

# ELEXION

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**Alternative Credit Assessment Price  
Review  
Credit Committee Meeting CC49**

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49/01

Emma Tribe

16 December 2021

# WC/13 December 2021 CAP proposal

- The last notified value of the Credit Assessment Price (CAP) was **£305/MWh**
- This will go live on Friday 17 December 2021. This value was proposed on 30 November 2021 under the alternative CAP review methodology

Under the alternative CAP review methodology the Credit Committee will propose a CAP value every two weeks. If the alternative CAP review process continues:

- then the proposed CAP will be live between 7 January 2021 and 16 January 2021.
- Therefore we recommend a higher weighting should be given to current system prices and the latest forecast for what prices will be in two weeks and January 2021.
- The Credit Committee is invited to propose a CAP value for a two working day consultation.
- Timelines:
  - Thursday 16 December 2021 – new CAP proposed, consultation issued
  - Monday 20 December 2021 – consultation closed
  - Tuesday 21 December 2021 – notification of new CAP value
  - Friday 7 January 2021 – new CAP value goes live
  - Wednesday 29 December 2021 – CC50 and new CAP value proposed to go live on 18 January

[illegible]

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# CC48 – £305/MWh consultation responses

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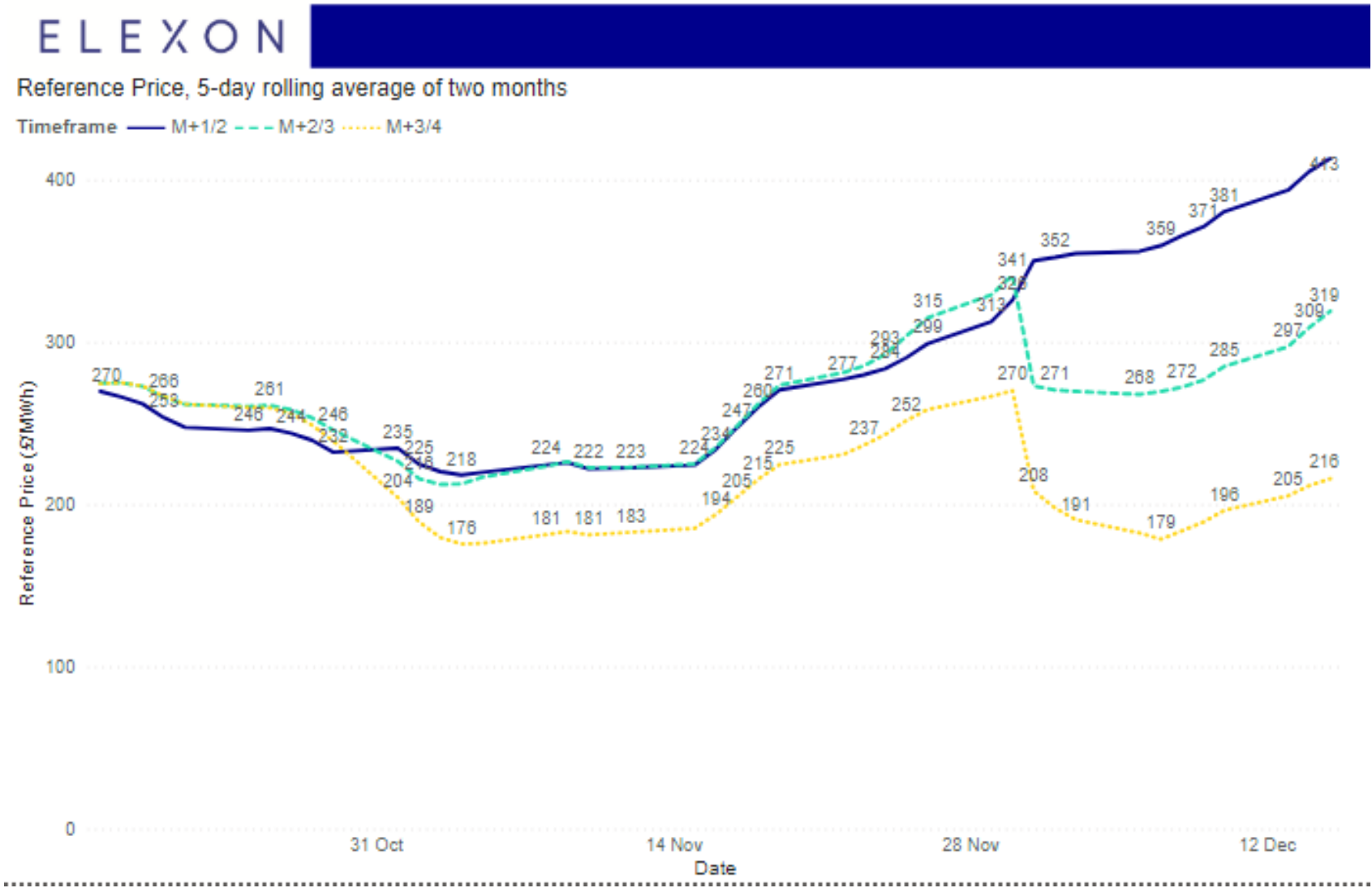
There were three consultation responses. Please note none of these respondents have agreed to their responses being published on the Elexon website.

