

**CUSC Code Administrator Consultation Response Proforma****CMP350 'Changes to support the BSUoS Covid Support Scheme'**

Industry parties are invited to respond to this consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses to [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com) by **5pm** on **4 August 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact Paul Mullen [paul.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

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**For reference the applicable CUSC objectives are:**

- a. *That compliance with the use of system charging methodology facilitates effective competition in the generation and supply of electricity and (so far as is consistent therewith) facilitates competition in the sale, distribution and purchase of electricity;*
- b. *That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the costs (excluding any payments between transmission licensees which are made under and accordance with the STC) incurred by transmission licensees in their transmission businesses and which are compatible with standard licence condition C26 requirements of a connect and manage connection);*
- c. *That, so far as is consistent with sub-paragraphs (a) and (b), the use of system charging methodology, as far as is reasonably practicable, properly takes account of the developments in transmission licensees' transmission businesses;*
- d. *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 \*; and*
- e. *Promoting efficiency in the implementation and administration of the use of system charging methodology.*

*\*Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions		
1	Do you believe that the CMP350 Original solution, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 or WACM7 better facilitates the Applicable CUSC Objectives?	<p>The impact of CMP350 Original solution, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 and WACM7 are all yes against the first CUSC charging objective that relates to competition compared to baseline. The unit BSUoS costs, over the period to the end of September 2020 and possibly until the 25<sup>th</sup> October clock change, are expected to be substantially higher than could have been foreseen by generators, suppliers and end consumers that have pass through contracts (in respect of BSUoS).</p> <p>CMP345 put in place a solution to protect generators, suppliers and end consumers against extremes of BSUoS but the current level of the cap and the end date of 31<sup>st</sup> August is failing to capture an appropriate number of the much higher than normal BSUoS prices that still have significant commercial impact on generators, suppliers and end consumers.</p> <p>If unaddressed this is expected to adversely impact competition in the generation and supply of electricity. It could see some parties unable to continue to operate with consequences for the market and, ultimately for end consumers.</p> <p>If CMP350 is not passed then the higher than expected BSUoS costs, out until at least the end of September 2020, will also give rise to a risk of substantial new risk premia (leading to higher costs) being applied by market participants in future to account for the manner in which the electricity system operation costs of the societal response to this almost <i>force majeure</i>-like, unforeseeable, situation have been managed.</p> <p>In terms of cost-reflectivity: BSUoS is already acknowledged by both industry (via the output of the first task force report and its recommendation) and Ofgem (which formally accepted the recommendation) as a cost recovery type item, and not a market signal, so the change would be neutral against this objective.</p> <p>As to making sure that use of system charging takes account of the developments in transmission</p>

		<p>licensees' businesses, the impact of CMP350 over the current BSUoS Covid Support Scheme is positive. It will ensure that the BSUoS charging method properly takes account of the developments in transmission licensees' transmission businesses arising from the totally unprecedented Covid-19 event and its ongoing effect on transmission operations</p> <p>Therefore, we think the Covid BSUoS support scheme, introduced by CMP345, should be extended at an appropriate cap level until at least the end of September 2020.</p>
2	Do you support the proposed implementation approach?	Yes
3	Do you have any other comments?	No