

CMP420: Treatment of BSUoS Revenue Recovery, and creation of a BSUoS Fund

02 May 2024 – Workgroup 6
Online Meeting via Teams



Objectives

Lizzie Timmins – ESO Code Administrator

- Review Outstanding Actions
- Review Workgroup Consultation Responses
- ESO Update
- Review Timeline and Terms of Reference
- Agree Next Steps



Actions Review

All

Actions Review

Action number	Workgroup Raised	Owner	Action	Comment	Due by	Status
6	WG4	Chair	Amend the implementation date to April 2025 with CMP420 requesting special consideration from Ofgem	Verbal update to be provided	ASAP	Open – propose to close
7	WG4	AT	Look into a guidance note with an obligation on ESO to provide a weekly report on fixed tariff revenue vs cost and an outline of the tariff resetting process which will be taken to TCMF for engagement.	Verbal update to be provided	ASAP	Open – propose to close



Review Workgroup Consultation Responses

All



ESO Update

Alice Taylor, ESO

NESO Licence Update

- The current ESO licence will cease on 30th June 2024, with the new NESO licence coming into force on 1st July 2024.
- Under the NESO licence which is currently being consulted, it has been identified that interest incurred (or earned) by NESO will be reflected within internal costs, via the **ESOI term (within OSC) of Condition F1** (expenditure and allowed revenue).
- This means that going forwards, interest will be accounted for within the NESO licence and passed through into future BSUoS tariffs via Internal Allowed Revenue without the need for any CUSC amendment.
- However, we recognise that this will not take into account the interest earned in 2023/24. We have engaged with Ofgem and have identified an opportunity to add this interest as an item to be considered in the LEG term of that same condition within the NESO licence (the content of which would be described in the Financial Handbook so such inclusion would not need a licence change).
- This ensures that interest for 2023/24 is also able to be included within the future BSUoS tariffs.
- Therefore, this means that the NESO licence and the amendment to account for interest earned in 2023/24, would solve the same defect identified by CMP420 and negates the need for a CUSC change.



Review Timeline and Terms of Reference

Lizzie Timmins – ESO Code Administrator

Timeline for CMP420

Milestone	Date	Milestone	Date
Modification presented to Panel	29 September 2023	Workgroup report issued to Panel (5 working days)	20 June 2024
Workgroup Nominations (15 Working Days)	04 October 2023 to 25 October 2023	Panel sign off that Workgroup Report has met its Terms of Reference	28 June 2024
Workgroup 1 To discuss the defect, analysis required and begin refining the solution	16 November 2023	Code Administrator Consultation (15 working days)	03 July 2024 to 23 July 2024
Workgroup 2 To discuss the proposal, analysis required and begin refining the solution	11 December 2023	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	15 August 2024
Workgroup 3 To discuss the proposal, analysis required and begin refining the solution	10 January 2024	Panel undertake DFMR recommendation vote	23 August 2024
Workgroup 4 Finalise legal text	20 February 2024	Final Modification Report issued to Panel to check votes recorded correctly	27 August – 03 September 2024
Workgroup 5 Finalise Workgroup Consultation	19 March 2024	Final Modification Report issued to Ofgem	05 September 2024
Workgroup Consultation (15 working days)	28 March 2024 – 19 April 2024	Ofgem decision	TBC – required by 30 September 2024 unless otherwise directed by Authority
Workgroup 6 Review the Workgroup Consultation responses and any alternatives	02 May 2024	Implementation Date	01 April 2025
Workgroup 7 Workgroup Vote, finalise the Workgroup Report	21 May 2024		

Terms of Reference

Workgroup Terms of Reference
a) Consider EBR implications
b) Consider interactions with the FSO transition
c) Assess the consumer impacts of a creation of a 'BSUoS Fund', e.g. corporation tax
d) Assess the implications of interest being applied to over/under recovery
e) Consider interactions with previous Ofgem decisions and open letters relating to BSUoS



AOB & Next Steps

Lizzie Timmins – ESO Code Administrator