

HEADLINE REPORT

MEETING NAME	Credit Committee
Meeting number	40
Date of meeting	24 June 2019
Purpose of paper	For Information
Classification	Public
Synopsis	This report sets out the headlines and key decisions of the most recent Credit Committee meeting.

EXECUTIVE SUMMARY

1. Credit Committee – CC40

- 1.1 The Credit Committee considered the Decision Paper CC40/01 – Review of the Credit Assessment Price (CAP).
- 1.2 The Credit Committee approved a new CAP value of £43/MWh and confirmed a new trigger level of +/- £5/MWh.
- 1.3 The Credit Committee Papers and agenda can be downloaded from the ELEXON website.

COMMITTEE DECISION

2. Review of the Credit Assessment Price (CAP) – CC40/01

- 2.1 The reference price breached the lower trigger level of £42/MWh (£6/MWh below the last notified CAP value of £48/MWh) on 10 June 2019. ELEXON issued a consultation on 10 June 2019 asking Trading Parties if they agreed with the proposed CAP value of £41/MWh. Credit Committee members and some consultation respondents disagreed with the proposed CAP value, and therefore a Credit Committee meeting was held.
- 2.2 The Credit Committee discussed CAP values between £42/MWh and £45/MWh, noting that they should consider forward market prices for September as these will be used in the reference price calculation from the start of July.
- 2.4 After deliberation, a new CAP value of £43/MWh was unanimously agreed. The new CAP will be effective from 16 July 2019.

The Credit Committee also reviewed the current trigger level of +/- £6/MWh and agreed this should be decrease to +/- £5/MWh.
- 2.5 The Credit Committee:
 - a) **NOTED** the content of the paper;
 - b) **APPROVED** an alternate CAP value, in light of more recent market data, of £43/MWh;
 - c) **AGREED** a new trigger level value of +/- £5/MWh; and
 - d) **CONFIRMED** that the new value of the CAP will go live on Tuesday 16 July 2019.

HEADLINE REPORT

3. CAP Review Process Suggestions – CC40/02

- 3.1 ELEXON presented analysis for the CAP Review process for the past two years. The analysis highlighted the breaches since changes were made to improve efficiency in June 2017.
- 3.2 The Credit Committee agreed that the text in the CAP Review Guidance document regarding ELEXON setting a new CAP value for consultation “based on the latest reference price, and its potential implementation date” could be interpreted in different ways. The Committee agreed that the price for consultation should be based on reference price at the potential implementation date, not the breach date. ELEXON confirmed it would include this in the CAP Review Process review.
- 3.3 The Credit Committee also discussed what could be done to further improve the CAP Review Process and gave ELEXON input for a CAP Review to be taken to the BSC Panel at a later date. This included discussing how the trigger level is set. The Committee asked ELEXON to obtain opinions from stakeholders on the CAP Review Process prior to delivering the review to the BSC Panel.
- 3.4 The Credit Committee:
- a) **NOTED** the analysis presented in the paper; and
 - b) **DISCUSSED** the areas of potential improvements in the CAP Review Process, and provided suggestions which should be considered by ELEXON as part of any review for the BSC Panel.