

## Re-application of Supplier Charges

### Performance Assurance Board (PAB)

Date of meeting	<b>28 April 2022</b>	Paper number	<b>PAB255/09</b>
Owner/author	<b>Oli Meggitt</b>	Purpose of paper	<b>Decision</b>
Classification	<b>Public</b>	Document version	<b>V1.0</b>
Summary	<b>Elxon requests the PAB recommend to the BSC Panel that the conditions for which Supplier Charges were suspended under Modification P406 have now ended, and Supplier Charges should therefore be re-applied.</b>		

### 1. Background

- 1.1 The BSC Panel raised Modification [P406](#)<sup>1</sup> on 9 April 2020.
- 1.2 This Modification was in reaction to the Government restrictions imposed by the COVID-19 outbreak, and set the Supplier Charges for the SP08 and SP04 Serials to £0 from the March 2020 Performance Assurance Reporting and Monitoring System (PARMS) reporting period.
- 1.3 The Modification introduced a “Coronavirus Disapplication Period” for Supplier Charges, and noted that this period would end (and Supplier Charges were to be reinstated) when Government guidelines and restrictions had been eased, “which would allow for normal Settlement operations activities to resume”.
- 1.4 The Modification was approved by Ofgem on 5 May 2020, and implemented on 11 May 2020.

### 2. Current Situation

- 2.1 Modification [P429](#)<sup>2</sup> was implemented on 24 February 2022. This Modification removed (amongst other PARMS Serials) the SP04 Serial. Therefore, re-applying the Supplier Charges by ending the “Coronavirus Disapplication Period” would only see the re-instatement of the Supplier Charges associated with the SP08<sup>3</sup> PARMS Serial.
- 2.2 Elxon considers the lifting of restrictions across Great Britain in Spring 2022 to be an indication that the “Coronavirus Disapplication Period” can no longer be reasonably applicable.
- 2.3 Therefore, it would be appropriate to recommend to the BSC Panel that it determines the “Coronavirus Disapplication Period” should come to an end, and give Industry three months’ notice of the re-application of the SP08 Supplier Charges, as required by P406.

### 3. Other Considerations

- 3.1 We do note that Suppliers are being encouraged to migrate Non-Half Hourly (NHH) customers to Half Hourly (HH) Settlement, in line with the move to eventual Market-wide Half Hourly Settlement (MHHS). Suppliers are likely to focus on the migration of the ‘good’ NHH customers first (i.e. those with working Metering Systems and communications).

<sup>1</sup> ‘Temporary disapplication of Supplier Charges SP08 and SP04 due to COVID-19’

<sup>2</sup> ‘Switching off Participant-Reported PARMS Serials’

<sup>3</sup> Energy and MSIDs on Actuals

- 3.2 We have been made aware that some Suppliers view the re-application of Supplier Charges as a disincentive to continue to migrate, as the migration would likely result in a reduction in NHH Settlement performance, and therefore an increase in SP08a Supplier Charges.
- 3.3 However, Elexon recognises that the Modification to suspend (and subsequently reinstate) Supplier Charges was for the sole reason of the impacts of COVID-19. Therefore, the above situation should not be part of the considerations for the reinstatement of Supplier Charges at this time.
- 3.4 Separately, Elexon and the PAB will consider the impact of Supplier Charges as part of the wider considerations of the impact of MHHS (and the transition to MHHS). Any BSC Party is also able to raise a Modification or BSC Issue if it feels changes should be made to Supplier Charges.

#### **4. Recommendations**

- 4.1 We invite the PAB to:
- a) **NOTE** the contents of the paper; and
  - b) **ENDORSE** a recommendation to the May BSC Panel meeting that the “Coronavirus Disapplication Period” is ended, following a three month notice period to Industry.

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#### **For more information, please contact:**

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