# Reference Price, 5 day rolling average of two months

Latest Reference Price based on forward market prices for January and February is £413.27/MWh.

Under the normal CAP review process this would breach the upper trigger level (+/- £30/MWh) of the last notified CAP value £305/MWh

Five day rolling average of forward prices for January and February is £319.15/MWh.



# Latest ICIS Power Assessment forecasts

Forecast for week +1 is between £450/MWh peak and £360/MWh base.

Week after, between Christmas and new year, between £338/MWh and £271/MWh.

Month +1 (January) increases to between £537/MWh and £358/MWh.

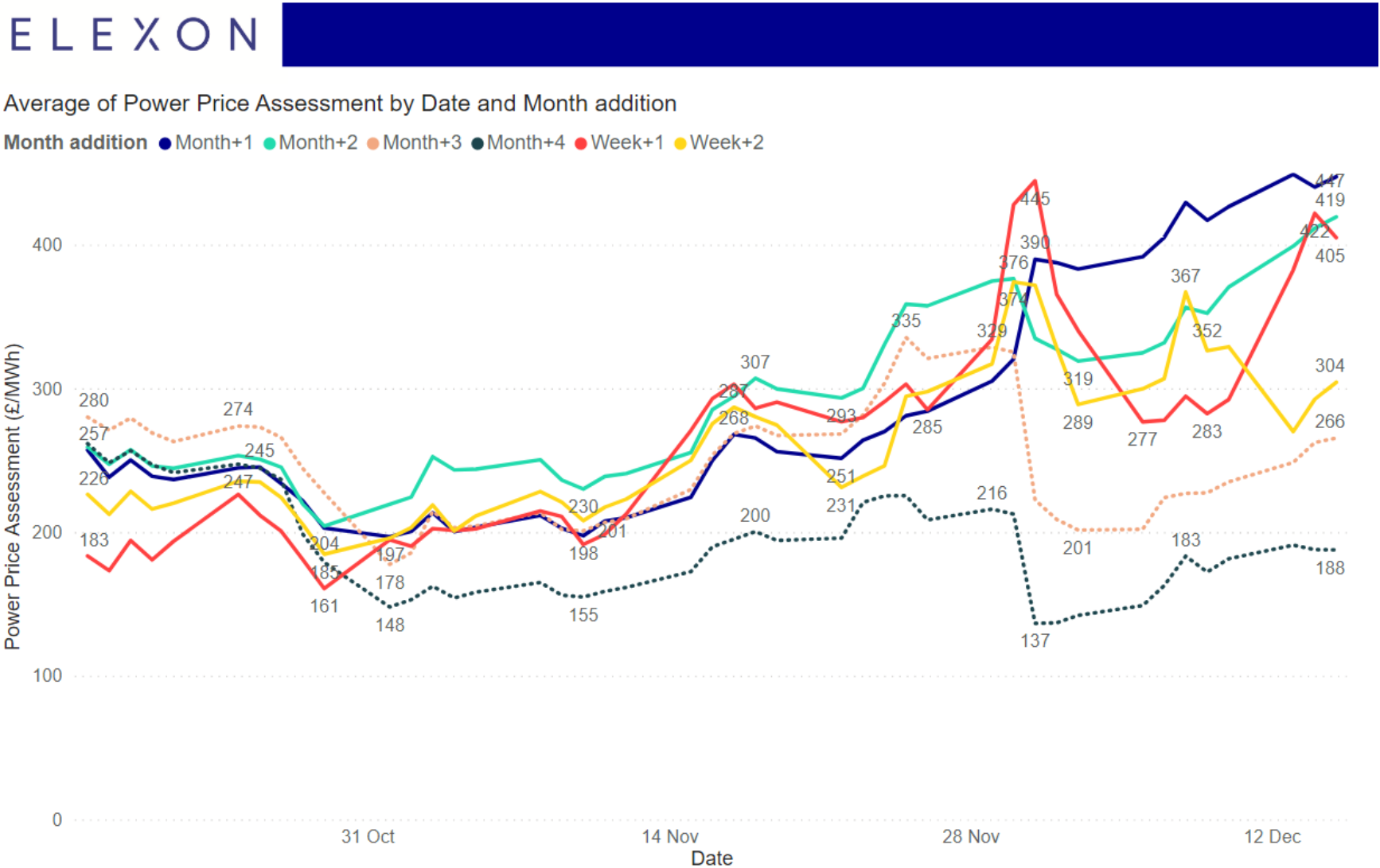
Decreasing after that.



