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9 April 2020

## **RE: BSC Panel Request to treat Modification P406 as Urgent**

Dear Jasmine,

At its meeting on 9 April 2020, the BSC Panel unanimously agreed to request that Ofgem:

- Considers [P406 'Temporary disapplication of Supplier Charge Serials SP08 and SP04 due to COVID-19'](#) an Urgent Modification Proposal; and
- Agrees the proposed procedure and Urgent timetable.

In comparison to the standard Report Phase Consultation progression for P406, the proposed Urgent timetable includes a shortened five working day Report Phase Consultation. This shall be followed by an ad-hoc Panel meeting to consider the Draft Modification Report, and an Ofgem decision window of no less than six working days (decision on whether to approve P406 required by 5 May 2020).

The attached P406 Initial Written Assessment (IWA) details the Modification background, issue, proposed solution, and proposed urgent timetable in further detail.

### **Justification for Urgency**

The Panel considers P406 Urgent in order for the solution to be implemented for the March 2020 Supplier Charge calculations, run in June 2020. The March 2020 Supplier Charge Period will be the first Supplier Charge Period impacted by COVID-19. The implementation of the solution, off course, will be subject to subsequent approval of P406 by Ofgem.

Due to government social distancing guidelines, and in order to protect the health and safety of colleagues and customers, Suppliers and their Agents may be unable to obtain Meter readings through usual Meter read activities. Where this is the case, Suppliers' Settlement performance will be negatively impacted, thus exposing such Supplier to additional Supplier Charge payments, impacting its commercial activities.

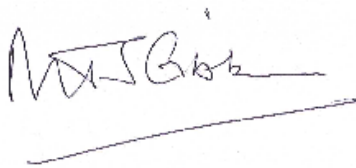
The Panel notes that the impact of the COVID-19 situation on Supplier Charges could not have been foreseen or mitigated against by market participants, and that health and safety considerations should remain the priority.

If P406 were not granted Urgent status and thus followed the standard Modification progression route, the earliest point at which the P406 would be effective is for the April 2020 Supplier Charge Period, calculated in July 2020 (subject to Ofgem approving P406). In this scenario, the March 2020 Supplier Charges would be calculated and invoiced per the existing BSC framework, and the benefit of P406 for the March Supplier Charge period lost.

We kindly request that a decision on Urgency be made by **16 April 2020**, to provide market participants notice of the early conclusion of the Report Phase Consultation, subject to Urgent status being granted. On behalf of the BSC Panel, I thank you in advance for your timely response.

The Ofgem representative was present throughout the Panel's full consideration of P406. However, if you have any further questions or wish to discuss the contents of this letter further, please contact Elliott Harper at [elliott.harper@elxon.co.uk](mailto:elliott.harper@elxon.co.uk) or on 0207 380 4302.

Yours sincerely,



Michael Gibbons  
BSC Panel Chair

List of attachments:

- Attachment 1: P406 Initial Written Assessment