

Code Administrator Meeting Summary

Meeting name: CMP361 & CMP362 Workgroup 5

Date: 27 July 2021

Contact Details

Chair: Jennifer Groome

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Proposer: Jennifer Doherty

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Key areas of discussion (CMP361-focused)

- The Chair presented the timeline for the modifications, and with the Workgroup, reviewed the actions taken at previous meetings.
- Frontier Economics presented an update on their analysis, which is to be published next month. A number of questions were asked by workgroup members regarding the limitations of the analysis. The Proposer made reference to a note circulated to the Workgroup in advance of the meeting which laid out their concerns with three main assumptions used in the analysis. These were:
 - Assumptions around BSUoS cost variability (Frontier's values for ESO exposure)
 - The ESO is capable to raise a working capital facility (WCF) which can cover a P95¹ BSUoS cost variability scenario
 - Forecasting accuracy is constant at all time horizons
- A Workgroup member shared analysis on their potential alternative proposal, which has a 12 month notice period and 3 months fixed period for fixed, ex ante BSUoS charges.
- The Proposer shared the draft Business Rules with the Workgroup and asked for feedback.
- It was suggested that the following questions should be added to the Workgroup consultation to seek wider views on these areas:
 - Which of the solutions under discussion do the industry feel is best? And why?
 - Which of the "P" levels do industry think is best? And why?

¹ The probability of the fixed BSUoS price being valid for the fixed price period. E.g. P95 would be a 5 in 100-year event would lead to restating tariffs. P99 would be a 1 in 100-year event.

- If the ESO had to adjust BSUoS prices to deal with a P99 situation, how much notice would industry need? (Suggestions in the Workgroup were five working days or one month).
- It was mentioned that alternative modifications would be based off having different fixed and notice periods, as well as different P Levels.
- The Workgroup confirmed the new actions taken at the meeting and updated the open actions (listed below).

Actions

Action Number	Workgroup raised	Owner	Action	Comment	Due by	Status
18	WG5	JD/SD	Share cost variability numbers with the workgroup converted to actual BSUoS rates. Different "P" levels including the level which would negate the need for a buffer.		WG6	Open
19	WG5	JD	Consider whether monthly notices to industry would be available (rather than quarterly)		WG6	Open
20	WG5	JD	Consider whether there could still be a rolling 2-year BSUoS forecast		WG6	Open

Next steps

- The next Workgroup meeting is on 16 August 2021.

For further information, please contact Jennifer Groome.