# Last two months of power price assessments

Lots of movement between prices in the week+1 and week+2 forecasts.

Still looking high in month+3 and month+4



# 7 day rolling average System Price

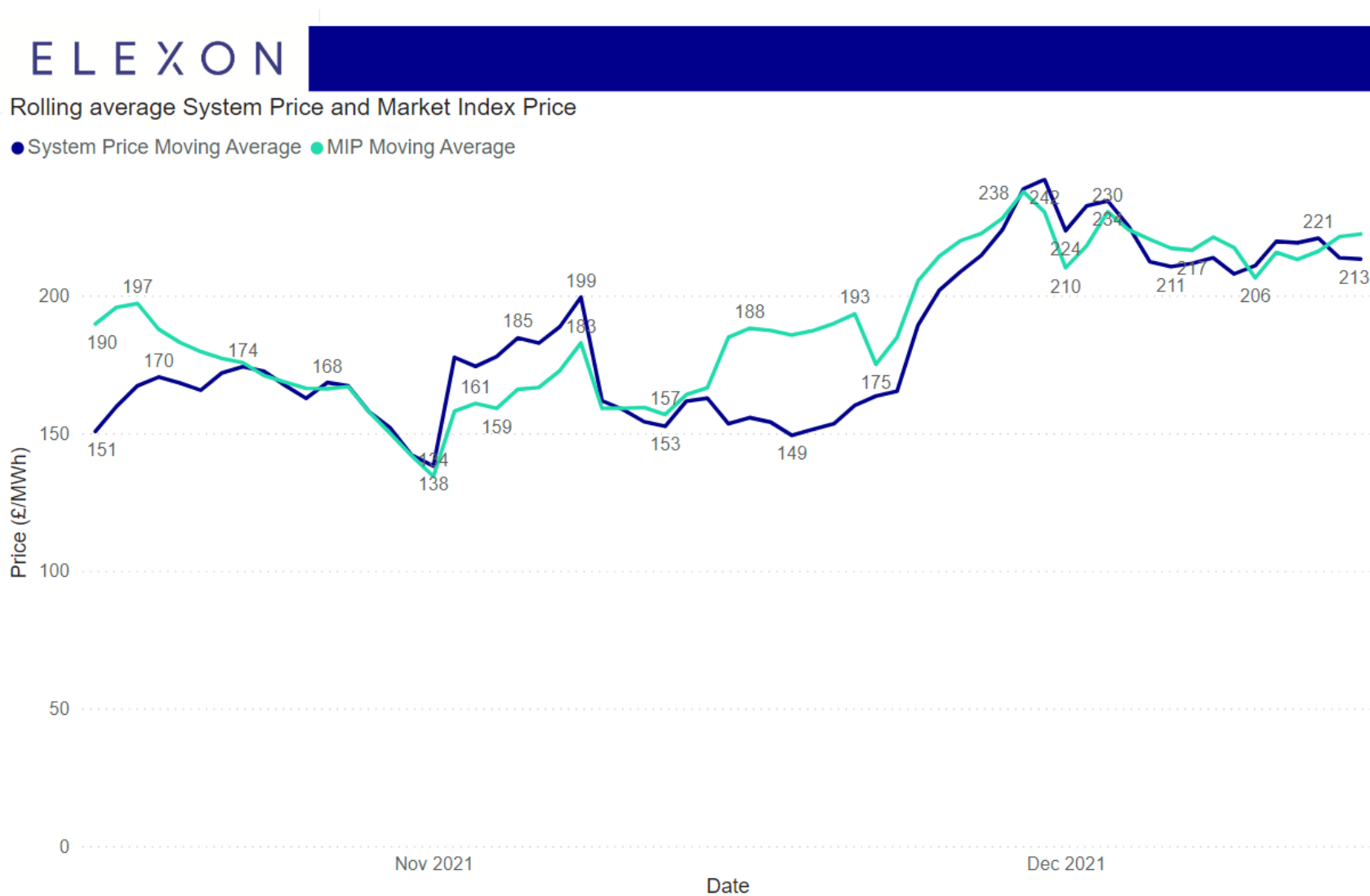
Latest 7 day rolling average System Price is £213/MWh.

