

Code Administrator Meeting Summary

Meeting name: **CMP415: Amending the Fixed Price Period from 6 to 12 months Meeting 1**

Date: 02/08/2023

Contact Details

Chair: Deborah Spencer, Code Administrator National Grid ESO deborah.spencer@nationalgrideso.com

Proposer: Alice Taylor, National Grid ESO alice.price@nationalgrideso.com

Key areas of discussion

The Chair provided an overview of the Workgroup meeting objectives to complete a review of the Workgroup Report and complete the Alternative and Workgroup Vote.

Panel decision on CMP415/CMP416

The Proposer explained that the **CMP415: Amending the Fixed Price Period from 6 to 12 months** and **CMP416: Amending the Fixed Price Period from 6 to 12 months with two seasonal tariffs** modifications were raised to change Section 11 as a consequence of the discussion of Section 14 in CMP408: Allowing consideration of a different notice period for BSUoS tariff settings.

The July 2023 CUSC Panel agreed that CMP415 should follow the Standard governance and proceed to a joint CMP408 & CMP415 Workgroup ahead of progressing to Code Administrator Consultation. They also agreed that CMP416 was substantially the same defect as CMP415 and therefore directed the Panel Secretary to reject the CMP416 proposal as obligated under Section 8.16.6 of the CUSC.

With the intent that the CMP416 proposal would be voted in as a Workgroup Alternative CUSC Modification (WACM).

Difference in Risk to the ESO Working Capital Fund

The Proposer discussed the differences in risk to the ESO Working Capital Fund (WCF):

- CMP408 looks at a 9-month total combined period for Fixed BSUoS (3-month notice, 6 months fixed)
 - This lowers the risk of the ESO WCF being depleted due to the shorter fixed period meaning there is less time for the ESO WCF to be fully utilised. Aids in a reduction in risk of a tariff reset mid fixed period.

- CMP415 looks at a 15-month total combined period for Fixed BSUoS (3-month notice, 12 months fixed)
 - With a longer fixed period, this increases the risk of the ESO WCF being fully utilised, compared to that of CMP408, which subsequently increases the risk of tariff resets within a fixed period.
- WACM 1 in CMP415 looks at a 15-month total combined period for Fixed BSUoS (3-month notice, 12 months fixed with two seasonal tariffs)
 - Although this also has the same longer fixed period as CMP415, the two tariffs reduce the risk of the ESO WCF being utilised as the two seasonal tariffs can take into account the issue of seasonality which is not addressed in CMP415. This can reduce the risk seen in CMP415 of tariff resets within a fixed period.

The Proposer noted that this analysis was based on the risk to the ESO and not Suppliers; and that in earlier CMP408 Workgroup meetings the ESO Revenue Team had provided an explanation around why having the two seasonal tariffs were more practical than averaging out across the year.

Post Meeting update from the Revenue Team (Action 1):

With a 12-month fixed tariff and all other things being equal, you would most likely be under recovered during the first 6 months of the scheme, then as the higher demand volume was seen in the second 6 months that shortfall would be caught up, ideally revenue and costs equalling each other at the end of March. With the financial year split into two 6-month tariffs, the effects of any under recovery due to volume are halved because you get to that point where revenue and costs equal each other twice a year, at the end of each fixed tariff period.

Terms of Reference

The Workgroup reviewed the Terms of Reference and agreed that there were no Electricity Balancing Regulation (EBR) implications because of the modification.

It was noted that the July 2023 CUSC Panel had not set any additional Terms of Reference.

Alternative and Workgroup Vote

The Proposer talked through their Alternative Request and the Workgroup voted unanimously that it should progress to a WACM.

During the Workgroup vote for the CMP415 and WACM1 against the Applicable CUSC Objectives it was clarified that the Workgroup were voting against the changes to the Fixed Price Period definition within the current Section 11 baseline text.

The Workgroup completed 2 votes to be very clear as to their assessment on CMP415 in isolation: and CMP415 alongside the changes to Section 14 from CMP408.

Review Workgroup Report

The Workgroup reviewed the draft Workgroup Report and live amends were made in the meeting; the following amends were agreed to be completed outside the meeting ahead of being recirculated (**Action: 2**):

- Update ‘Difference in Risk to the ESO Working Capital Fund’ section to reflect position against CMP408
- Include clarification from Revenue Team
- Clearly outline the process the Workgroup undertook to complete the Workgroup Vote

Legal Text

Workgroup confirmed that the changes to legal text correctly outlined the intent of the solutions.

Next Steps

- *Chair to compile voting statements and circulate the amended Workgroup Report*

Actions

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
1	1	AT	Provide update from Revenue Team	NA	ASAP	Closed
2	1	DS	Circulate Workgroup Votes document and amended Workgroup Report	NA	ASAP	Closed

Attendees

Name	Initial	Company	Role
Deborah Spencer	DS	Code Administrator, ESO	Chair
Milly Lewis	ML	Code Administrator, ESO	Tech Sec
Alice Taylor	TP	ESO	Proposer
Daniel Hickman	DH	ESO	ESO SME
George Moran	GM	Centrica	Workgroup Member
Robert Longden	RL	Eneco Energy Trade BV	Workgroup Member
Kate Livesey	KL	Drax	Workgroup Member
Simon Vicary	SV	EDF Energy	Workgroup Member
Niall Coyle	NC	EON Energy	Workgroup Member
Monika Hudakova	MH	OVO	Workgroup Member
Pedro Arcain	PA	Ofgem	Authority Rep