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24 December 2018

**RE: Request to treat BSC Modification [P378](#) 'Introduction of a CM Supplier Interim Charge' as an Urgent Modification Proposal**

Dear Mr Thackeray,

The BSC Panel, at an [Urgent Panel Meeting on 21 December 2018](#), unanimously agreed to recommend to Ofgem that P378 should be treated as an Urgent Modification Proposal. The P378 Initial Written Assessment (IWA) details the proposed urgent timetable and procedure, subject to the following amendment agreed by the panel at that meeting:

- The Panel may develop an Alternative Modification Proposal, in response to the consultation, where it considers any Alternative Modification Proposal would, as compared with the Proposed Modification, better facilitate achievement of the Applicable BSC Objective(s) in relation to the issue or defect identified in the Modification Proposal.

The Panel agreed with the Proposer that P378 meets the [Ofgem urgent criterion](#) a) and b). P378 is linked to an imminent and current issue that if not urgently addressed may cause a significant commercial impact on parties, consumers and capacity providers, as well as on the safety and security of the electricity systems for the reasons detailed by the Proposer in the P378 Proposal Form and summarised in the IWA.

The Panel further noted the importance of flagging to participants in advance, that P378, if approved, will collect monies for months before the P378 Implementation Date. In addition, the proposed urgent timetable has been set so as to provide the P378 final Modification Report to Ofgem before it makes its decision on the upcoming price cap review in February 2019.

The Panel discussions, for which you were present throughout, and Panel initial views on P378, which we note are not required for Ofgem's consideration of urgency, will be fully captured in the Panel minutes. The minutes will be available publicly in early January 2019. Should the proposed urgent timetable be approved by Ofgem, these views will also be captured in the consultation document.

In summary, the Panel unanimously agreed to an initial view that P378 should be approved. The Panel also noted that the Department for Business, Energy and Industrial Strategy (BEIS) is [consulting](#), amongst other things, on recommending collection of payments from Suppliers and identifies a BSC Modification (i.e. P378) as one of two routes:

- Option 1: Electricity Settlements Company begin collecting the Capacity Market Supplier Charge again – the Panel noted this is the preferred way forward to address the issue;

- Option 2: a Balancing and Settlement Code (BSC) solution i.e. P378 – the Panel noted it important that this contingency option is pursued in parallel to option 1 to minimise any delays.

The Panel requests a decision is made on urgency as soon as possible and in any event by 5 pm on Wednesday 9 January 2019 at the latest to either allow the proposed urgent timetable to be executed or to allow the Panel and Proposer to consider how best to proceed at the Panel meeting on 10 January 2019. I thank you in advance on behalf of the Panel for your timely response.

Yours sincerely,

Michael Gibbons  
Panel Chairman

List of enclosures

Attachment 1: P378 Initial Written Assessment