Latest 7 day rolling average MIP is £222/MWh

The forecast high average prices haven't been translating into high average System Prices.

We will be investigating why, as there are high priced actions regularly being accepted. Initial investigations point to a low NIV compared to a high volume of actions taken.

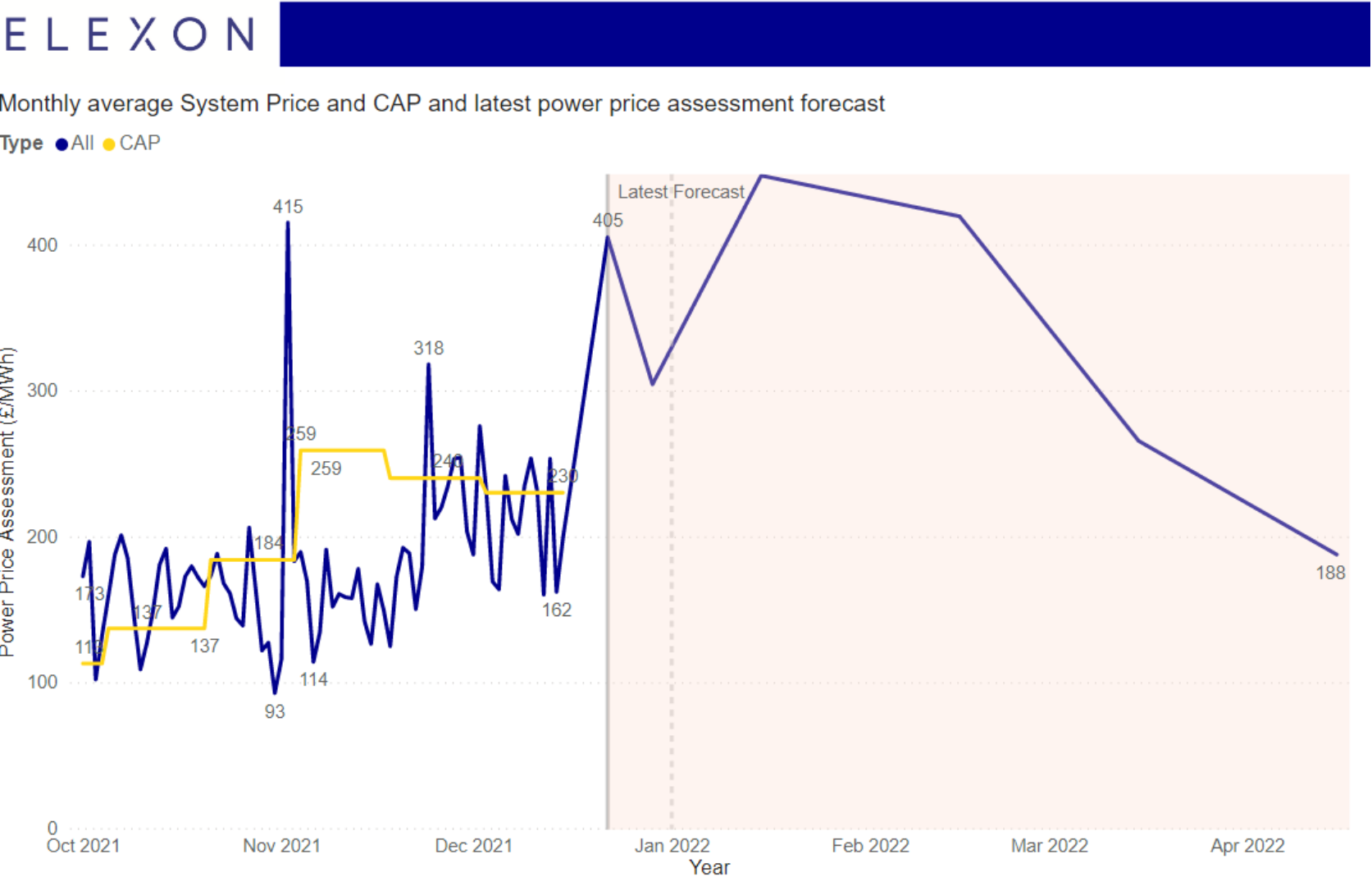
Therefore we would advise some scepticism of the high forecasts.



