Workgroup Consultation

CMP373: Deferral of BSUoS billing error adjustment

Overview: On 9 April 2021, the ESO informed industry parties that they had underbilled BSUoS by ~£44m of Balancing Services costs incurred in 2020/21 made up of costs associated with trading activities and the Accelerated Loss of Mains Change Programme (ALoMCP). The Proposer is content with the approach for recovery of ALoMCP (~£10m)[1]. However, the ESO have proposed to recover the cost associated with trading activities (~£34m) through the Reconciliation Final run (RF) for 2020/21, which the Proposer believes will cause significant problems for Suppliers, Generators and Consumers.

Modification process & timetable

1. **Proposal Form** 20 April 2021
2. **Workgroup Consultation** 28 April 2021 (9am) - 04 May 2021 (12pm)
3. **Workgroup Report** 07 May 2021
4. **Code Administrator Consultation** 10 May 2021 - 12 May 2021
5. **Draft Final Modification Report** 13 May 2021
6. **Final Modification Report** 14 May 2021
7. **Implementation** 01 October 2021

Have 5 minutes? Read our Executive summary
Have 20 minutes? Read the full Workgroup Consultation
Have 30 minutes? Read the full Workgroup Consultation and Annexes.

Status summary: The Workgroup are seeking your views on the work completed to date to form the final solution(s) to the issue raised.

This modification is expected to have a: High impact on Suppliers, Generators and Consumers.

Governance route	Urgent modification to proceed under a timetable agreed by the Authority (with an Authority decision)	
Who can I talk to about the change?	**Proposer:** Simon Vicary Simon.Vicary@edfenergy.com	**Code Administrator Contact:** Paul Mullen Paul.J.Mullen@nationalgrideso.com

[1] Note that when the Proposer raised CMP373 it was unclear how the costs associated with ALoMCP would be recovered; this has since been clarified and therefore this aspect is no longer part of CMP373.

	07875110961	07794537028
How do I respond?	Send your response proforma to cusc.team@nationalgrideso.com **by 12pm on 4 May 2021.**	

Contents

Contents 2
Executive summary 3
What is the issue? 5
Why change? 6
What is the Proposer's solution? 7
Workgroup considerations 7
Draft Legal text 9
What is the impact of this change? 10
Proposer's assessment against CUSC Charging Objectives 10
When will this change take place? 13
Implementation date 13
Date decision required by 13
Implementation approach 13
Interactions 14
How to respond 14
Standard Workgroup consultation questions 14
Specific Workgroup consultation questions 14
Acronyms, key terms and reference material 15
Reference material 15
Annexes 15

Executive summary

On 9 April 2021, the ESO informed industry parties that they had underbilled BSUoS by ~£44m of Balancing Services costs incurred in 2020/21 made up of costs associated with trading activities and the Accelerated Loss of Mains Change Programme (ALoMCP). The Proposer is content with the approach for recovery of ALoMCP (~£10m). However, the ESO have proposed to recover the cost associated with trading activities (~£34m) through the Reconciliation Final run (RF) for 2020/21, which the Proposer believes will cause significant problems for Suppliers, Generators and Consumers.

What is the issue?

On 9 April 2021, the ESO informed industry parties that they had underbilled BSUoS by ~£44m of Balancing Services costs incurred in 2020/21. This is made up of costs associated with trading activities and Accelerated Loss of Mains Change Programme (ALoMCP).

Following an ESO hosted webinar on 20 April 2021, the ESO proposes to:

- Recover £33,163,790.21 of costs associated with trading activities in the Financial Year (FY) 2020/2021 Reconciliation Final (RF) run[2]; and
- Recover the £9,855,009.14 of the ALoMCP under recovery across the SF run in FY21/22, smeared across all settlement days equally i.e. it will be volume weighted across the settlement day.

Whilst the Proposer supports the approach for treatment of the ALoMCP costs, they believe that recovery of unforeseen trading costs through the (RF) for 2020/2021 (i.e. retrospectively) will cause significant problems for Suppliers, Generators and Consumers.

