

Headline Reports

Credit Committee 43

Meeting number	CC43	Venue	Online meeting (MS Teams)
Date of meeting	22 February 2021	Classification	Public
Synopsis	This report sets out the headlines and key decisions of the most recent Credit Committee meeting.		

Executive Summary

1. Credit Committee – CC43

- 1.1 The Credit Committee (CC) considered the Decision Paper CC43/01 – Review of the Credit Assessment Price (CAP) process and CC43/02 – the proposed updates to the Credit Committee's Terms of Reference (ToR)
- 1.2 The Credit Committee approved the recommendations of CC43/01 to keep the current CAP process arrangements but asked for a paper to raise their concerns to the Panel.
- 1.3 The Credit Committee noted the updates proposed to the Committee's ToR. They expressed their agreement with all but one proposed changes.
- 1.4 The Credit Committee Papers and agenda can be downloaded from the [Credit Committee page on the Elexon website](#).

Committee Decision

2. Review of the Credit Assessment Price (CAP) process

- 2.1 High System Prices between £1,000/MWh and £4,000/MWh in January 2021 increased the average of System Prices to around £73/MWh. At 42nd Credit Committee meeting, Members expressed their concerns that current CAP process may not fully reflect the high prices and an analysis was asked to be done to see whether considering higher weights for peak prices could help improve the process.
- 2.2 Elexon carried out analysis using two scenarios. Peak_only scenario calculates reference price and CAP using only forward market peak prices. P2B1 scenario consider a weight for peak prices double that of baseload prices. The paper recommended no changes to the current arrangements was needed.
- 2.3 Credit Committee Members approved the paper recommendation, however, they highlighted the need to escalate their concerns to the Panel that during periods of stress events CAP arrangements do not seem to be accurately reflecting System Prices and there is a need to look into other ways to help Parties lodge Credit Cover in such circumstances.
- 2.4 The Credit Committee:
 - a) **NOTED** the paper provided;
 - b) **APPROVED** that no changes to the current process of calculating reference price and the CAP is needed;
 - c) **CONFIRMED** that a paper on Credit Committee's concerns will need to be presented to the Panel.

3. The Credit Committee Terms of Reference

- 3.1 Elexon presented to the Credit Committee the proposed changes to the Committee's Terms of Reference which will be noted and approved by the March Panel. The Credit Committee disagreed with deletion of first bullet point in section 4.2.2 under Powers and Functions of the Committee (in relation to setting the trigger level) and expressed their agreements with all other proposed changes.
- 3.2 The Credit Committee:
- a) **NOTED** the proposed changes to the CC's Terms of Reference;
 - b) **COMMENTED** on the proposed changes to the CC's Terms of Reference;
 - c) **ENDORSED** the updated Terms of Reference following an amendment; and
 - d) **NOTED** that the updated Terms of Reference will be presented to the BSC Panel in March 2021 for approval.