

Minutes

Credit Committee 46

Meeting number **CC46**

Venue **Online meeting (MS Teams)**

Date of meeting **1 November 2021**

Classification **Public**

Attendees and apologies

Attendees

Michael Gibbons	MG	Chair
Andrew Colley	AC	Member
Robert Johnston	RJ	Member
Lisa Waters	LW	Member
Emma Tribe	ET	Elxon

Apologies

Stuart Cotten	SC	Member
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Summary

The Credit Committee agreed to move to the alternative CAP review process and proposed a CAP value of £240/MWh for implementation on 18 November 2021. This value would go to consultation for two working days and be reviewed following the consultation period.

Introduction

1. Credit Committee

- 1.1 Introductions were made and all attendees were confirmed.

Credit Committee Decision

2. Methodology for setting Credit Assessment Prices – CC46/01

- 2.1 Due to short timescales in calling a meeting, no paper was presented to the Credit Committee.
- 2.2 The Credit Committee discussed moving to the alternative CAP review process. They discussed whether the triggers for determining a fast market that were consulted on, were only effective since the date of the guidance being implemented or whether they could consider triggers from before the guidance was implemented. The committee agreed that the consecutive CAP breaches in the period between 6 September and 11 October, and the large jump in CAP from £184/MWh to £259/MWh due on 4 November 2021 did constitute a fast market. It was also noted that the consultation response on the alternative CAP review process, requested moving to the alternative CAP review process as soon as possible.

- 2.3 The committee agreed that in light of the fast market conditions, moving to the alternative CAP review process would benefit industry, by ensuring a representative CAP could be implemented quicker.
- 2.4 The committee discussed a methodology to be used in setting a CAP noting the feedback from the BSC Panel that a predictable approach would be best. The committee was presented with the latest (from 29 October 2021) Reference Prices, System Prices and Market Prices.
- 2.5 The committee considered that, given the implementation date of 18 November 2021, a mid-point between the latest Reference Price of £232/MWh, calculated in October and what the Reference Price will be in November £246/MWh would be appropriate. Hence, a CAP of £240/MWh was proposed for consultation, rather than £246/MWh which would have been proposed under the normal CAP review process.
- 2.6 The Credit Committee noted that the daily forward market prices for November had been falling significantly. During the consultation period the Credit Committee will monitor the Reference Price and System Prices to determine if this is still appropriate at the end of the consultation period.
- 2.7 The Credit Committee considered if it would be appropriate to cancel the CAP of £259/MWh due to go live on 4 November 2021, in light of decreasing forward market prices. Elexon presented the legal advice, that a CAP change that was due to go live, could be cancelled and the previously notified CAP would remain in place. The Credit Committee agreed that remaining the previously notified CAP value of £184/MWh until the new CAP could be implemented would not be adequate. Hence, they did not agree to cancel the CAP change due to go live on 4 November.
- 2.8 Elexon agreed to follow up with the three offers from people to become a Credit Committee member.

3. The Credit Committee:

- **NOTED** the information provided;
- **APPROVED** the move to the alternate CAP review methodology
- **APPROVED** the proposed CAP value to be sent for a two working day consultation of £240/MWh, in light of recent market conditions, future trends, and the potential implementation date, of 18 November 2021;