What is the solution and when will it come into effect?

Proposer's solution:

This modification proposes to adjust BSUoS in the 2021/22 charging year to ensure stakeholders do not face retrospective costs, which they were unable to foresee, and to avoid an adverse impact on the Default Tariff Cap calculations, both past and future. In summary:

Recover the £33,163,790.21 of trading costs in the FY 2021/2022 Settlement Final (SF) Run	Recover the costs across the Settlement Day with the costs volume weighted across the day through each settlement period[3]	Recovery of the £33,163,790.21 of trading costs from 1 October 2021 to 31 March 2022 (Settlement Days)

Implementation date: 1 October 2021 (with the 2020/2021 BSUoS Under-Recovery to be recovered between 1 October 2021 and 31 March 2022).

[2] These costs were incurred between 30 September 2020 and 9 March 2021 settlement days. These costs will be invoiced through the RF run between 19 November 2021 and 4 May 2022.

[3] i.e. when volume is highest in the day, the largest proportion of costs are paid.

Summary of potential alternative solution(s) and implementation date(s):

- As per Original but with an Implementation Date of 1 June 2021. The 2020/2021 Under-Recovery will be recovered between 1 June 2021 and 31 March 2022); and
- As per Original but recover across the anniversary of the period impacted (namely 30 September 2021 to 6 March 2022)

Workgroup Consultation Question: Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?

What is the impact if this change is made?

The expectation is that there is a small adjustment between the SF and RF settlement runs. The ~£34m relates directly to the error in the trading costs. This would be in addition to the normal difference between the SF and RF runs. Historically this difference has been between £5.5m and £9.1m for 2017/18 and 2018/19 respectively[4]. By including the ~£34m error in the trading costs in the 2021/2022 SF run, this does not unexpectedly penalise (or reward) industry parties for this unforeseen cost recovery adjustment and allows Suppliers to retain the ability to recover these costs from consumers if they so wish to.

If the change is made to recover these costs through the SF runs, the impact of recovering over different lengths of time during SF runs could also impact parties in different ways e.g. a longer range of settlement days (1 June 21 – 31 March 2022) would result in lower costs to recover each day, with recovery over a shorter range (1 October 2021 – 31 March 2022) providing a longer notice period of the change being implemented.

If no change is made through this modification, the costs will be recovered through the RF run. This would ensure that those parties who incurred the costs for the applicable period would receive the invoice. It would also provide users with significant notice ahead of the first invoice being provided, supporting cash flow of some parties, albeit for a retrospective period (30 September 2020 to 6 March 2021).

Interactions

This modification has no interactions with other modifications, other codes/standards or other industry-wide work.

This modification has no interactions with EBGL Article 18 Terms and Conditions.

[4] The full year RF data for 2019/2020 is not yet available.

What is the issue?

The ESO is responsible for recovering the cost of balancing the electricity transmission system. They recover these costs via BSUoS charges and look to minimise the volatility of the charge wherever possible.

At the end of March 2021, ESO's internal control processes detected an under-recovery of ~£44m Balancing Services costs for FY 2020/2021. This is made up of:

- £33,163,790.21 of costs associated with trading activities. This was caused by a formatting change in ESO's 3rd party trading settlement system which led to data not correctly pulling through to the master file which is used for invoicing purposes; and
- £9,855,009.14 of costs associated with ALoMCP as following over recovery of scheme costs in a previous year, ESO had temporarily ceased cost recovery in FY20 and had not restarted charges at the correct point in time.

The ESO noted that this under-recovery did not have any effect on the BSUoS COVID19 cap introduced through CMP345 'Defer the additional Covid-19 BSUoS costs' and CMP350 'Changes to the BSUoS Covid-19 support scheme'. For clarity, there will be no additional deferrals under the Covid Support Scheme due to this error.

These mistakes occurred in the ESO's process which a Supplier, Generator or Consumers would not reasonably be expected to manage risk against.

