

# CMP408: Allowing consideration of a different notice period for BSUoS tariff settings

**13 April 2023**

**10am**

**Online Meeting via Teams**

# WELCOME







## **Objectives and Timeline**

**Claire Goult – National Grid ESO Code Administrator**



## Objectives

- To confirm the timeline and Terms of Reference
- To refine solution and draft legal text
- To share analysis of the impact on suppliers of the CMP408 change
- To consider potential Workgroup Consultation questions and content

# Timeline for CMP408 as of 16 March 2023

Milestone	Date	Milestone	Date
Proposal Presented to Panel	27 January 2023	Panel sign off that Workgroup Report has met its Terms of Reference	30 June 2023
Workgroup Nominations	06 February 2023 – 27 February 2023	Code Administrator Consultation (20 working days)	11 July 2023 – 08 August 2023
Workgroup 1 – Understand / discuss proposal and solution(s), review and agree on Terms of Reference and Timeline, review cross code impacts, review analysis and agree next steps.	16 March 2023	Draft Final Modification Report (DFMR) issued to Panel	17 August 2023
Workgroup 2 – Refine solution(s), draft legal text, consider potential Workgroup Consultation questions and finalise Workgroup Consultation	13 April 2023	Panel undertake DFMR recommendation vote	25 August 2023
Workgroup Consultation	20 April 2023 – 15 May 2023	Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	30 August 2023 – 06 September 2023
Workgroup 3 – Review Workgroup Consultation responses, consider new points raised, refine solution, review legal text and discuss any potential alternatives	23 May 2023	Final Modification Report issued to Ofgem	07 September 2023
Workgroup 4 – Finalise solutions (including legal text) and alternatives and hold alternative vote. Finalise Workgroup Report and hold Workgroup Vote	14 June 2023	Ofgem decision	End October 2023
Workgroup Report issued to Panel (5 working days)	22 June 2023	Implementation Date	01 April 2024



# Terms of Reference

Claire Goult – National Grid ESO Code Administrator

# CMP408 – Terms of Reference

Workgroup Term of Reference	Location in Workgroup Report (to be completed at Workgroup Report stage)
a) Consider EBR implications	
b) Consider what notice period is appropriate	
c) Consider what fixed period is appropriate taking into account 2 <sup>nd</sup> BSUoS Taskforce conclusions	
d) Consider whether the implementation of the tariff introduced by CMP408 (if approved for implementation on 1 April 2024) would supersede any prior tariff set in the current 9-month notice period	
e) Consider Ofgem’s decision letter re: CMP361/CMP362	



## **Proposer's Overview**

**Alice Taylor – National Grid ESO**





# **CMP408 – Allowing consideration of a different notice period for BSUoS tariff settings**

# CMP408 Overview

- CMP408 is being raised to amend the notice period of fixed BSUoS to 3-months from the current baseline of 9 month notice period.
- Analysis was presented to show an increase in accuracy of forecasting by assessing the Mean Absolute Error (MAE). This MAE increases the further out that you forecast, increasing the inaccuracy of forecasting the longer the notice period. This data has been shared to the group.
- Further analysis was shown on the volatility of BSUoS costs and how these have increased since the Taskforce took place. The BSUoS chart for this analysis records the daily BSUoS Charge from 2015 to 2023, so no averages are being collated these are just plotted data points for each day. This increase in volatility and lack of predictability suggests that a shorter notice period is more appropriate.
- ESO's position on the fixed period stands that without an industry fund in place, we would not be looking to amend the fixed period to anything longer than 6 months due to the increased finance risk.
- Implementation of the new notice period should come into effect April 24 as per the date specified on the timeline. In order to do this we would therefore supersede the existing tariff set on the 9 month notice period in July 23, with a new tariff using the 3 month notice period that would be released in Jan 24 to come into effect in April 24.

