

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

10 January 2024 – Workgroup 3
Online Meeting via Teams

WELCOME



Agenda

#	Topics to be discussed	Lead
1.	Review Timeline	Chair
2.	Review Terms of Reference	Chair
3.	Review Actions	All
4.	Review Draft Legal Text	Proposer
5.	Review Draft Workgroup Consultation	Chair
6.	Any Other Business	Chair
7.	Next Steps	Chair



Timeline

Jonathan Whitaker – ESO Code Administrator

Timeline for CMP420 as at 4 December 2023

Milestone	Date	Milestone	Date
Modification presented to Panel	29 September 2023	Panel sign off that Workgroup Report has met its Terms of Reference	26 April 2024
Workgroup Nominations (15 Working Days)	04 October 2023 to 25 October 2023	Code Administrator Consultation (15 working days)	30 April 2024 to 21 May 2024
Workgroup 1 To discuss the defect, analysis required and begin refining the solution	16 November 2023	Draft Final Modification Report (DFMR) issued to Panel (5 working days)	20 June 2024
Workgroup 2 To discuss the proposal, analysis required and begin refining the solution	11 December 2023	Panel undertake DFMR recommendation vote	28 June 2024
Workgroup 3 To discuss the proposal, analysis required and begin refining the solution	10 January 2024 (change from 09 January due to clash with Urgent CUSC modification)	Final Modification Report issued to Panel to check votes recorded correctly	05 July 2024
Workgroup Consultation (15 working days)	12 January 2024 – 02 February 2024	Final Modification Report issued to Ofgem	15 July 2024
Workgroup 4 To review the Workgroup Consultation responses and to finalise the solution	20 February 2024	Ofgem decision	By 30 October 2024
Workgroup 5 To review the Workgroup Consultation responses and to finalise the solution	12 March 2024	Implementation Date	01 April 2025
Workgroup report issued to Panel (5 working days)	18 April 2024		



Terms of Reference

Jonathan Whitaker – ESO Code Administrator

CMP420 - Terms of Reference

Workgroup Terms of Reference

1.Consider EBR implications

2.Consider interactions with the FSO transition

3.Assess the consumer impacts of a creation of a 'BSUoS Fund', e.g. corporation tax

4.Assess the implications of interest being applied to over/under recovery

5.Consider interactions with previous Ofgem decisions and open letters relating to BSUoS



Actions Review

All

Actions

4	Workgroup 2	Proposer	Proposer to design a timetable to assist with cross referencing when certain charges are set and forecasted to align and provide clarity when under and over recovery applies to which period.	Workgroup 3	Open
5	Workgroup 2	Proposer	Proposer to work with ESO to draft Legal Text and share with the Workgroup	Workgroup 3	Open



Draft Legal Text

Proposer

Legal Text for the Interest Part of CMP420

Amendments (in red) have been made to section 14.31.5 of Section 14 of the CUSC:

Calculation of forecast Total BSUoS Costs

14.31.5 The forecast average Total BSUoS Costs for a Fixed Price Period t (fBSUoSTOT_t) are calculated using the following formula:

$$fBSUoSTOT_t = fBSUoSEXT_t + fBSUoSINT_t + kb_t + I_t$$

Where:

fBSUoSTOT_t = forecast average Total BSUoS Costs associated with BSUoS for the Fixed Price Period t

fBSUoSEXT_t = forecast External BSUoS Costs. The terms which make up External BSUoS Costs are set out in Paragraph 14.31.23

fBSUoSINT_t = forecast Internal BSUoS Costs. The terms which make up Internal BSUoS Costs are set out in Paragraph 14.31.24

kb_t = the amount included in the Fixed BSUoS Price for Fixed Price Period t , to account for any over or under recovery from previous Fixed Price Periods. For the first Fixed Price Period ($t=0$) this amount is zero.

I_t = Interest applied to Fixed Price Period t as described in Paragraph 14.31.8.

14.31.6 The amount included to account for over or under recovery, described in Paragraph 14.~~31.530.4~~, is calculated by subtracting the forecast revenue collected via the Fixed BSUoS Price allocated to Total BSUoS Costs in Fixed Price Periods prior to Fixed Price Period t, from the latest forecast of Total BSUoS Costs, as calculated by applying the latest values to the formula in Paragraph 14.~~31.530.4~~, for those same Fixed Price Periods prior to Fixed Price Period t. This is inclusive of any revenue collected from Final Reconciliation (RF) BSUoS Charges, pursuant to Paragraph 14.32.5.

~~14.31.7~~ The process described in Paragraph 14.31.5 does not apply to Final Reconciliation (RF) BSUoS Charges for Settlement Days which occur before the start of the first Fixed Price Period, on 1st April 2023.

~~14.31.8~~ Interest is calculated on a financial year basis as per Special Condition 4.1 (paragraph 4.1.3) of the Company's licence at the average rate of SONIA (Sterling Overnight Index Average) for the financial year being considered plus 1.15%. Interest is confirmed in the Regulatory Reporting Pack in July each year so interest included in the tariff will be either the Company's best estimate (if the tariff is being set between April and July) or the confirmed amount (if the tariff is being set at any other time) of interest calculated per the licence for the most recent completed financial year, pro-rated for the length of time that the fix will be in force plus any element of a previously confirmed interest charge not already included in a tariff.



Review Draft Workgroup Consultation

Chair



Any Other Business

Jonathan Whitaker – ESO Code Administrator



Next Steps

Jonathan Whitaker – ESO Code Administrator