

MINUTES

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| MEETING NAME | Credit Committee |
| Meeting number | 39 |
| Date of meeting | 15 March 2019 |
| Venue | ELEXON Ltd, 350 Euston Road, London NW1 3AW |
| Classification | Public |

ATTENDEES AND APOLOGIES

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| Attendees | Michael Gibbons | MG | Chairman (teleconference) |
| | Lisa Waters | LW | Member (teleconference) |
| | Stuart Cotten | SC | Member (teleconference) |
| | Robert Johnson | RJ | Member (teleconference) |
| | Nick Baker | NB | ELEXON |
| | Sabina Bham | SB | ELEXON |

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| Apologies | Andrew Colley | AC | Member |
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INTRODUCTION

1. Credit Committee

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

DECISION PAPER

2. Review of the Credit Assessment Price (CAP) – CC39/01

- 2.1. ELEXON presented the CAP Review paper to the Credit Committee. The reference price on 4 March 2019 was £49.09/MWh, and so breached the lower CAP review trigger level of £50/MWh (current CAP value is £56/MWh, +/- £6/MWh trigger level).
- 2.2. ELEXON issued a consultation to industry on 4 March 2019, proposing a new CAP value of £49/MWh. No responses from Industry were received. Credit Committee members were not in agreement on the proposed CAP value and therefore, a Credit Committee meeting was held.
- 2.3. The Credit Committee was invited to determine whether the CAP value should be revised. A new CAP value must come into effect no sooner than the 15th Business Day after the notification to industry. Therefore, the earliest day the new CAP could become effective is Tuesday 9 April 2019.

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- 2.4. The Credit Committee discussed the recent significant decrease in the reference price, and the downward trend seen in forward market prices. The proposed CAP of £49/MWh was deemed unsuitable based on the decrease of forward market prices since the consultation was issued.
- 2.5. The Credit Committee discussed values for the CAP between £48/MWh and £49/MWh. These values were based on the latest reference price data provided in CC39/01, and the projected reference price around the proposed implementation date. The Credit Committee agreed to try and set a CAP which would not immediately be breached again, in order to provide stability for BSC Parties.
- 2.6. After the latest pricing data and all views were taken into consideration, the Credit Committee unanimously voted for the new CAP value of £48/MWh, effective from 9 April 2019.
- 2.7. ELEXON also invited the Credit Committee to review the CAP trigger level, currently set to +/- £6/MWh. The Credit Committee unanimously agreed to keep the trigger level unchanged. However, it was agreed that if the reference price continued to decrease, a lower trigger would be considered in the next review.

3. Any other business

- 3.1 The Credit Committee highlighted that the consulted on proposed CAP, following a breach in the CAP Review process, is often different to the reference price at the implementation date. ELEXON advised that the consulted on value is set in line with the [CAP Review Guidance Document](#).
- 3.2 The Credit Committee asked that consultees are made aware in future of the potential reference price on the proposed implementation date. The Committee also asked ELEXON to provide analysis on the consulted on proposed CAP, reference price and the implementation date.

Action 39/01

4. The Credit Committee:

- a) **NOTED** the content of the paper;
- b) **APPROVED** an alternate CAP value, in light of more recent market data and the potential implementation date, of £48/MWh;
- c) **AGREED** that the trigger level remain unchanged at +/- £6/MWh; and
- d) **CONFIRMED** that the new CAP value of the CAP will go live on Tuesday 9 April 2019.