

Minutes

Credit Committee 48

Meeting number	CC48	Venue	Online meeting (MS Teams)
Date of meeting	30 November 2021	Classification	Public

Attendees and apologies		
Attending		
Michael Gibbons	MG	Chair
Lisa Waters	LW	Member
Robert Johnston	RJ	Member
Andrew Colley	AC	Member
Stuart Cotton	SC	Member
Mehdi Jafari	MJ	Elexon
Katharine Higby	KH	Elexon
George Player	GP	Elexon
Apologies		

Summary

The Credit Committee agreed to retain the alternative CAP review process and proposed a CAP value of £305/MWh for implementation on 17 December 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 – CC48/01

- 2.1 The Credit Committee also considered whether it was appropriate to retain the alternative CAP review process. It was noted that the latest Reference Price, based on forward market prices for December and January is £312.60/MWh. Under the normal CAP review process this would breach the upper trigger level (+/- £23/MWh) of the last notified CAP value £230/MWh.

- 2.2 The Credit Committee considered that the absolute price changes in the market, as well as the changes on percentage basis were considerable. Hence, they agreed that it was still appropriate to retain the alternative CAP review process.
- 2.3 As the CAP is reviewed every two weeks, the proposed CAP will be live between 17 December 2021 and 30 December 2021 at a minimum.
- 2.4 The Credit Committee gave greater weighting in their consideration to the latest forecast for what prices will be in December 2021. On the date of the meeting, average forward market prices were at £305/MWh for December with latest peak Prices at £350/MWh and latest base prices are £260/MWh. The Credit Committee also noted that average forecast market prices were increasing to £375/MWh in January.
- 2.5 The most recent System Prices were considered and it was noted that there had recently been high priced accepted Offer Prices in the Balancing Mechanism. Given the chance of a colder weather and high prices in the Balancing Mechanism, the Credit Committee noted that there was likely to be System Price spikes during period when the proposed CAP would be live.
- 2.6 The Credit Committee decided to propose a CAP of £305/MWh, as the forward market prices for December supported increasing the CAP from the last notified value. They also noted that prices going into January are currently forecast to be higher, so are prepared to increase the CAP in two weeks' time at their next meeting, depending on what the price data shows in two weeks.

3. Risk 027 (Defaults) Dashboard – CC48/02

- 3.1 The Assurance team took an action from the latest Performance Assurance Board (PAB) meeting, to present a Default monitoring dashboard regarding Risk 027 to the Credit Committee members for their information. This dashboard is generated and presented to the PAB on a monthly basis and contains information on Party Trading Charges, Imbalance Volumes and Breaches of Demand Capacity. The data is used by the Assurance team to monitor the Parties who are experiencing potentially difficult market conditions.
- 3.2 Elexon advised the Credit Committee that further improvements are currently being developed by the Data Steward Team and further iterations of the Risk 27 Dashboard will be presented to the PAB.
- 3.3 The Credit Committee members emphasised on the importance of using the presented data in Default monitoring process and expressed their interest in the report being presented to them every month if possible.

4. The Credit Committee:

- **NOTED** the information provided;
- **APPROVED** the proposed CAP value to be sent for a two working day consultation of £305/MWh, in light of recent market conditions, future trends, and the implementation date, of 17 December 2021;