The ESO Workgroup Member apologised for the error and outlined the steps they have taken/are taking since they identified the issue. These are:

- ESO have performed a full reconciliation of FY21 BSUoS Charges to ensure there is no further under recovery;
- ESO are confident that there are no broader implications outside of the revenue process;
- ESO are onboarding external consultants to expedite improvements in their internal control framework so that any such issues are picked up sooner; and
- ESO are expediting System enhancements as part of refreshing their Charging and Billing system.

Following an ESO hosted webinar on 19 April 2021, the ESO propose to:

- Recover £33,163,790.21 of costs associated with trading activities in the FY 2020/2021 RF run[5]; and
- Recover the £9,855,009.14 of the ALoMCP under recovery across the SF run in FY21/22, smeared across all settlement days equally i.e. it will be volume weighted across the settlement day. This will commence on settlement day 1 April 2021 (until 31 March 2022), which will be invoiced through the SF run from 28 April 2021 (until 27 April 2022).

Whilst the Proposer supports the approach for treatment of the ALoMCP costs, they believe that recovery of unforeseen trading costs through the (RF) for 2020/2021 will cause significant problems for Suppliers, Generators and Consumers. The expectation is that there is a small adjustment between the SF and RF settlement runs. The ~£34m relates

[5] These costs were incurred between 30 September 2020 and 9 March 2021 settlement days. These costs will be invoiced through the RF run between 19 November 2021 and 4 May 2022.

directly to the error in the trading costs. This would be in addition to the normal difference between the SF and RF runs. Historically this difference has been between £5.5m and £9.1m for 2017/18 and 2018/19 respectively.

Why change?

If nothing changes, the ESO will use the standard RF invoicing timeline, which for the impacted Settlement Periods will take place from 19 November 2021 to 4 May 2022. This is the process as set out in the CUSC methodology today, it will assign costs to the relevant parties who incurred them during FY 2020 / 2021, and due to the 14 month notice of the RF run, it provides visibility of the charges to parties in advance of the payment date, supporting some parties cash flow, albeit for a retrospective period (30 September 2020 to 6 March 2021).

The Default Tariff Cap calculation methodology specifically uses the SF Settlement Runs. Any adjustments to BSUoS costs made to the RF billing, which occurs after the SF run, cannot be reflected in the Default Tariff Cap.

The failure to recover these costs in the SF runs (profiled to when these costs were incurred) is due to errors made solely by the ESO. Furthermore, no transparency of any potential problem was given until the announcement to recover all of these costs in the RF until 9 April 2021. The ESO previously indicated that RF invoicing would start from 25 May 2021. However, the ESO has since clarified that this is just the standard RF invoicing timeline and the actual impact of the increase from the SF to RF as a result of under-recovery would not be recovered in the November 2021 to February 2022 period.

The Proposer believes it will be better for the industry and consumers if the recovery of these costs is through the 2021/22 II and SF runs rather than the 2020/21 RF run as it does not unexpectedly penalise (or reward) industry parties for this unforeseen cost recovery adjustment.

What is the Proposer's solution?

Recover the £33,163,790.21 of trading costs in the FY 2021/2022 Settlement Final (SF) Run	Recover the costs across the Settlement Day with the costs volume weighted across the day through each settlement period[6]	Recovery of the £33,163,790.21 of trading costs from 1 October 2021 to 31 March 2022 (Settlement Days)

Workgroup considerations

The Workgroup convened once to discuss the perceived issue, detail the scope of the proposed defect, devise potential solutions and assess the proposal in terms of the Applicable Code Objectives.

Recover the £33,163,790.21 of trading costs in the FY 2021/2022 Settlement Final (SF) Run

There was majority agreement for this view across the Workgroup that it was more appropriate to defer these costs to the FY 2021/2022 SF run to ensure that stakeholders do not face retrospective costs, which they were unable to foresee, and to avoid an adverse impact on the Default Tariff Cap calculations, both past and future.

There was an alternative view that using the FY 2020/2021 RF run is the current way to accurately assign these costs to the exact parties that would have been incurred those charges in the applicable period. This would also support cash flow with payments not due until between 19 November 2021 and 4 May 2022.

