

MINUTES

MEETING NAME	Credit Committee
Meeting number	36
Date of meeting	30 March 2017
Venue	ELEXON Ltd, 350 Euston Road, London NW1 3AW
Classification	Public

ATTENDEES AND APOLOGIES

Attendees

Michael Gibbons	MG	Chairman (teleconference)
Stuart Cotten	SC	Member (teleconference)
Gary Henderson	GH	Member (teleconference)
Lisa Waters	LW	Member (teleconference)
Thomas Routier	TR	Group Coordinator
Riccardo Lampini	RL	Technical Secretary
David Thomas	DT	ELEXON

Apologies

Barbara Vest	BV
Andrew Colley	AC

INTRODUCTION

1. Credit Committee

1.1. Introductions and apologies were made and all attendees were confirmed.

DECISION PAPER

2. Review of the Credit Assessment Price (CAP) – CC36/01

- 2.1. ELEXON presented the CAP review paper to the Credit Committee. On Monday 20 March 2017, the reference price was £43.43/MWh. This breached the CAP review trigger level of +/- £5/MWh, as it was £0.57/MWh below the last notified CAP value of £49/MWh.
- 2.2. ELEXON issued a consultation to industry on 20 March 2017 on a new proposed CAP value of £44/MWh. ELEXON received three responses, representing 10 BSC Parties. The respondents agreed the proposed level of the CAP and believed the current trigger level remained appropriate.
- 2.3. The Credit Committee was invited to determine whether the CAP value should be revised and, if so, the new value. A new CAP value must come into effect no sooner than the 15th Business Day after the notification to industry. Therefore, a new CAP could only become effective from Tuesday 25 April 2017.

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- 2.4. The Credit Committee took into account the latest reference price provided by ELEXON at the meeting of £41.68/MWh, and that forward prices for May and June 2017 would start to be used to calculate the reference price from 1 April 2017.
- 2.5. The Credit Committee discussed the recent trend of market prices and the possible outlook for the coming months. After deliberation of all elements, the Credit Committee unanimously voted for the new CAP to be set at the value of £43/MWh. The new CAP will be effective from Tuesday 25 April 2017.
- 2.6. ELEXON also invited the Credit Committee to review the CAP trigger level, currently set to +/- £5/MWh. The Committee unanimously agreed for the trigger level to remain at its current value.

3. Proposed changes to the CAP Review process – CC36/02

- 3.1. Based on previous discussions about improving the efficiency of the review process, ELEXON set a proposal to partly automate the setting process. The key items of the proposal include:
 - Moving the consultation proforma to an online form (which would make it easier for BSC Parties to respond and therefore should encourage more participation); and
 - Automatically change the CAP to the reference price following a breach of a trigger level unless any Party or Credit Committee member believes a meeting is required.
- 3.2. The members discussed about potential costs associated with online consultation tools and on how to ensure the new process is auditable. The new consultation process should assure all multiple responses from same BSC Party or requests from Parties to do not publish their answers are handled correctly.
- 3.3. The ELEXON Portal and Survey Monkey are the proposed solutions to investigate further.
- 3.4. Credit Committee agreed that the suggested changes seemed reasonable, and that BSC Parties may be more likely to respond to an online proforma. The Credit Committee members agreed to proceed in principle, once costs of potential methods of consulting (using the ELEXON Portal or Survey Monkey for example) and any potential costs savings associated with changing the current process are better known.

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- 3.5. The Committee approved the second proposed change in principle but questioned the robustness of the new potential process.
- 3.6. ELEXON asked the Credit Committee members for their views on which value should be suggested in the consultation under the proposed process, as well as the minimum number of respondents requesting a meeting for it to occur. The Credit Committee agreed to suggest the latest reference price value in the consultation and that at least one respondent requesting a meeting would be enough to trigger it. If no one objected on the proposed CAP value, ELEXON would automatically implement it without having to hold a Credit Committee meeting.
- 3.7. The Credit Committee suggested that a consultation should be performed to ensure the industry supports the direction of the changes following the BSC Panel's approval at its next meeting. ELEXON agreed to provide a paper highlighting the change in process, including a consultation proforma, to the Panel at its next meeting on 13 April 2017.

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4. The Credit Committee:

- a) **NOTED** the contents of the papers;
- b) **APPROVED** an alternative CAP value , in light of more recent market data, of £43/MWh;

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- c) **AGREED** to keep the trigger level at its current value of +/- £5/MWh;
- d) **CONFIRMED** the revised value of CAP will go live Tuesday 25 April 2017; and
- e) **AGREED** for the proposed changes to be included in an industry consultation following the BSC Panel's approval at its next meeting on 13 April 2017.