

Code Administrator Consultation Response Proforma**CMP308: Removal of BSUoS charges from Generation**

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 by **5pm on 31 August 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Joseph Henry at joseph.henry2@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Simon Lord
Company name:	Engie
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I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable CUSC (charging) Objectives are:

- 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;*
- 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);*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- Promoting efficiency in the implementation and administration of the system charging methodology.*

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 CMP308 Original Proposal better facilitates the Applicable Objectives?	<p>Yes in two principle ways: -</p> <ol style="list-style-type: none"> 1. Better aligning the GB market arrangements and the charges faced by GB generation with those prevalent in other interconnected countries, where generation is typically not subject to such charges, allows GB and continental generation to compete on a more equitable basis and removes the potential for BSUoS to distort cross border trade 2. Removal of the distortion in BSUoS charge between embedded and transmission connected generation
2	Do you support the proposed implementation approach?	We believe that industry has now planned for an implemation date of April 2023 and expect industry and Ofgem to facilitate this change without further delay
3	Do you have any other comments?	<p>The estimated cost to consumer of the distortion between embedded and transmission connected generation is estimated to be around £130m/year. This is driven by the higher marginal cost that transmission connected generation has because of the BSUoS charge and the % of time that this type of generation sets market price. This value is expected to reduce consumer costs once CMP 308 is implemented.</p> <p>We note that CMP 361/2 is looking to stabilise/fix BSUoS charges in the medium terms and we believe that this in combination with CMP308 will deliver values to consumers by reducing the risk premium that is collectively applied to BSUoS across the industry</p>