

Workgroup Alternative – WACM 3	At what stage is this document in the process?
<h1 data-bbox="169 333 608 423">CMP350:</h1> <p data-bbox="169 465 1062 741">Changes to support the BSUoS Covid Support Scheme’ - Original with £15/MWh rather than £5/MWh BSUoS Cap</p>	<div data-bbox="1185 309 1484 504"> <div data-bbox="1185 309 1257 392">01</div> <div data-bbox="1267 309 1484 392">Proposed Alternative</div> <div data-bbox="1185 421 1257 504">02</div> <div data-bbox="1267 421 1484 504">Proposed Workgroup Alternative</div> </div>
<p data-bbox="169 792 1484 920">Purpose of Alternative: This alternative is to modify certain parameters of the Covid Support Scheme so that the scheme is extended and protection against BSUoS price spikes is continued.</p>	
<p data-bbox="153 965 967 999">Date submitted to Code Administrator: 28th July 2020</p> <p data-bbox="153 1077 847 1111">You are: A Workgroup member or member(s)</p> <p data-bbox="153 1189 1002 1223">Workgroup vote outcome: Formal alternative (WACM 3)</p>	

Contents		 Any questions?
1	Alternative proposed solution for workgroup review	2
2	Difference between this proposal and Original	2
3	Justification for alternative proposal against CUSC Objectives	3
4	Impacts and Other Considerations	4
5	Implementation	4
6	Legal Text	4
		Contact: Jenny Doherty
		 Jennifer.Doherty@nationalgrideso.com
		 07771 938 569
		Alternative Proposer(s): Grahame Neale
		 grahame.neale@nationalgrideso.com
		 07787 261 242

1 Alternative proposed solution for workgroup review

We believe the current structure of the Covid Support Scheme at £15/MWh is sufficient for protecting against spikes in BSUoS prices. We also believe that any liquidity issues as a result of Covid-19 have been addressed through both the TNUoS and DUoS support schemes.

2 Difference between this proposal and Original

This proposal looks to modify the following parameters of the Covid Support Scheme as follows;

- £/MWh cap is left unchanged at £15/MWh (unlike the original)
- The Covid Support Scheme is extended so that it ends on the earliest of 30th September or the cumulative cap (see is below) is reached as per the original.
- A cumulative cap of the Covid Support Scheme is introduced at £100m (exclusive of VAT) as per the original

- The Covid Support Scheme is formally ended by the ESO 2 Business Days before the cumulative cap is expected to be reached by the ESO as per the Original.

3 Justification for alternative proposal against CUSC Objectives

Impact of the modification on the Applicable CUSC Objectives (Standard):

Relevant Objective	Identified impact
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;	Positive against the original
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);	Neutral
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;	Positive against the baseline due to the introduction of £100m cap
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	Neutral
e. Promoting efficiency in the implementation and administration of the CUSC arrangements.	Neutral

*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).

We believe this alternative is positive against Applicable CUSC Objective A when compared with the Original as it will not dramatically increase the market distortions described in our consultation responses whilst providing longer protection to industry

from BSUoS price spikes associated with Covid. In addition, the proposal is positive against Objective C as it puts in place a formal cap on ESO exposure. This alternative is neutral against the other objectives.

4 Impacts and Other Considerations

This alternative will have no additional effects on industry parties than those identified in CMP345.

We believe that by keeping the cap at £15/MWh, interference in the market is minimised.

The concerns over market interference are set out in many consultation responses to CMP350. We would particularly note our own, and Viridis Power's consultation responses, as both parties raised this same alternate of £15/MWh being extended to the end of September 2020.

Consumer Impacts

No change from CMP345.

5 Implementation

We believe this alternative should be implemented the following working day after an Ofgem decision.

6 Legal Text

To be developed