

**CUSC Code Administrator Consultation Response Proforma****CMP345 'Defer the additional Covid -19 BSUoS costs'**

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 **3pm on 12 June 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 CUSC arrangements.*

*\*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	<p>Do you believe that the CMP345 Original solution, WACM1, WACM2,WACM3, WACM4, WACM5, WACM6, WACM7 or WACM8 better facilitates the Applicable CUSC Objectives?</p>	<p>Engie view of the various options is set out below. Option that we support we believe meet objective (a) of the CUSC .</p> <ol style="list-style-type: none"> <li>1. We supported option that moved cost from low demand periods (high Covid cost) and kept then within year but spread over the winter (WACM 2,3,4)</li> <li>2. Supported option that users could opt into and pay interest (WACM 1,6) to delay the payment of the cost</li> </ol> <p>We conditionally support the following options subject to zero or low financing cost to industry the actual cost has not yet been determined.</p> <ol style="list-style-type: none"> <li>3. Supported option that moved cost into next year from covid periods (original, WACM 8) but only if the interest cost set at or close to zero. Without this it will lead to additional cost the industry.</li> </ol> <p>We do not support option that</p> <ol style="list-style-type: none"> <li>4. Move non-covid cost to future periods (WACM 5 and 7) as we believe these will result in additional consumer costs and do not target specific Covid costs.</li> </ol> <p>Our preferred option is WACM2 as this takes high cost that occur during the Covid period and smears them across the following winter.</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>Implementation should take place from the date of the Ofgem decision as this will ensure that markets operate in an orderly fashion. .</p>
3	<p>Do you have any other comments?</p>	<p>The issue of financing cost, mutualisation and security are key to this and other the potential alternative solutions.</p> <p>We would NOT expect any solution to either cost existing BSUoS payers addition funds or increase the mutualisation risk associated with failed suppliers or generation.</p>

		<p>The additional cost associated with supporting suppliers (or generators) who have liquidity issues should not fall on existing suppliers/ generators as this will potentially lead to a cascade effect resulting in additional support needing to be put in place. The government has put in place facilities to help business during the Covid -19 pandemic. Should further support be required we would expect it to be achieved by modification of existing government support arrangements.</p> <p>Industry and Ofgem (BSUoS task force and CMP 307/8) have been looking at the various technical changes to BSUoS. Some of these would have reduced the impact of BSUoS on individual parties by adjusting the charging base or the method of collection we would hope that this modification will give renewed urgency for a solution to be found to these issue for April 2021</p>
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