SUMMARY OF P378 PROPOSER'S POSITION, AS REFLECTED IN THE MODIFICATION

The Modification raised can be summarised as follows (brief explanations in brackets). This follows an Issue 76 Workgroup where the principles adopted were of simplicity and expediency:

Features of Collection of Funds

- Amounts - Amounts to be based on the existing schedule of CM Supplier Charges, with no adjustments/reconciliation (simplicity)
- Credit cover - No credit cover requirement (to avoid double credit cover and cash flow issues since ESC still holds some credit cover)
- Mutualisation - No mutualisation (mutualisation during the collection period would see paying Suppliers doubly suffer if they had to bear mutualisation compared to non-paying suppliers)
- Escalation - use existing BSC Default sanctions (given no credit cover and no mutualisation, escalation and enforcement needs to be swift and meaningful)

Duration

- Collect monies only for 18/19 year, ending Sept 19 – consult also on collecting for 19/20 CM year. Note that if CM year 19/20 is included, the current CM schedule is for Oct 18-Sept 19. Will need mechanism to obtain 19-20 schedule
- Include ultimate long stop date of Sept 20 (note: could be further extended by a subsequent Modification)

Effective Date and historic payments/missing months

- Charges will be invoiced monthly on 1st WD of month, payable within 5WDs (as now)
- First invoice to include amounts from January up to month in which Modification is implemented and to be issued within 2WDs of Implementation Date, unless this is within the last 10WDs of month in which case wait until 1st WD of next month (have publicised inclusion of January to 'warn' suppliers).
- Second and third monthly invoices to also each include amounts for half of charges for October to December 18 now that ESC is returning Oct and Nov payments upon supplier request (this is to smooth payments for 'missing' months but profile should be consulted on)

Trigger for Release of Funds and destination of funds

- If ESC invoices the supplier levy for same period, all funds to be released to ESC (alternative of releasing funds to Suppliers to pay to ESC introduces additional non-payment risk); or
- If CM standstill is not lifted after all appeals, or is lifted but without payments covering the relevant period, or the SoS definitively states that there will be no payments in respect of the relevant period, each, as determined by the Panel on request by a Supplier, funds to be returned to Suppliers; or
- If long stop date reached of end Sept 2020 (consult on this date) funds to be returned to Suppliers

Account Management

- ELEXON to hold funds as per other ELEXON funds and existing ELEXON account governance considered adequate (alternative of escrow or trust to be consulted on)
- Direct Debit - DD will be available for ELEXON account

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- Interest – ELEXON to accrue and use to defray costs of this scheme and other BSC Costs (returning interest to suppliers considered too complex, to ESC or to CM providers considered outside scope of this Modification. Note ESC pays no interest)
- No late payment interest (complex to operate and calculate manually and consistent with reasons for excluding credit cover and mutualisation)

Reporting

- ELEXON to publish monthly amount invoiced and collected that month and by cumulative total
- Published on BSC Website and in Circular

The above is subject to detailed legal analysis, plus VAT and accounting treatment.

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