# CAP tracking average System Prices

Alternative review process  
started on 1 November 2021

Since then CAP has been set  
on closer to real time  
information.





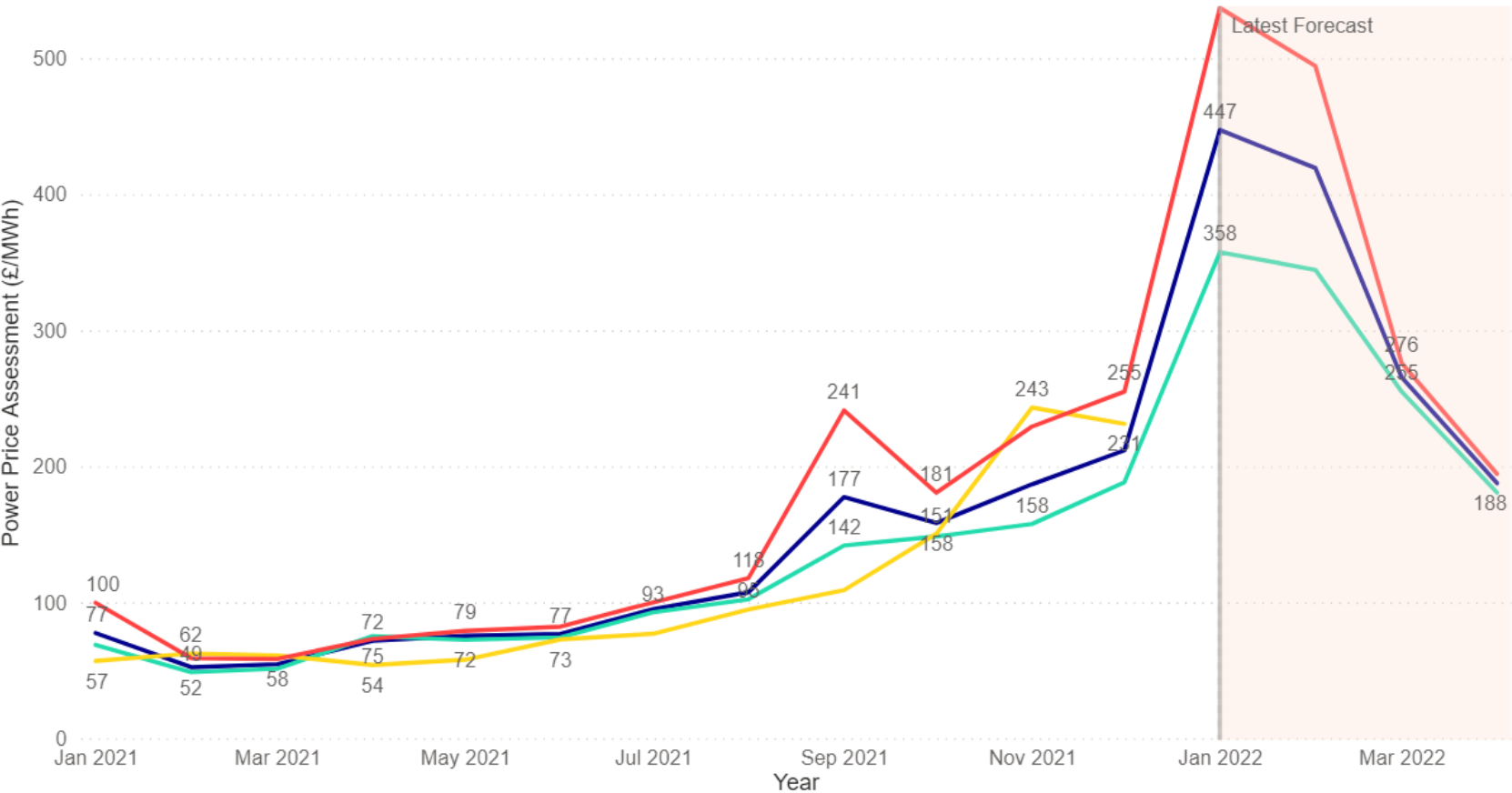
# Longer term monthly view of how CAP is tracking against prices

Monthly average CAP's have been higher than average system prices in November and December so far.

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Monthly average System Price and CAP and latest power price assessment forecast

Type ● All ● Base ● CAP ● Peak



# Recommendations

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We invite the Credit Committee to:

- a) **NOTE** the content presented;
- b) **PROPOSE** a new CAP value for consultation