

Code Administrator Meeting Summary

Meeting Name: CMP311 (Workgroup 3)

Date: 17 June 2019

Contact Details

Chair: Paul Mullen

Contact details: paul.j.mullen@nationalgrideso.com

Proposer: Simon Sheridan

Contact details: simon.sheridan@nationalgrideso.com

Key areas of discussion

- ESO have updated their proposed solution to address their stated defect of increasing risk to the ESO and potentially increasing costs on future consumers because of supplier failure. In summary, the changes are:
 - **Solution:** Removing Payment Record Sum only; and
 - **Implementation:** 12 months after Ofgem approval.
- On the proposed Solution, the following alternative ideas were articulated by the Workgroup which were:
 - Removing the payment record sum after the first 2 years; and
 - As above option + thereafter allowing the supplier to then use a credit assessment from an independent agency.
- On the proposed Implementation, an alternative option was proposed by the Workgroup to implement from the following Financial Year (i.e. 1 April) after date of Ofgem decision.
- A number of workgroup members still do not consider there is a defect as there is minimal risk that ESO will not be reimbursed by Ofgem. Alternatively, they suggested a better course of action would be for Ofgem to provide further comfort and clarification for Network Operators on the criteria they apply when determining whether or not to allow/disallow revenue and how to apply / enforce the rules on failing suppliers as there is an understandable reluctance to be the cause of or trigger for a supplier exiting the market.

- Ofgem confirmed that the Best Practice Guidelines remain valid and that their current Supplier Licensing Review does not seek to amend the validity of these.
- Workgroup acknowledged that it is Proposer's decision as to whether to continue with their solution and Proposer confirmed they wish to carry on. Therefore, workgroup spent time phrasing questions to be posed to industry as part of the workgroup consultation.

Next steps

The Workgroup agreed the following next steps:

- Code Administrator to issue workgroup report to workgroup 10 July 2019;
- Workgroup to provide comments on workgroup report by 24 July 2019; and
- Next meeting 31 July 2019 to finalise the Workgroup Report (discussing any showstopper comments) and be in a position by the end of this meeting to go out to workgroup consultation.

Actions from this workgroup meeting (all added to action log)

For further information, please contact the Code Administrator.