

**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).

Respondent details	Please enter your details
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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>No.</p> <p>We believe the issue of potentially higher BSUoS charges is a commercial issue and not a defect of the CUSC. The code modification process seems an entirely inappropriate place for the proposer to address its commercial concern of facing higher operating costs. Whilst we are sympathetic to the challenges being faced we are not of the view that using the code administration process to obtain commercial relief is appropriate.</p> <p>An arbitrary deferral of costs as proposed by the original modification cannot better meet the CUSC objectives a, b and e and at best are neutral against c and d;</p> <ul style="list-style-type: none"> <li>- it will distort competition by shifting costs into future periods and allocating them to a different set of users advantaging parties who avoid them when incurred and disadvantaging those that are obligated to meet them in future periods (Objective a);</li> <li>- by shifting costs away from the periods in which they are incurred the modification does not match the costs being incurred by the transmission licensee with the charges to industry parties (Objective b):</li> <li>- the proposed modification will increase the administrative burden of calculating and charging for BSUoS and make the costs to be charged to industry less transparent, it will thus the efficiency of the administration of the CUSC (Objective e)</li> </ul>
2	Do you support the proposed implementation approach?	<p>No.</p> <p>The proposed implementation date would entail a clear retrospective impact on industry participants who on 1<sup>st</sup> May were unaware of the intention of the Proposer to raise the modification. The retrospective application of the Proposer's modification would</p>

		lead to a value transfer between industry participants and would clearly favour the Proposer.
3	Do you have any other comments?	No.