

Special CUSC Panel Minutes: 21 April 2021

CUSC Panel Minutes: Meeting Number 275

Date: 21/04/2021 **Location:** Microsoft Teams Meeting

Start: 09:00am **End:** 09:45am

Participants

Attendee	Initials	Company
Trisha McAuley	TM	Independent Panel Chair
Paul Mullen	PM	Code Administrator, National Grid Electricity System Operator
Ren Walker	RW	Technical Secretary, Code Administrator, National Grid Electricity System Operator
Jon Wisdom	JW	National Grid Electricity System Operator
Grace March	GM	Users' Panel Member
Joseph Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member
Paul Mott	PMO	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Andrew Enzor	AE	Users' Panel Member Alternate – Observer
Cem Suleyman	CS	Users' Panel Member
Simon Lord	SL	Users' Panel Member Alternate

Simon Vicary	SV	EDF Energy, Proposer of CMP373
Kayt Button	KB	Authority Representative – Observer
Apologies	Initials	Company
Mark Duffield	MD	Users’ Panel Member
Jeremy Caplin	JC	BSC Representative

1. Introductions and Apologies for Absence

10851. Apologies were received from Mark Duffield and Jeremy Caplin.

2. New Modifications

CMP373 ‘Deferral of BSUoS billing error adjustment

10852. SV delivered a presentation on CMP373. SV explained that on Friday, 9 April 2021, the ESO informed industry parties that they had underbilled BSUoS by ~£44m of Balancing Services costs incurred in 2020/21. The ESO proposes to recover this cost through the Reconciliation Final run (RF) for 2020/21, commencing from 24 May 2021. This unforeseen cost recovery adjustment will cause significant problems for Suppliers, Generators and Consumers, in particular with an adverse impact on the Default Tariff Cap calculations, both past and future.
10853. SV advised that CMP373 proposes to adjust BSUoS in the 2021/22 charging year to ensure stakeholders do not face retrospective costs, which are forced upon them through no fault of their own, and to avoid an adverse impact on the Default Tariff Cap calculations, both past and future. It will be better for the industry and consumers if the recovery of these costs is through the 2021/22 SF runs rather than the 2020/21 RF run.
10854. SV noted that as Proposer, the view is this approach will not significantly change the ESO cashflow, and we believe that it does not unexpectedly penalise or reward industry parties for this unforeseen cost recovery adjustment.
10855. SV provided the Panel with the justification for urgency. CMP373 needs to be progressed under an Urgent timetable so that the industry has certainty before the ESO publish an RF run forecast in May ahead of when these RF runs start on 24 May 2021. CMP373 has a significant commercial impact on parties and consumers as they are due to be hit with an unexpected extra charge at very short notice, from 24 May 2021, that they did not know anything about until a circular on 9 April 2021. SV stated that - £44m compares to increases of just £5.5m and £9.1m between the SF and RF settlement runs for 2017/18 and 2018/19 respectively.
10856. The CUSC Panel on 21 April 2021 unanimously agreed that CMP373 met Ofgem’s Urgency criteria (a) and therefore recommended urgent treatment to Ofgem. Panel members set out their rationale behind this decision. Panel agreed with the Proposer’s view that this was an imminent issue or a current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers or other stakeholder(s) and therefore met Ofgem Urgency Criteria (a) given the additional and unforeseen costs this introduces. However, a Panel member (although still recommending urgency) noted that there is in practice more notice being provided to stakeholders than is suggested by the Proposer.

10857. Panel's recommendation will be sent to Ofgem later on 21 April 2021 seeking Ofgem decision on urgent treatment by 5pm on 23 April 2021. The CUSC Panel also unanimously agreed that CMP373 should be assessed by a Workgroup, the first Workgroup will be held 26 April 2021 if Ofgem grant urgency. ***(Post meeting note: Ofgem granted urgency on 23 April 2021 and 1st Workgroup was held 26th April 2021).***

3. AOB

10858. A Panel member raised a concern about the number of urgent modifications that are currently being raised and PM recognised the need for clarity on which aspects of the timeline can only be changed by Urgency. ***(Post meeting note: PM has spoken to MD about this and which parts of the timeline can only be changed by Urgency will be presented to May 2021 Panel by PM).***

The next CUSC Panel meeting will be held on Friday 30 April 2021.