

Special CUSC Panel Minutes: 6 January & 12 January 2022

CUSC Panel Minutes: Meeting Number 289 & 290

Date: 06/01/2022 **Location:** Microsoft Teams Meeting
Start: 10:00am **End:** 11:00am

Participants

Attendee	Initials	Company
Trish 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
Jenny Doherty	JD	National Grid Electricity System Operator
Grace March	GM	Users' Panel Member
Joseph Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member
Andrew Enzor	AE	Users' Panel Member
Garth Graham	GG	Users' Panel Member

Mark Duffield	MD	Users' Panel Member (Alternate)
Jeremy Caplin	JC	BSC Representative
Apologies	Initials	Company
Cem Suleyman	CS	Users' Panel Member

1. Introductions and Apologies for Absence

11225. Apologies were received from Cem Suleyman.

2. Workgroup Report

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

11226. PM delivered a presentation on CMP381. PM stated that CMP381 seeks to set a £/MWh cap on BSUoS from 1 January 2022 until 31 March 2022, due, in the view of the Proposer, to exceptional market conditions making BSUoS much higher than industry parties could reasonably have expected. The additional BSUoS costs above the cap would be deferred to the 2022/23 charging year, using the same approach as CMP350 and the recovery mechanism approved under CMP373.
11227. The CUSC Panel, on 17 December 2021, had 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. PM advised that Workgroups were held 21 and 31 December 2021, and that 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).
11228. PM advised the Panel that 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 on this basis.
11229. PM stated that Alternative BSUoS Caps of £15/MWh, £20/MWh and £50/MWh were proposed. The majority of 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. PM noted that 12 out of 16 respondents supported the proposed £300m deferral limit or higher and 2 respondents proposed £200m and Workgroup Alternatives have been raised on this basis.
11230. 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 that 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. Additional impacts, particularly on Consumers and Small Suppliers, had been brought out and reflected in the "Workgroup Assessment of Impacts" section.

11231. The Workgroup Vote took place on 31 December 2021 and the Workgroup concluded by majority that the Original and WACMs 1-5 inclusive better facilitated the Applicable CUSC Objectives than the baseline.

11232. The CUSC Panel unanimously agreed that the Workgroup has met its Terms of Reference and could proceed to Code Administrator Consultation, which was issued later on 6 January 2022 and will close 5pm on 10 January 2022.

3. AOB

11233. The Panel had no further business to raise.

CUSC Panel Minutes: Meeting Number 290

Date: 12/01/2022	Location: Microsoft Teams Meeting
Start: 10:00am	End: 11:00am

Participants

Attendee	Initials	Company
Trish 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
Jenny Doherty	JD	National Grid Electricity System Operator
Grace March	GM	Users' Panel Member
Joseph Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Nadir Hafeez	NH	Authority Representative
Andy Pace	AP	Users' Panel Member
Andrew Enzor	AE	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member

Jeremy Caplin	JC	BSC Representative
Apologies	Initials	Company

1. Introductions and Apologies for Absence

11234. No apologies were received from Panel members.

2. Draft Final Modification Report

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

11235. PM advised the Panel that following the Special CUSC Panel on 6 January 2022, where Panel approved that the CMP381 Workgroup had met its Terms of Reference, the Code Administrator Consultation was published on 6 January 2022 and closed on 10 January 2022.
11236. PM stated that 14 responses were received to this consultation. The majority of respondents supported at least 1 of the proposed options but the majority of respondents preferred the options (Original or WACM1) which include the lowest BSUoS Cap of £10/MWh as this would maximise the support available. Some of these respondents argued that the higher BSUoS Caps wouldn't go far enough, although 1 respondent expressed a preference for a BSUoS Cap of £50/MWh as they believe it is in the interests of consumers for there to be confidence that the cap will remain in place throughout the period. However, the 2 respondents who do support the change called for a more targeted approach, with 1 of these respondents concerned that this transfers the cost of suppliers exposure to high BSUoS costs onto consumers at a time when the price of energy is already high whilst, the other respondent proposed that only the cashflow impacts should be addressed.
11237. PM advised the Panel that there were a mix of views as to whether or not the Effective Date should be 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 specifically expressed that they do not support "retrospectivity". There were general comments as to why the current BSUoS costs are exceptional and/or unforeseen; and no Legal Text issues were identified.
11238. The CUSC Panel held their recommendation vote on CMP381. The Panel recommended by majority that all of the WACMs (but not the Original) better facilitated the CUSC Objectives than the Baseline (the arrangements currently set out in CUSC). ***(Post Meeting Note: The Final Modification Report was sent to Ofgem later on 12 January 2022. Ofgem published their decision on CMP381 on 14 January 2022, approving WACM4, which was implemented from the first settlement period (i.e. 00:00 - 00:30) of 17 January 2022).***

3. AOB

11239. The Panel had no further business to raise.

The next CUSC Panel meeting will be held on Wednesday 26 January 2022.