

Code Administrator Meeting Summary

Meeting name: CMP361 & CMP362 Workgroup 2

Date: 13 April 2021

Contact Details

Chair: Jennifer Groome

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Proposer: Katharina Birkner

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Key areas of discussion

- The Chair presented the timeline for the modifications. An additional meeting date has been added to the timeline as agreed at the last meeting (21 May 2021).
- This Workgroup meeting was focussed on CMP361 discussions.
- The Workgroup reviewed the Actions Log. The following update was given on Action 1 - the other actions were covered later in the meeting.
 - Action 1: There are concerns from the ESO's IT team regarding feasibility and readiness of other workstreams such as Licence Change and Forecasting improvements. An impact assessment could be provided (4 weeks lead time), however this would require a more detailed solution to impact assess.
- The Proposer recapped the discussions from the first Workgroup meeting before showing a diagram of the notice and fixed periods for their proposed volumetric BSUoS tariff (3 months' notice, 12 months' fixed). This was met with considerations from the Workgroup such as:
 - Whether 3 months' notice is enough time.
 - That the forecasting should be done in a similar way to how it is done for TNUoS charges. It was also questioned how accurate BSUoS forecasting can be.
 - It was suggested that a range of notice and fix periods could be considered. A potential alternative of 12 months' notice and 3 months' fix was mentioned.
- The Drax Workgroup member presented a potential alternative solution with the following features:
 - A volumetric (£/MWh) BSUoS tariff with 9 months' notice and 6 months' fixed period.
 - Any under or over recovery factored into future fixed periods and subject to the notice.
 - No cap on the ESO's total over and under recovery.
 - There was agreement by some Workgroup members on the "no cap" aspect of the proposal.

- No intentional over recovery when setting tariffs.
- Regular updates from the ESO on over / under recovery and BSUoS forecasts.
- A member of ESO finance presented some analysis on BSUoS risk. This included an explanation of the factors that contribute to BSUoS risk, how the analysis was prepared (including the assumptions made), and the next steps for further analysis.
 - It was explained that the ESO position with the banks is currently based on the NG Group. Attention was drawn to Workgroup members that the if the ESO were to become independent from the NG Group in future that this would alter the position.
 - It was questioned whether the BSUoS risk could be ringfenced as a specific mechanism.
- The proposer shared which elements of the proposal will need to be covered by a licence change, and which bits can be covered by the CUSC modification proposal.
- The Workgroup confirmed the actions taken at the meeting which are listed below.

Actions

Action Number	Workgroup raised	Owner	Action	Comment	Due by	Status
5	WG1	KB/JW	Share ESO financeability and working capital analysis	Update to be given WG2 Further update to be given WG3	WG3	Open
7	WG2	AR/LA	Ofgem to confirm what will be covered by their analysis and therefore what analysis needs to be done by the Workgroup		WG3	Open
8	WG2	All	Share mitigation strategies at next Workgroup		WG3	Open
9	WG2	KB	Draft legal text for fixed BSUoS - consider how earlier implementation might affect this		WG3	Open

Next steps

- The next Workgroup meeting is on 4 May 2021.

For further information, please contact Jennifer Groome.