

**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	Do you believe that the CMP345 Original solution, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6, WACM7 or WACM8 better facilitates the Applicable CUSC Objectives?	<p>We do not agree that the Original solution facilitates effective competition in the generation and supply of electricity. It very clearly transfers value on a permanent basis from distribution connected generators to transmission connected generators and suppliers, and as such is distortive. The same is true of WACMs 5 and 8.</p> <p>The WACMs which provide a mechanism to defer payment without changing the balance of who pays or receives amounts through the current BSUoS mechanism may have some marginal benefits in respect of objective (a), should it lead to a reduced risk of supplier failure. Those WACMs as we understand the proposals are 1 and 6. These may however have negative impacts in respect of objective (e) which outweigh the benefits.</p> <p>Whilst less distortive than the original and WACMs 5 and 8, the proposals which shift cost recovery within the current financial year other than by a deferral of payment will still lead to re-distributions of value amongst users, which we do not agree facilitates effective competition. These are WACMs 3,4 and 7.</p> <p>WACM 2 is hard to evaluate but appears to be a more complex method of creating payment relief for high BSUoS costs than WACMs1 and 6, and may still lead to transfer of value, albeit to a much less significant extent than the original.</p>
2	Do you support the proposed implementation approach?	Noting that we prefer the Baseline to all WACMs, we do not support any implementation approach which includes retrospective effect. Implementation from 1 <sup>st</sup> June 2020 would be the earliest acceptable.
3	Do you have any other comments?	We remain of the view that the defect stated by the original proposer around needing to change the method of cost recovery is not a defect which is appropriate to be addressed by a CUSC modification, whilst the work of the 2nd BSUoS Task Force is ongoing. Whilst the TCR SCR may not be technically ongoing, the Task Force was launched as a result of that SCR to address BSUoS cost recovery so this modification is essentially interfering with the broader SCR process.