

CUSC Panel

13 September 2022

Online Meeting via Teams

WELCOME



nationalgridESO

Workgroup Report

CMP395: Cap BSUoS costs and Defer payment to 2023/24 to protect GB customers

Paul Mullen

Key points to note to the Panel

- Previous BSUoS Cap Mods have looking at capping exceptional BSUoS costs because of Covid. CMP395 is a response to the current cost of living crisis and, for some of the solutions, CMP395 has additional drivers – reducing overall BSUoS costs in the market and maximising any support (covering most or all of the winter)
- Proposed Solutions factor in how quickly people feel the proposed support will last and their views on the argument that capping BSUoS will lead to lower risk premia and therefore lower overall BSUoS costs

Solutions

CMP395 Original:

- Set a £15/MWh cap on BSUoS from 1 October 2022 until 31 March 2023
- Defer the BSUoS costs incurred above the cap to the 2023/2024 charging year
- Recover the additional BSUoS costs above the cap from 1 April 2023 and by no later than 31 March 2024 from Suppliers and 31 December 2023 from Generators (based on forecast if actuals are not available)
- For Suppliers, recover an identical amount per day that is allocated to Settlement Periods on a chargeable volume weighted basis or in line with CMP361/CMP362 if implemented by 1 April 2023.
- Limit the liability on the ESO to £250m. There will be daily reporting of the percentage utilisation of the deferred amount.
- CMP395 BSUoS Support Scheme will fall away on the earlier of 31 March 2023 or when the £250m limit has been reached

Implementation date: From the first Settlement Period (00:00 – 00:30) on 1 October 2022 if approved on 28 September 2022 (or such later date as the Authority may specify).

Solutions

CMP395 Alternative Solutions:

Other Solutions	BSUoS Price Cap	Reassessment of BSUoS Price Cap?	Applies to Generators and Suppliers or Suppliers only?
<i>CMP395 Original</i>	£15/MWh	No	<i>Generators and Suppliers</i>
<i>CMP395 WACM1</i>	£25/MWh	No	<i>Generators and Suppliers</i>
<i>CMP395 WACM2</i>	£30/MWh	No	<i>Generators and Suppliers</i>
<i>CMP395 WACM3</i>	£40/MWh	No	<i>Generators and Suppliers</i>
<i>CMP395 WACM4</i>	£25/MWh	Yes – by ESO	<i>Generators and Suppliers</i>
<i>CMP395 WACM5</i>	£15/MWh	Yes – by Ofgem	<i>Generators and Suppliers</i>

Implementation date: as per Original for all Alternative Solutions

Workgroup Vote

Summary of Workgroup Vote:

The Workgroup unanimously concluded that WACM4 better facilitated the Applicable CUSC Objectives than the Baseline and by majority concluded that the Original, WACM1, WACM2, WACM3 and WACM5 better facilitated the Applicable CUSC Objectives than the Baseline.

Option	Number of voters that voted this option as better than the Baseline
Original	10
WACM1	10
WACM2	9
WACM3	9
WACM4	11
WACM5	10

Terms of Reference

- The Workgroup conclude that they have met their Terms of Reference and the references can be located below:

Workgroup Term of Reference	Location in Workgroup Report
a) Consider EBR implications	“Interactions” section
b) Consider whether or not a £10/MWh cap on BSUoS is appropriate or justify if another £/MWh cap is more appropriate	“Workgroup Considerations” section <i>Note that Original changed to include a £15/MWh Cap</i>
c) Consider if the £10/MWh cap on BSUoS should be in place from 1 October 2022 to 31 March 2023 or a different time period	“Workgroup Considerations” section <i>Note that Original changed to include a £15/MWh Cap</i>
d) Consider the impacts on Generators, Suppliers and Consumers of deferring the additional BSUoS costs above the cap to the 2023/24 charging year	“Workgroup assessment of impacts” section
e) Consider the limit on the total BSUoS costs that would be deferred that is feasible and realistic	“Workgroup Considerations” section
f) Consider cost to the ESO of any BSUoS recovery mechanism vs benefit	“Workgroup Considerations” section
g) Consider how costs should be recovered and from whom e.g. should Generators pay for deferred costs?	“Workgroup Considerations” section
h) Consider invoicing / billing timeline in the context of the Implementation Date	“Workgroup Considerations” section

CMP395 Next Steps

Milestone	Date
Code Administrator Consultation	13 September 2022 (12pm) to 16 September 2022 (5pm)
Draft Final Modification Report issued to Panel	20 September 2022
Draft Final Modification Report presented to Panel	21 September 2022 (9am to 10am)
Final Modification Report issued to Panel to check votes recorded correctly (5 working days)	21 September 2022 (2pm to 4pm)
Submission of Final Modification Report to Ofgem	21 September 2022 (4pm)
Ofgem decision date	By 28 September 2022 (5pm)
Implementation Date	From the first Settlement Period (00:00 – 00:30) on 1 October 2022 if approved on 28 September 2022 (or such later date as the Authority may specify).

CMP395 - the asks of Panel

- **AGREE** that the Workgroup have met their Terms of Reference
- **AGREE** that this Modification can proceed to Code Administrator Consultation
- **NOTE** that this Modification does not impact the Electricity Balancing Regulation (EBR) Article 18 terms and conditions held within the CUSC?
- **NOTE** the ongoing timeline

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