

Analysis of £6.60/MWh BSUoS cap

CMP350 Working Group



A £6.60/MWh cap looks to rescale Summer 2020 to the £4/MWh average whilst allowing for demand recovery in Aug & Sept

- Uses the same method as the Original Proposal (OP) but uses July data only to estimate Aug/Sept distribution rather than Apr-June.
- OP estimates the BSUoS trend based on 2017-2019. Average Summer price from linear extrapolation is predicted as £3.48/MWh.
- The OP also allows for an error margin of 15% based on ESO scenarios giving a high average Summer price of £4/MWh deemed to be what a prudent supplier/generator could expect.
- The OP then used the full Apr-June distribution as a proxy for the rest of the Summer in order to identify the necessary cap needed to bring the overall average back to £4/MWh.
- This alternative believes that a better proxy for the rest of the Summer's BSUoS price distribution (given that we are now out of lockdown and demand is returning to normal) is to use July's distribution of BSUoS prices. This gives a cap of £6.60/MWh

