

# CUSC Panel

Thursday 6 January 2022

Online Meeting via Teams

# WELCOME



nationalgridESO



# Workgroup Reports

**CMP381: Defer exceptionally high Winter 2021/22 BSUoS costs to 2022/2023**

**Paul Mullen**

# CMP381 Background

CMP381 Original Proposal seeks to:

- **Set a £10/MWh cap on BSUoS from 1 January 2022 until 31 March 2022.**
- **Defer the additional BSUoS costs above the cap to the 2022/23 charging year, using a similar mechanism approved under CMP345 and CMP350.**
- **Recover the additional BSUoS costs above the cap from 1 April 2022 (based on forecast if actuals are not available)**
- **Recover an identical amount per day that is allocated to Settlement Periods on a chargeable volume weighted basis.** This is in line with the approach used for CMP373.
- **Limit the BSUoS costs that could be deferred to £300m. There will be a weekly report of the percentage utilisation of the deferred amount, moving to daily reporting when 60% of total support has been used.**

**Implementation date:** Specified by Ofgem - Proposer has sought for this to be effective from the 1<sup>st</sup> Settlement Period on 1 January 2022

- The CUSC Panel on 17 December 2021 considered CMP381 and the associated request for urgency. The unanimous view of the CUSC Panel was that CMP381 met Ofgem's Urgency criteria and Ofgem granted Urgency on 20 December 2021. The CUSC Panel also agreed that this would need to be assessed by a Workgroup.
- Workgroups held 21 and 31 December 2021 and a Workgroup Consultation was held between 9am on 23 December 2022 and 5pm on 29 December 2021 – 17 responses were received (16 non confidential, 1 confidential)

# CMP381 – Alternative Solutions

Other Solutions	Limit for the amount of deferred BSUoS Costs	BSUoS Price Cap	Effective Date
<b>CMP381 Original</b>	£300m	£10/MWh	From 1 January 2022 to 31 March 2022
<b>WACM1</b>	£300m	£10/MWh	From Ofgem Implementation Date to 31 March 2022
<b>WACM2</b>	£200m	£10/MWh	From Ofgem Implementation Date to 31 March 2022
<b>WACM3</b>	£200m	£15/MWh	From Ofgem Implementation Date to 31 March 2022
<b>WACM4</b>	£200m	£20/MWh	From Ofgem Implementation Date to 31 March 2022
<b>WACM5</b>	£200m	£50/MWh	From Ofgem Implementation Date to 31 March 2022

# Workgroup Consultation Responses - Summary

- 12 out of 16 respondents supported the Original and the £10/MWh BSUoS Cap although 1 of these respondents proposed that Effective Date and Implementation Date are the same and raised a Workgroup Alternative raised on this basis. Alternative BSUoS Caps of £15/MWh, £20/MWh and £50/MWh have also been proposed.
- 10 out of 16 respondents supported an Effective Date of 1 January 2022 as these BSUoS prices won't have been invoiced by the Implementation Date (if 17 January 2022 as per Urgent timeline) whilst others noted the general concerns of “retrospectivity” undermining market confidence and that this will cause issues for those parties who seek to reflect expectations of BSUoS costs into their operations closer to real time;
- 12 out of 16 respondents supported the proposed £300m deferral limit or higher. 2 respondents proposed £200m and Workgroup Alternatives have been raised on this basis;
- On the ESO reporting on progress against the agreed deferral limit, there were a mix of views with 3 respondents asking for daily reporting to kick in straight away whilst others were happy with weekly reporting until a certain % (options ranged from 60% to 80%) of the limit reached and thereafter daily reporting. Following Workgroup discussion, the Workgroup concluded there will be a weekly report of the percentage utilisation of the deferred amount, moving to daily reporting when 60% of total support has been used; and
- Additional impacts particularly on Consumers and Small Suppliers were brought out and these have been reflected in the “Workgroup Assessment of Impacts” section of this document.

# CMP381 Workgroup Vote – took place 31 December 2021

## Assessment of the Original and WACM1 to WACM5 inclusive vs Baseline

The Workgroup concluded by majority that the Original and WACMs 1- 5 inclusive better facilitated the Applicable Objectives than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	6
WACM1	7
WACM2	7
WACM3	7
WACM4	7
WACM5	7

# CMP381 Terms of Reference

- The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	“Interactions” section
b) Consider whether or not a £10/MWh cap on BSUoS is appropriate or justify if another £/MWh cap is more appropriate	”Workgroup Considerations” section
c) Consider if the £10/MWh cap on BSUoS should be in place from 1 January 2022 to 31 March 2022 or a different time period	”Workgroup Considerations” section
d) Consider the impacts of Generators, Suppliers and Consumers deferring the additional BSUoS costs above the cap to the 2022/23 charging year	”Workgroup assessment of Impacts” section
e) Consider the limit on the total BSUoS costs that would be deferred	”Workgroup Considerations” section
f) Confirm there is no interaction with other in-flight Modifications	“Interactions” section
g) Consider invoicing/ billing timeline in the context of the implementation date	”Implementation Approach” section

## CMP381 Timeline

Milestone	Date
Code Administrator Consultation (2 working days)	6 January 2022 (5pm) to 10 January 2022 (5pm)
Draft Final Modification Report (DFMR) issued to Panel	11 January 2022 (5pm)
Panel undertake DFMR recommendation vote	12 January 2022 (10-11am)
Final Modification Report issued to Panel to check votes recorded correctly	12 January 2022 (1pm)
Final Modification Report issued to Ofgem	12 January 2022 (3pm)
Ofgem decision	14 January 2022 (5pm)
Implementation Date	From 1 January 2022 to 31 March 2022 (Original) or From Ofgem Implementation Date to 31 March 2022 (WACMs 1 – 5)

# CMP381 - the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **NOTE** the ongoing timeline

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