

**CUSC Code Administrator Consultation Response Proforma****CMP350 'Changes to support the BSUoS Covid Support Scheme'**

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 **5pm** on **4 August 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 use of system charging methodology.*

*\*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 CMP350 Original solution, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 or WACM7 better facilitates the Applicable CUSC Objectives?	We believe that WACM1 best facilitates the Applicable CUSC Objectives (notably objectives (a) and (c)). This is under the proviso of our comments under section 3 of this response, should future recovery be based on future demand we believe the baseline better facilitates the objectives. The cap has deferred c. 4%, whilst we have seen BSUoS increase around c. 20% against forecasted amounts in April 20 – June 20 and hence we do not believe that the current cap, which ultimately leaves suppliers to absorb the vast majority of costs, is effective for competition. We believe that WACM1 better facilitates objective (c) as the £6.60 cap uses more recent data to reflect current developments more accurately.
2	Do you support the proposed implementation approach?	Yes. We believe that lowering the cap is more appropriate and accept that a £100m limit on deferral will mitigate the extremity of liquidity exposure on NGESO.
3	Do you have any other comments?	There is a key distinction to be made on the recovery of any capped amounts going forward. Should the cost recovery in 2021/22 be based on 2021/22 energy supply rather than the amount deferred by each supplier this will have a disproportionately detrimental effect on smaller growing suppliers and inhibit market competition under part (a) of the Applicable CUSC objectives. We do not believe it is appropriate for cost recovery by supplier to be based on future demand rather than the amount deferred, as this would result in smaller growing suppliers ultimately paying more than they have deferred, to the benefit of the larger suppliers with a consistent eroding market share.