# CMP408 Legal Text

- Legal Text to be changed within Section 14.31 Calculation of the Daily Balancing Services Use of System Charges:

## Notice of Fixed BSUoS Price

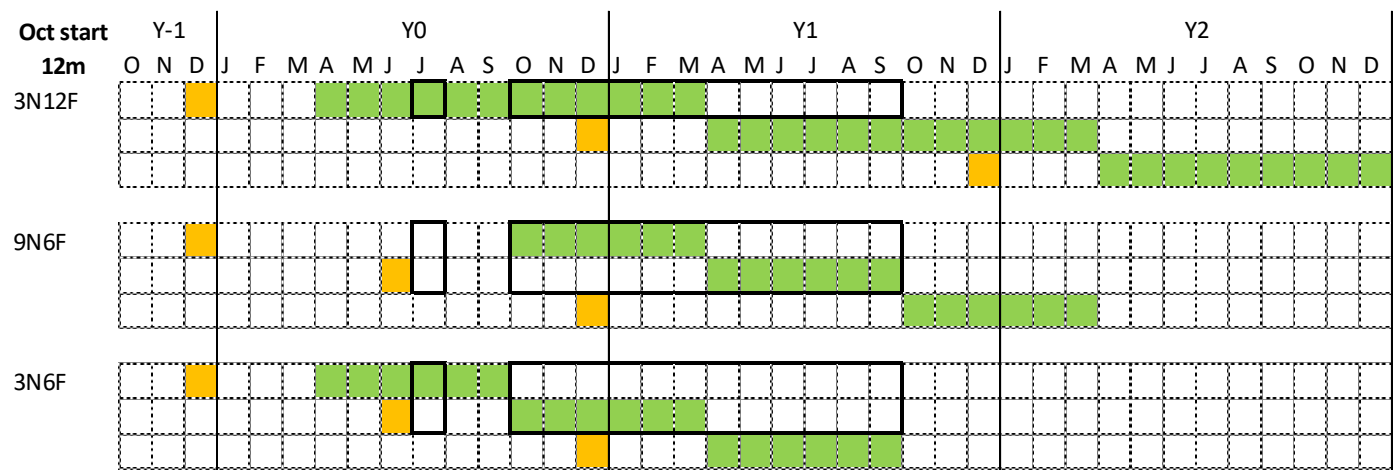
14.31.8 Users are given a notice period of at least ~~three~~ **nine** months of the Fixed BSUoS Price, for the next Fixed Price Period.



# Impact of CMP408 change on suppliers

Niall Coyle – EON Energy

# Fixed BSUoS tariff certainty for 12m contract

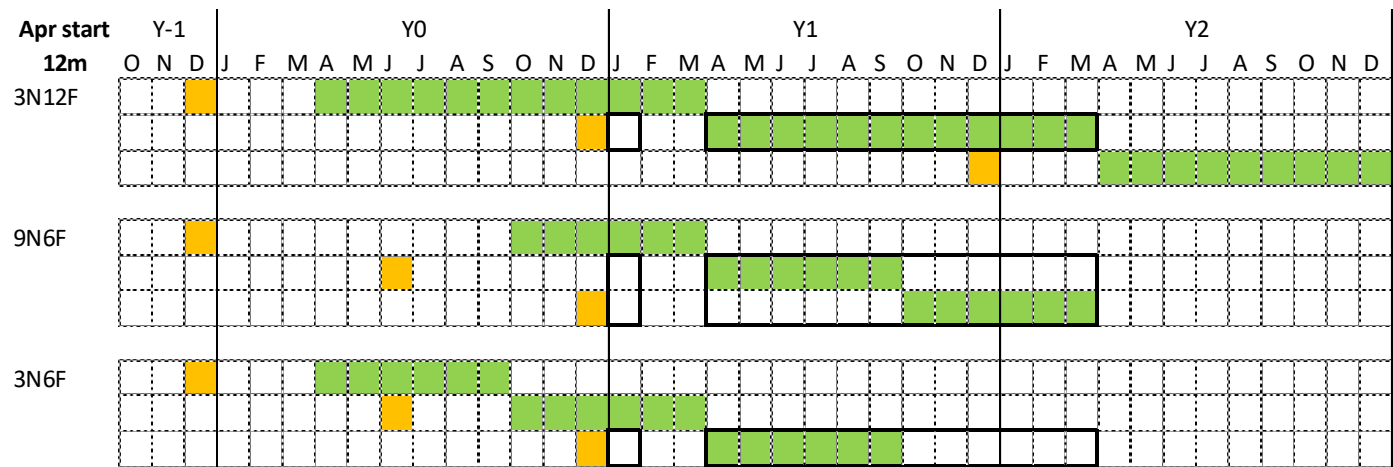


12-month I&C supply contracts typically start in Apr or Oct and are typically agreed up to 3-months in advance

