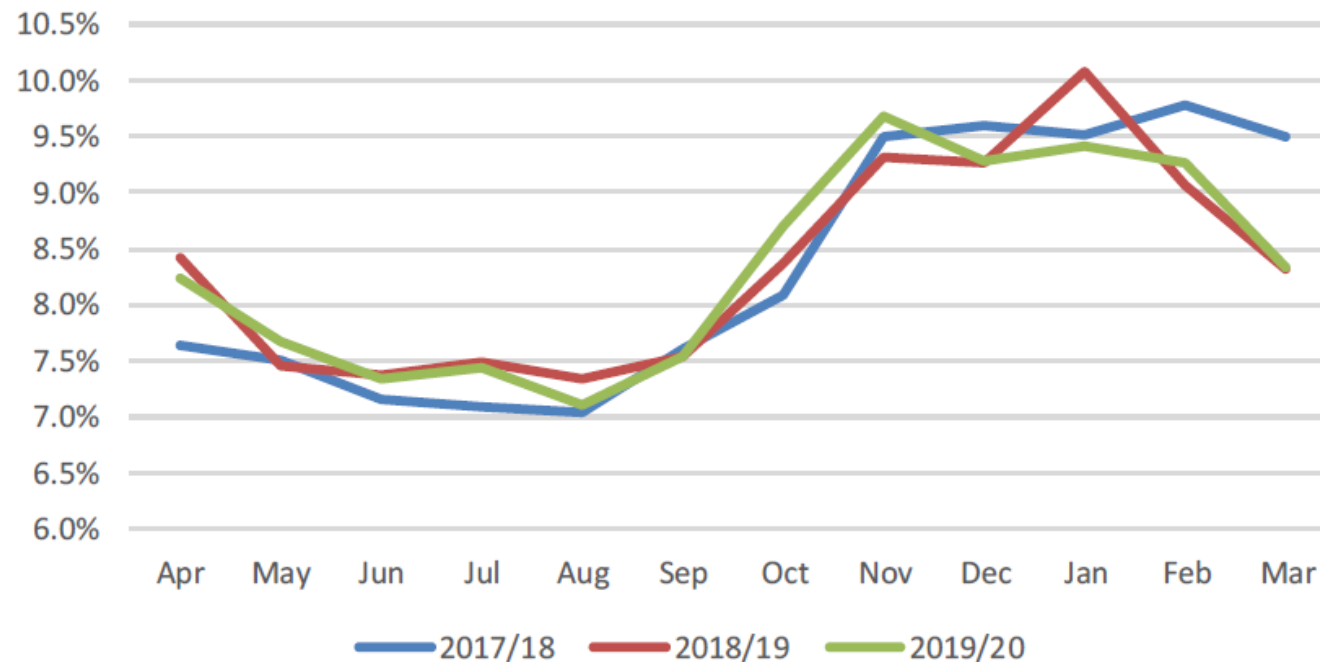


- £4.00/MWh represents estimate of a prudent market participant
- Goal seek cap which would have produced £4.00/MWh for YTD summer
  - Produces £4.97/MWh – rounded to £5.00/MWh

## CMP 350: Extending its application to 30th September 2020

- Covid Support Scheme currently scheduled to end on 31<sup>st</sup> August 2020
- Doesn't allow for the potential for Covid-19 to continue to drive low levels of demand and exceptional BSUoS costs into September 2020, when underlying demand levels typically remain low
- This has been recognised by the ESO in its updated June 2020 BSUoS scenarios

Figure 3: Average Daily BSUoS Volume - Annual Profile



- The current Covid Support Scheme does not have a limit.
- In approving CMP345 Ofgem noted that there was a limit to the amount of liquidity that could be provided by NGESO, under current arrangements, and stated that it would be efficient and appropriate, should the level of BSUoS costs being deferred approach £100m, to consider further how to mitigate the NGESO's exposure.
- Therefore efficient and appropriate to build this mitigation into the CUSC.