CAP CONSULTATION PROFORMA

Trading Parties ("Parties") are invited to respond to this consultation, expressing their views or providing further evidence on any of the matters contained within the consultation document. Parties are invited to supply the rationale for their responses to the set questions.

Please send your responses by **17:00 on Tuesday 18 June 2019** to Credit.Committee@elexon.co.uk and please title your email 'CAP Consultation'. Please note that any responses received after the deadline may not receive due consideration by the Credit Committee.

Any queries on the content of the consultation proforma should be addressed to BSC Helpdesk on 0370 010 6950, or to [Credit.Committee@elexon.co.uk].

Respondent:	Peter Berry
Company Name:	Calon Energy
No. of BSC Parties Represented	3
Parties Represented	Baglan Bay, Severn Power, Sutton Bridge
No. of Non BSC Parties Represented	0
Non Parties represented	Please list all non-Parties responding on behalf of (including the respondent company if relevant).
Role of Respondent	Generator
We intend to publish the consultation responses on the ELEXON website. Do you agree to this response being published on the ELEXON website? [Y/N]	Y

Q	Question	Response [1]	Rationale
1.	Do you agree with the proposal to decrease the Credit Assessment Price (CAP) to **£41/MWh** based on current level of the Reference Price? (Note: the Credit Committee will meet if one or more respondents or Credit Committee members disagree with the proposed value of CAP)	No	Calon Energy is concerned by the number of suppliers who have defaulted this year. We are further concerned that Ofgem has been issuing directions with regard to non-payment of FITs, etc. All suggesting that the financial stability of suppliers is unstable. Whilst this proposed change may seem logical at this current time, at the point where Capacity Market payments are reinstated as mandatory and non-payment of green levy directions upon suppliers have been concluded, the problem is being pushed downsteam giving suppliers a false sense of security at this time, in light of this proposed change. It would therefore be prudent to reflect these factors in the CAP to protect all BSC parties. Looking back to last summer, there were a periods of very high imbalance prices due to system operations, notably periods with high wind and low demand. The cash-out prices were reflecting the actions that the ESO was taking to manage these conditions, often with cash-out being decoupled from wholesale prices. Calon believes that this summer is likely to be similar, so the risk of a supplier defaulting with higher debts is more likely. From the SPAR reports we note that in July 2018 the highest price was £158/MWh and median between £44-70 (depending on system length). In August the highest price was £180 and the median £45-77. Based on this experience we do not believe that it would be prudent to lower the CAP to £41.
2.	If your answer to Question 1 is 'No', please give the value of CAP that you consider to be more appropriate and your rationale for that value.	£45	A slightly lower number could be justified, but £41 certainly looks too low, especially as the change is not implement for some weeks after the decision is made.

CAP CONSULTATION PROFORMA

Q	Question	Response [1]	Rationale
3.	Do you believe the current trigger level of +/- £6/MWh from the CAP is appropriate? If you answered 'No' to the above question, please give the value of the trigger level that you consider to be more appropriate and your rationale for that value.	Yes	
4.	Do you have any further comments relating to the appropriate value of CAP or the other points made in the consultation document?	No	

CAP CONSULTATION PROFORMA

Trading Parties ("Parties") are invited to respond to this consultation, expressing their views or providing further evidence on any of the matters contained within the consultation document. Parties are invited to supply the rationale for their responses to the set questions.

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Respondent:	*Mick Farr*
Company Name:	Triton Power
No. of BSC Parties Represented	2
Parties Represented	*Saltend and Indian Queens*
No. of Non BSC Parties Represented	0
Non Parties represented	*Please list all non-Parties responding on behalf of (including the respondent company if relevant).*
Role of Respondent	*generator*
We intend to publish the consultation responses on the ELEXON website. Do you agree to this response being published on the ELEXON website? [Y/N]	*Y*

Q	Question	Response [1]	Rationale
1.	Do you agree with the proposal to decrease the Credit Assessment Price (CAP) to **£41/MWh** based on current level of the Reference Price? (Note: the Credit Committee will meet if one or more respondents or Credit Committee members disagree with the proposed value of CAP)	No	As a generator we have considerable concerns about the health of some suppliers, as witnessed by the defaults seen in the market. With the return of the capacity market due and the need for suppliers to then pay the generators a year of CM payments in one go, we expect further supplier defaults. Looking at the wholesale market prices over the summer months the peaks seem to be trading between £43-£47, so £41 looks low. Furthermore, last year the summer saw some periods of very high prices due to the way the system was operating, with high wind and low demand resulting in the ESO calling on expensive plants to maintain system security. Some, but not all, of those actions feed into cash-out. There is therefore a risk that cash-out could be higher than the peak prices, recognising real time issues. In July 2018 the highest price was £158/MWh and median between £44-70 (depending on system length). In August the highest price was £180 and the median £45-77. Based on this experience we do not believe that it would be prudent to lower the CAP to £41.
2.	If your answer to Question 1 is 'No', please give the value of CAP that you consider to be more appropriate and your rationale for that value.	£45	This number is to reflect the prices seen last summer. We do not believe that there have been any changes to the GB power market that would suggest lower prices should be expected.
3.	Do you believe the current trigger level of +/- £6/MWh from the CAP is appropriate? If you answered 'No' to the above question, please give the value of the trigger level that you consider to be more appropriate and your rationale for that value.	Yes	

CAP CONSULTATION PROFORMA

Q	Question	Response [1]	Rationale
4.	Do you have any further comments relating to the appropriate value of CAP or the other points made in the consultation document?	No	

CAP CONSULTATION PROFORMA

Trading Parties ("Parties") are invited to respond to this consultation, expressing their views or providing further evidence on any of the matters contained within the consultation document. Parties are invited to supply the rationale for their responses to the set questions.

Please send your responses by **17:00 on Tuesday 18 June 2019** to Credit.Committee@elexon.co.uk and please title your email 'CAP Consultation'. Please note that any responses received after the deadline may not receive due consideration by the Credit Committee.

Any queries on the content of the consultation proforma should be addressed to BSC Helpdesk on 0370 010 6950, or to [Credit.Committee@elexon.co.uk].

Respondent:	Camille Pedersen
Company Name:	MFT Energy
No. of BSC Parties Represented	1
Parties Represented	MFT Energy P/S
No. of Non BSC Parties Represented	
Non Parties represented	
Role of Respondent	Trader (BN, TN, TI)
We intend to publish the consultation responses on the ELEXON website. Do you agree to this response being published on the ELEXON website? [Y/N]	Yes

CAP CONSULTATION PROFORMA

Q	Question	Response [1]	Rationale
1.	Do you agree with the proposal to decrease the Credit Assessment Price (CAP) to **£41/MWh** based on current level of the Reference Price? (Note: the Credit Committee will meet if one or more respondents or Credit Committee members disagree with the proposed value of CAP)	Yes	
2.	If your answer to Question 1 is 'No', please give the value of CAP that you consider to be more appropriate and your rationale for that value.		
3.	Do you believe the current trigger level of +/- £6/MWh from the CAP is appropriate? If you answered 'No' to the above question, please give the value of the trigger level that you consider to be more appropriate and your rationale for that value.	Yes	
4.	Do you have any further comments relating to the appropriate value of CAP or the other points made in the consultation document?	No	

Best regards,

Camille Pedersen

Camille Pedersen

MFT Energy