3N12F covers 100% risk for Apr start, but only 50% risk for Oct start

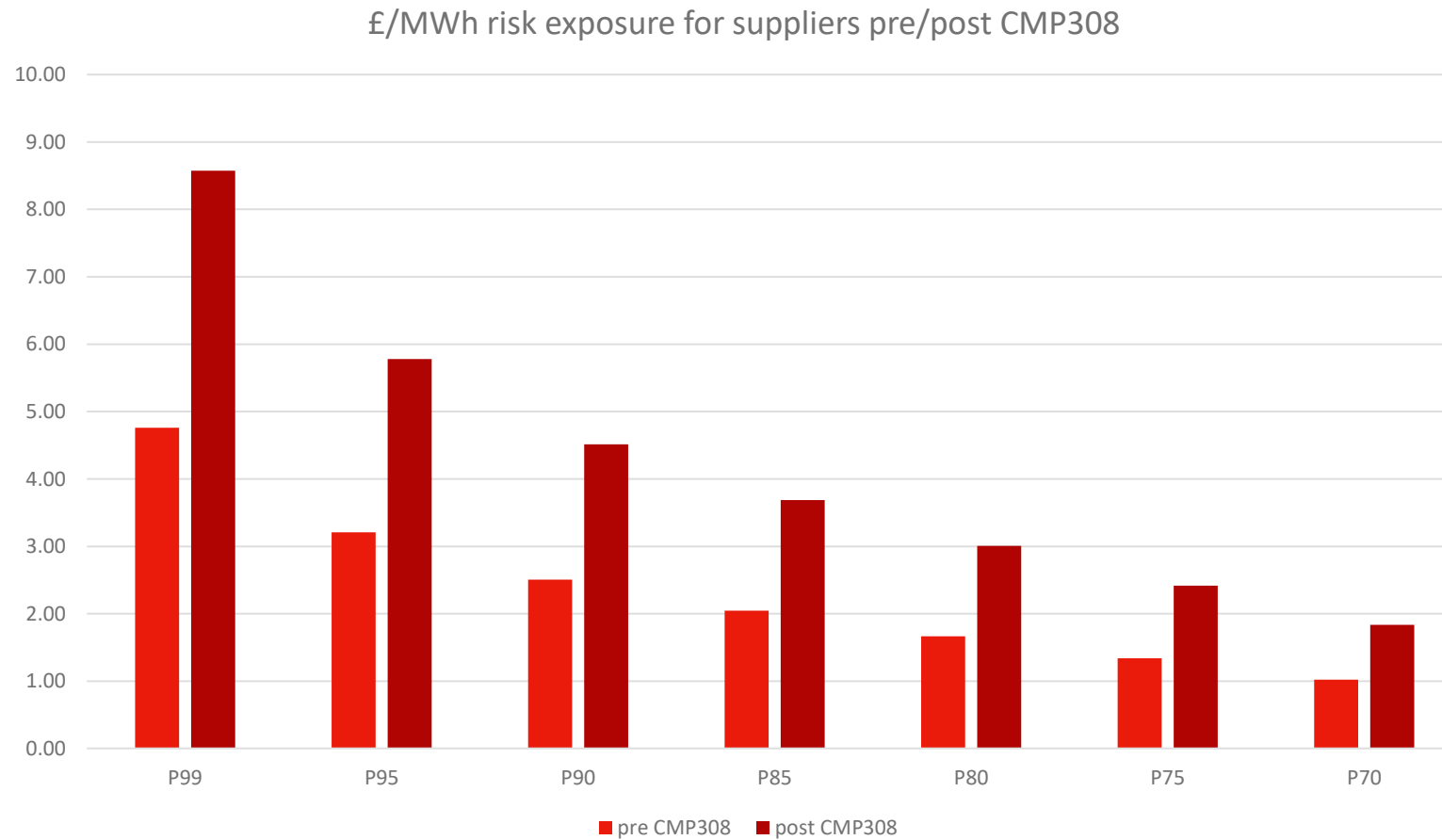
9N6F covers 100% risk for both start dates

3N6F covers 50% risk for both start dates





# CMP308 impact on supplier risk exposure





# Workgroup Consultation

ALL



**AOB**

**Claire Goult – National Grid ESO Code Administrator**



## **Next Steps**

**Claire Gault – National Grid ESO Code Administrator**