

# PAB233/04 – SUPPLIER CHARGES ANNUAL REVIEW

**MEETING NAME** Performance Assurance Board

**Date of meeting** 25 June 2020

**Paper number** PAB233/04

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**Purpose of paper** Decision

**Classification** Public

**Summary** ELEXON invites the PAB to approve Supplier Charges Annual Review for April 2020 to March 2021 reporting periods.

## 1. Introduction

- 1.1 Supplier Charges are subject to a national monthly cap. ELEXON calculates the cap across each of the 14 GSP Groups by its relative annual consumption compared to its total annual consumption for the previous year.
- 1.2 We calculate the GSP Group liability caps annually in accordance with Annex S-1, paragraph 3.7.3 of the BSC.
- 1.3 The Retail Price Index (RPI)<sup>1</sup> used to calculate the revised figures is included as Attachment A of this paper. The calculations made for the proposed GSP Group Caps and Serial Supplier Charges are provided as Attachment B of this paper.
- 1.4 Please note that Supplier Charges will remain capped at £0.00, following approval of Modification P406, until further notice regardless of the revised RPI Supplier Charges figures.

## 2. Calculations

- 2.1 ELEXON has calculated changes to the GSP Group liability caps and Supplier Charge Serials using the percentage of change of the RPI between January 2000 (166.6) and January 2020 (290.6). This is in line with the process described in Annex S-1 of the BSC. This provided an adjustment RPI increase<sup>2</sup> of 1.74, which has been applied to the national monthly liability cap set out in Annex S-1, paragraph 3.8.1 of the BSC (£1,275,000). This gave a national cap for the period April 2019 to March 2020 of £2,223,979.59.
- 2.2 The individual GSP Group liability caps have been determined by applying the proportion of each GSP Group's annual take against the sum of the take for all GSP Groups up to 31 March 2020. This is set out in Annex S-1 paragraph 3.7.3 of the BSC as follows:

2.3

$$£2,223,979.59 \times \frac{\text{Energy for GSP Group (April 2019 to March 2020)}}{\text{Sum of energy for all GSP Groups (April 2019 to March 2020)}}$$

- 2.4 The table below shows the recalculated GSP Group liability caps for the period April 2020 to March 2021.

<sup>1</sup> RPI sourced from the Office for National Statistics and using the 'CHAW' index (all items RPI).

<sup>2</sup> 1.74 increase is a ratio between RPI of 166.6 (January 2000) and 290.6 (January 2020).

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GSP Group	GSP ID	2019-2020 Cap (£)	2020-2021 Cap (£)
Eastern	A	£251,818.85	£256,662.53
East Midlands	B	£197,990.22	£204,720.81
London	C	£237,751.34	£244,335.42
Merseyside & North Wales	D	£111,653.89	£111,327.94
Midlands	E	£196,916.49	£205,194.54
Northern	F	£106,718.16	£109,788.22
North Western	G	£181,194.45	£187,634.87
Southern	H	£246,780.69	£263,262.91
South Eastern	J	£155,699.98	£162,549.33
South Wales	K	£78,951.85	£78,829.83
South Western	L	£99,488.71	£101,704.88
Yorkshire	M	£159,125.79	£161,165.25
SouthScotland	N	£122,762.81	£123,145.18
North Scotland	P	£18,963.12	£13,657.89
<b>Totals</b>		<b>£2,165,816.3</b>	<b>£2,223,979.6</b>

- 2.5 We have also recalculated the individual Supplier Charges in line with RPI, by applying a multiplication adjustment figure of 1.74 against the base sum for each Serial as defined in Annex S-1, paragraphs 3.1 to 3.6 of the BSC. The table below sets out the Supplier Charges for April 2020 to March 2021 rounded to the nearest penny.

Serial	Current Supplier Serial Charge	BSC Base Supplier Serial Charge	Previous Supplier Serial Charge (2019-2020)	New Supplier Serial Charge (2020 - 2021)
SP08a (R3)	Energy and Metering Systems on Annual Advances	£0.13	£0.22	£0.23
SP08a (RF)	Energy and Metering Systems on Annual Advances	£1.43	£2.43	£2.49
SP08b (SF)	Energy and Metering Systems Actual Readings	£0.13	£0.22	£0.23
SP08b (R1)	Energy and Metering Systems Actual Readings	£1.43	£2.43	£2.49
SP08c (RF)	Energy and Metering Systems Actual Readings	£1.43	£2.43	£2.49
SP04	Installation of HH Metering	£2.68	£4.55	£4.67
SP01	Provision of Routine Performance Monitoring Reports	£25.50	£43.32	£44.48
SP02	Provision of Routine Performance Monitoring Logs	£25.50	£43.32	£44.48

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2.6 Please note that both the new GSP Group liability caps and Supplier Charge Serials have been rounded to two decimal places for the purpose of the paper.

## 3. Temporary disapplication of Supplier Charge Serials SP08 and SP04 due to COVID-19

3.1 Due to the ongoing outbreak of COVID-19, Suppliers and their Party Agents have suspended Meter read collections to align to government social distancing guidelines. However, this will have impacted Suppliers' ability to meet their Settlement performance standards. As a response to current industry challenges the BSC Panel raised Modification P406<sup>3</sup>, proposing that Supplier Charges for SP08 and SP04 Serials were to be suspended and set to £0. Modification P406 was subsequently approved by Ofgem and has been implemented in the March 2020 Performance Assurance Reporting and Monitoring System (PARMS) reporting period. Supplier Charges will remain at £0.00 until further notice, when the cap has been lifted Supplier Charges will be based on the revised figures.

## 4. Next Steps

Subject to approval, we will publish the recalculated GSP Group liability caps and Supplier Charge Serials on the ELEXON website and circulate a notice by Newscast.

## 5. Recommendations

- 5.1 We invite you to:
- a) **APPROVE** the monthly GSP Group liability cap for each GSP Group for the period April 2020 to March 2021 as set out in paragraph 2.4;
  - b) **APPROVE** the individual Supplier Charge Values for each Serial for the period April 2020 to March 2021, as set out in paragraph 2.5; and
  - c) **NOTE** that ELEXON will publish the approved GSP Group liability cap for each GSP Group and Supplier Charge values for each Serial on the ELEXON website.

## Attachments

Attachment A – Retail Price Index

Attachment B – Calculations Spreadsheet

### For more information, please contact:

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<sup>3</sup> [P406 - Temporary disapplication of Supplier Charge Serials SP08 and SP04 due to COVID-19](#)