

## **CMP345 Business Rules**

### **Accounting for Covid-19 costs**

1. The ESO shall accrue in a separate account (the **Covid-19 Account**) the Covid-19 Balancing Services Costs (the **Covid-19 Costs**).
2. The accrual will take place from 1<sup>st</sup> May 2020 until 31<sup>st</sup> August 2020 or such later date determined by the ESO following consultation and agreement with the Authority. The latest date for accrual of costs into the **Covid-19 Account** shall be 31<sup>st</sup> March 2021.
3. The **Covid-19 Costs** shall comprise:
  - I) Costs associated with the Optional Downward Flexibility Management (ODFM) service;
  - II) Costs associated with contracts with nuclear power stations;
  - III) Costs associated with footroom, inertia and voltage needs which are related to forecast demand of less than 18GW; comprising the net costs in the Balancing Mechanism of (a) offers to change dispatch BMUs at power stations or interconnectors and (b) bids to change dispatch BMUs of at power stations, demand or interconnectors;
  - IV) Costs associated with the utilisation of Super SEL Contracts for demand below 18MW;
  - V) Costs associated with any relevant Schedule 7A contracts to manage demand when demand is less than 18GW;
  - VI) If relevant, any compensation arising from GC0143 emergency instructions to embedded generation; and
  - VII) Financing costs associated with the management of the **Covid-19 Account**.
4. The **Covid-19 Costs**, excluding 3(vii) financing costs, shall be subject to the **Covid-19 Allowance**.
5. The ESO shall inform market participants of the ongoing **Covid-19 Costs** on a weekly basis.
6. The **Covid-19 Allowance** shall be no more than £500m. Any **Covid-19 Costs**, excluding 3(vii) financing costs, in excess of the **Covid-19 Allowance** shall not be included in the **Covid-19 Account**.

### **Charging for Covid-19 costs**

- (i) The costs accrued in the **Covid-19 Account** shall be recovered from Users through BSUoS charges applied in 2021/22.
- (ii) The total **Covid-19 Account** shall be divided by the total number of settlement periods in the 2021/22 financial year.

- (iii) The costs in each settlement period shall be paid by delivering Generation and Demand in each settlement period (£/MWh).