

CMP373

Wednesday 5 May 2021 and Thursday 6 May 2021

Online Meeting via Teams

WELCOME

A wide-angle landscape photograph featuring a valley with a winding river and several bright, glowing orange-yellow lines that curve across the foreground and middle ground, suggesting energy or data flow. In the background, there are large, rugged mountains with patches of snow under a dramatic, cloudy sky with sunlight breaking through.

nationalgrid**ESO**

The slide features several decorative yellow lines. In the top left, there are several thin, curved lines that sweep upwards and to the right. In the bottom right, there are three thick, parallel diagonal lines that sweep upwards and to the right, starting from the bottom left and extending towards the top right. The background is a solid light blue.

Objectives and Timeline

Paul Mullen – National Grid ESO Code Administrator

Timeline for CMP373 – if Urgent

Milestone	Date	Milestone	Date
Modification presented to Panel	21 April 2021 (9am to 9.45am)	Panel sign off that Workgroup Report has met its Terms of Reference	10 May 2021
Workgroup Nominations	21 April 2021 to 5pm on 23 April 2021	Code Administrator Consultation	10 May 2021 to 12 May 2021 (5pm)
Ofgem grant Urgency	23 April 2021 (by 5pm)	Draft Final Modification Report (DFMR) issued to Panel	13 May 2021
Workgroup 1 - Understand proposal and solution, agree timeline, agree terms of reference, agree potential alternative options, draft legal text and Workgroup Consultation questions	26 April 2021 (9am – 12pm)	Panel undertake DFMR recommendation vote	14 May 2021
Workgroup Consultation	28 April 2021 (9am) to 4 May 2021 (12pm)	Final Modification Report issued to Panel to check votes recorded correctly	14 May 2021
Workgroup 2 - Assess Workgroup Consultation Responses and carry out Alternative Vote	5 May 2021 (1pm to 5pm)	Final Modification Report issued to Ofgem	14 May 2021
Workgroup 3 – Finalise solution(s) and legal text and hold Workgroup Vote	6 May 2021 (1pm to 5pm)	Ofgem decision	21 May 2021 (<i>decision needed by no later than 23 May 2021, which is a Sunday</i>)
Workgroup report issued to Panel	7 May 2021	Implementation Date	1 October 2021

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Workgroup Consultation Summary

Paul Mullen – National Grid ESO Code Administrator

Supporting CMP373

The majority of respondents (14 out of 17 respondents) supported the Original proposal (recovery via the SF run in 2021/2022). The main reasons expressed were that this allows parties to recover such “unforeseen costs” over a reasonable timeframe and allows for the costs to be reflected in the Default Tariff Cap methodology.

- 13 of these 14 respondents supported socialisation of these costs across all Users in 2021/2022 rather than targeting these costs. The other respondent didn't comment. The main arguments were that socialisation is simpler, smooths out any distortions and is in line with current practice whilst targeting introduces complexity in terms of identifying who is liable and the need for a manual billing process.
- 11 of these 14 respondents supported cost recovery from 1 October 2021 to 31 March 2022. In summary they argued that this provides additional notice to liable parties, it is more likely that the same or similar parties will face the deferred costs as would have been the case in 2020/2021 and aligns with Default Tariff Cap dates. Other respondents noted that having the cost recovery over a longer period 1 June 2021 to 31 March 2022 smooths out any potential distortions and the assumption that the same or similar parties will face the deferred costs as would have been the case in 2020/2021 presents a false level of accuracy.

Not Supporting CMP373

For the other 3 respondents who did not support the Original proposal.

- 2 respondents supported recovery via the RF. 1 respondent noted that this provides parties with most visibility of their upcoming charges and support for cash flow and follows the existing CUSC methodology. The other respondent noted that pushing recovery into 2021/2022 will affect competition negatively; and
- The other respondent believed that the Original proposal would benefit Suppliers and not Consumers and noted that the consumer impact needs to be explored further (consultation only discusses consumers on pass through contracts).

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Alternative and Workgroup Vote

Paul Mullen – National Grid ESO Code Administrator

CMP373 – Can I vote? and What is the Alternative Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings

Stage 1 – Alternative Vote

- Vote on whether Workgroup Alternative Requests should become Workgroup Alternative CUSC Modifications.
- The Alternative vote is carried out to identify the level of Workgroup support there is for any potential alternative options that have been brought forward by either any member of the Workgroup OR an Industry Participant as part of the Workgroup Consultation.
- **Should the majority of the Workgroup OR the Chairman believe that the potential alternative solution would better facilitate the CUSC objectives (against Baseline or the Original) then the potential alternative will be fully developed by the Workgroup with legal text to form a Workgroup Alternative CUSC modification (WACM) and submitted to the Panel and Authority alongside the Original solution for the Panel Recommendation vote and the Authority decision.**

CMP373 – Can I vote? and What is the Workgroup Vote?

To participate in any votes, Workgroup members need to have attended at least 50% of meetings

Stage 2 – Workgroup Vote

- 2a) Assess the original and WACMs (if there are any) against the CUSC objectives compared to the baseline (the current CUSC).
- 2b) If WACMs exist, vote on whether each WACM better facilitates the Applicable CUSC Objectives better than the Original Modification Proposal.
- 2c) Vote on which of the options is best.

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Terms of Reference

Paul Mullen – National Grid ESO Code Administrator

CMP373 Terms of Reference

Workgroup Terms of Reference

- a) Consider EBGL implications
- b) Consider ESO's proposed way forward to address the £44m BSUoS under-recovery (as published on 20 April 2021). Ensure impacts are considered.
- c) Consider if recovery of £44m BSUoS under-recovery is more appropriate through the 2021/22 SF runs rather than the 2020/21 RF run. Ensure impacts are considered.
- d) Consider if Accelerated Loss of Mains Change Programme (ALoMCP) (£10m of the £44m BSUoS under-recovery) needs to be included in the solution(s).
- e) Consider if recovery via the SF Run should be profiled (based on Settlement Periods from previous year), or a flat recovery taking into account the conclusions of the Balancing Services Taskforce.