

# Special CUSC Panel Minutes: 13 and 21 September 2022

CUSC Panel Minutes: Meeting Number 303 & 304

**Date:** 13/09/2022      **Location:** Microsoft Teams Meeting

**Start:** 09:00am      **End:** 10:00am

## Participants

Attendee	Initials	Company
Rob Marshall	RM	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
Karen Thompson - Lilley	KTL	National Grid Electricity System Operator
Andrew Enzor	AE	Users' Panel Member
Andy Pace	AP	Users' Panel Member
Grace March	GM	Users' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Andy Malley	AM	Authority Representative
Andrew Enzor	AE	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joe Dunn	JD	Users' Panel Member

Paul Jones	PJ	Users' Panel Member
Nick Rubin	NR	BSC Representative
<b>Apologies</b>	<b>Initials</b>	<b>Company</b>
Trisha McAuley	TM	Independent Panel Chair
Cem Suleyman	CS	Users' Panel Member
Mark Duffield	MD	Users' Panel Member Alternate (Observer)

## 1. Introductions, Apologies for Absence and Declarations of Interest

11673. Apologies were received from Trisha McAuley, Cem Suleyman and Mark Duffield. Rob Marshall (National Grid Electricity System Operator) acted as the independent Panel Chair on behalf of Trish McAuley.

## 2. Workgroup Reports

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

11674. PM delivered a presentation on CMP395. PM explained that the original solution for CMP395 is as follows:

- 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).

11675. PM set out that there were 5 Workgroup Alternative CUSC Modifications which were as per Original except:

- **WACM1** - cap BSUoS at £25/MWh rather than £15/MWh
- **WACM2** - cap BSUoS at £30/MWh rather than £15/MWh
- **WACM3** - cap BSUoS at £40/MWh rather than £15/MWh

- **WACM4** - cap BSUoS at £25/MWh rather than £15/MWh and ESO to review (and potentially increase) the BSUoS cap once 60% of the £250m limit has been utilised
- **WACM5** - Ofgem can propose a different BSUoS cap amount if new funds are made available

11676. The Workgroup held their Workgroup vote and 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.

11677. The CUSC Panel agreed that the Terms of Reference for CMP395 had been met. However, a Panel Member suggested adding some text to clarify WACM5 and there was a difference of views on whether this should be included. Panel concluded that the CMP395 Workgroup needed to reconvene to agree this before the Code Administrator Consultation could be published. ***(Post Meeting Note: The CMP395 Workgroup agreed the following wording in WACM5: 'None of the proposed options specifically seek a deferred limit > £250m; however, some Workgroup Members stressed that it is important that discussions continue between ESO and Ofgem on options to increase support available for the industry and WACM5, if approved by Ofgem, could in practice provide for an increase to the deferred limit of £250m at short notice without the need for a subsequent Modification'. The Code Administrator Consultation was published on 13 September 2022 and closed on 16 September 2022).***

### 3. AOB

11678. No AOB was raised by Panel members.

**The next CUSC Panel meeting will be held on Wednesday 21 September 2022.**

**Date:** 21/09/2022      **Location:** Microsoft Teams Meeting

**Start:** 09:00am      **End:** 10:00am

## Participants

Attendee	Initials	Company
James Greenhalgh	JG	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
Karen Thompson - Lilley	KTL	National Grid Electricity System Operator
Andrew Enzor	AE	Users' Panel Member
Andy Pace	AP	Users' Panel Member
Grace March	GM	Users' Panel Member
Binoy Dharsi	BD	Users' Panel Member
Cem Suleyman	CS	Users' Panel Member
Andy Malley	AM	Authority Representative
Andrew Enzor	AE	Users' Panel Member
Garth Graham	GG	Users' Panel Member
Joe Dunn	JD	Users' Panel Member
Paul Jones	PJ	Users' Panel Member
Karen Thompson – Lilley	KTL	National Grid Electricity System Operator

Apologies	Initials	Company
Rob Marshall	RM	Independent Panel Chair
Mark Duffield	MD	Users' Panel Member Alternate (Observer)
Rashmi Radhakrishnan	RR	BSC Representative

## 1. Introductions, Apologies for Absence and Declarations of Interest

11678. Apologies were received from Trisha McAuley, Rob Marshall, Mark Duffield and Rashmi Radhakrishnan.

**2. Draft Final Modification Report**

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

11679. PM delivered a presentation on CMP395. PM explained that CMP395 seeks to cap BSUoS per Settlement Period to £10/MWh from 1 October 2022 to 31 March 2023 and recoup the money in charging year 2023/24 to protect GB energy customers this winter. The liability to be carried by the ESO would be capped at £500m.

11680. PM explained that the original solution for CMP395 is as follows:

- 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 29 September 2022 (or such later date as the Authority may specify).

11681. PM advised the Panel that along with the original solution, there are also 5 WACMs. The elements of these WACM's consist of the following:

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>

<b>CMP395 WACM4</b>	£25/MWh	Yes – by ESO	Generators and Suppliers
<b>CMP395 WACM5</b>	£15/MWh	Yes – by Ofgem	Generators and Suppliers

11682. PM advised that the Code Administrator Consultation was held from 13 September 2022 to 5pm on 16 September 2022 and received 14 non-confidential responses. Key points from the consultation were:

- 13 out of 14 respondents were supportive of some or all of the solutions proposed with many articulating the benefit of reduced risk premia in the market leading to decreased costs for end consumers and providing market stability. Respondents’ preferred options depended on where they viewed the right balance between setting the BSUoS cap and maximising the £250m fund.
- The respondent, who was not supportive of any of the options proposed, argued there remains insufficient evidence that this is in consumers interests overall. This respondent added that they are not convinced Suppliers need this additional support nor that Generators would necessarily reduce risk premia or, without this change, go out of business.
- Some respondents urged that any decision on CMP395 takes into account other industry developments – namely the support provided by the Energy Price Guarantee and/or the proposed BSUoS adjustments to be factored into Contracts for Difference Contracts. One respondent also stated that a decision on CMP361 is urgently required as Suppliers, and their customers, need a reliable forecast of fixed BSUoS costs.
- No legal text issues identified.

11683. The CUSC Panel held their recommendation vote on CMP395. The Panel recommended by majority that the Original and all of the Workgroup Alternative CUSC Modifications better facilitated the CUSC Objectives than the Baseline (the arrangements currently set out in CUSC). The table below shows how many votes were in favour of the Proposed Solution being better than the Baseline.

<b>Proposed Solution</b>	<b>Of the 8 votes, how many said that this option was better than the Baseline</b>
Original	5
WACM1	6
WACM2	6
WACM3	5
WACM4	7
WACM5	5

11684. The Final Modification Report will be issued to Ofgem by the end of 21 September 2022. Ofgem advised at CUSC Panel that their decision would be on 29 September 2022 rather than 28 September 2022. For clarity, this means that the proposed Implementation Date is

from the first Settlement Period (00:00 – 00:30) on 1 October 2022 if approved on 29 September 2022 (or such later date as Ofgem may specify). ***(Post Meeting Note: Ofgem approved WACM3 on 5 October 2022. CMP395 WACM3 was implemented, effective from 00:00 – 00:30 on 6 October 2022).***

### 3. AOB

11685. No AOB was raised by Panel members.

**The next CUSC Panel meeting will be held on Friday 30 September 2022.**