

CMP361/362 Workgroup Meeting 3

Scope of CMP361 (BSUoS Reform: Introduction of an ex-ante fixed BSUoS tariff)

Scope:

Interaction with CMP308 (discussed in first WG meeting)

- CMP308 solution to feed into CMP361 to allow creation of holistic BSUoS Reform solution

Timescales and Process (discussed in first WG meeting)

- Tariff published in January, fixed for April to March, summer and winter price

Setting Fixed Price BSUoS Tariff (discussed in first WG meeting)

- Tariff created from BSUoS cost inputs and final demand forecast

Applying Fixed Price BSUoS Tariff to Charging Base (discussed in first WG meeting)

- BSUoS liability to be calculated based on final demand and fixed tariff as above

ESO Working Capital and Capped Liability (to be discussed today)

- Capped ESO liability and recommendation for additional working capital to be provided

Process for Exceptional Circumstances (to be discussed today)

- Steps that can be taken in unlikely event that working capital breached

Note:

Not all elements described in CMP361 proposal are expected to be included into CUSC legal text solution (some may be addressed via the licence). Description to provide overview on all elements required to enable fixed BSUoS tariff

Scope of CMP362 (Consequential Definition Updates required to support BSUoS Reform)

Mod Overview: Alongside CUSC modification to introduce fixed BSUoS tariff, consequential definition updates in CUSC section 11 will be required for BSUoS Reform

Scope: add and amend required definitions needed to introduce fixed BSUoS (and BSUoS payable by final demand only) into CUSC section 11

CMP362 to run alongside CMP361

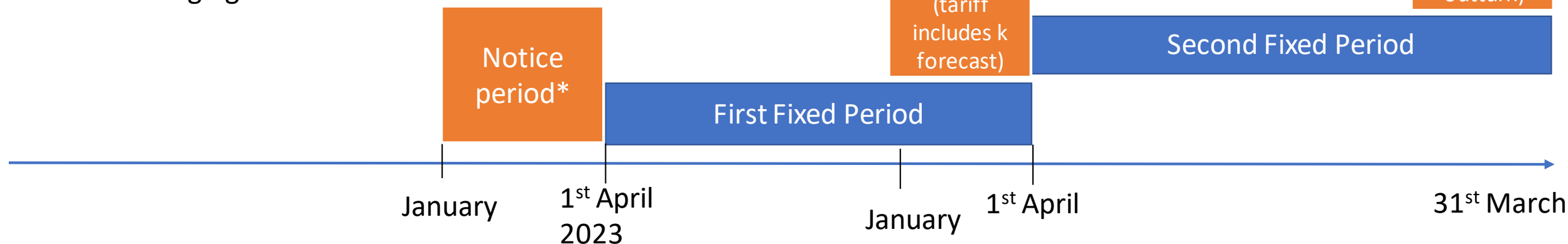
Solution: to be developed through CMP361, likely that some definition updates driven by CMP308

Solution options

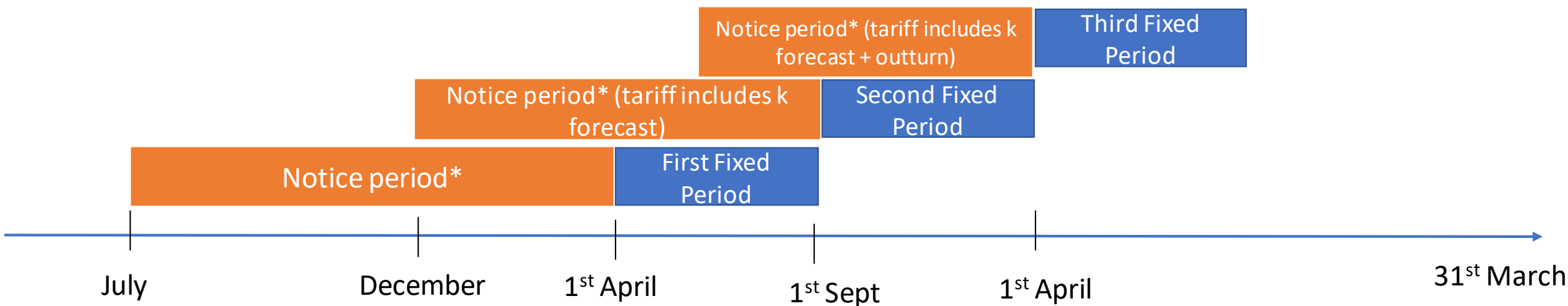
* Tariff published at the start of notice period

Current Original: 3 months notice 12 months fix

First Fixed Charging Year



Alternative: 9 months notice 6 months fix



Terms of Reference

First WG meeting	Second WG meeting	Third WG meeting	Fourth WG meeting
Consider EBGL implications	Consider how the ESO creates visibility and transparency of its BSUoS forecasting processes	Consideration of other market mechanisms that allow financing of asset light organisations	Consider impact on consumers
Consider conclusions of 2 nd BSUoS Taskforce on “Deliverable 2 – how BSUoS charges should be levied” and Ofgem’s response letter of 10 December 2020 re: Deliverable 2	Consideration of ESO Financability	Consider the mechanisms and effects of a situation where the ESO’s Working Capital is in danger of being exceeded. Consider effects on: BSUoS payers; and Parties with Balancing Services Contracts.	Consider interactions with the Consumer Price Cap
Consideration of any points of learning from the CMP250 Workgroup and Ofgem’s CMP250 decision	Consideration of ongoing System Operator review	Consider impact of re-openers on stakeholders	Consider how any non-payments by those liable for BSUoS will be addressed
	Consider what will be covered in CUSC and what will be covered in Licence	Consider what (if any) ringfencing arrangements may be required	

Determination of Licence vs. CUSC