Workgroup Consultation Question: Do you believe that it is more appropriate to recover the £33,163,790.21 of trading costs in the FY 2021/2022 Settlement Final (SF) Run? Please provide the rationale for your response.

Recovery period and mechanism

The Workgroup supported:

- Recovering an identical amount per day that is allocated to Settlement Periods on a chargeable volume weighted basis; and
- Treating Trading costs as Fixed BSUoS costs and recovering those costs across all Settlement Periods rather than targeting the same Settlement Periods in 2021/22 as those impacted in 2020/21.

The main reasons are:

- Appears to be fairer as this is the process as set out in the charging methodology in CUSC today for costs which are not incurred in a specific settlement period. However, the Workgroup acknowledged that this wasn't the approach used for the BSUoS COVID costs (as introduced by CMP345 and CMP350);
- Provides more certainty for BSUoS payers as to what they will be charged; and
- Smearing the costs across FY 2021/22 is in line with the conclusions of the first BSUoS Task Force - the Workgroup noted that, when assessing the current BSUoS charge, the first Task Force concluded that it "does not currently provide any useful

[6] i.e. when volume is highest in the day, the largest proportion of costs are paid

forward-looking signal which influences user behaviour to improve the economic and efficient operation of the market" and concluded that BSUoS should be treated as a cost-recovery charge[7].

However, a Workgroup Member representing Suppliers proposed to calculate what each party were due to pay in FY 2020/2021 and then apply the deferred costs evenly across the settlement periods i.e. the costs for 30 September 2020 to 6 March 2021 would be applied to the settlement periods within 30 September 2021 to 6 March 2022 and then factor these into the 2021/2022 SF runs for each Individual Party. The recovery would be over less Settlement Periods than if recovered from 1 June 2021 until 31 March 2022 and therefore the amount they would incur per day would be higher; however, the Workgroup Member argued that this would target cost at those who incurred them in the same Settlement period so is a fairer division of costs. Additionally, this mirrors the same winter period when the costs were incurred and may avoid any seasonal distortions. The majority of the Workgroup believed that this desire for accuracy vs a flat amount applied per day adds more complexity and would introduce a manual billing process as ESO's current billing system doesn't allow them to assign historical costs directly to settlement periods. Other Workgroup members pointed out that this proposed approach would not address the impact on the Default Tariff Cap calculations, which use published SF run values.

A Workgroup Member also challenged that this assumption that it would be more accurate and argued that that using these dates actually implies a degree of accuracy that isn't there ("Spurious accuracy") – i.e. it wouldn't necessarily be the same parties, the weather won't be the same and parties would consume differently. This could potentially introduce a distortive impact and some Workgroup members noted that spreading costs more thinly was preferable to smooth out any such distortion. However, the Supplier Workgroup Member believed that by recovering via a flat profile would unfavourably impact those customers generating over the summer. Workgroup member noted that Users would forecast BSUoS costs and take these into account in their Balancing Services. It's important therefore to minimise any distortion by spreading them across as many Settlement Periods as possible as Balancing Services feed into Imbalance costs. We don't want Users to be charged for being out of balance based on the previous years' costs. By not weighting costs for low volume Settlement Periods, the distortion will be bigger.

The ESO noted that the current way to accurately assign these costs to the exact parties that would have been incurred those charges in the applicable period would be to use the RF run for FY 2020 / 2021.

Workgroup Consultation Question: Do you think that it is more important to socialise the costs across users in FY 2021/2022 or to correctly target the liable users when the costs were incurred using the RF run? If not socialised do you have a proposal for how the Default Tariff Cap calculations would work? Please provide the rationale for your response.

Recovery of the £33,163,790.21 of trading costs from 1 October 2021 to 31 March 2022

The Proposer originally sought Implementation from 24 May 2021 just before the RF run was due to commence.

[7] For more details see: https://www.ofgem.gov.uk/system/files/docs/2020/12/response_to_the_second_bsuos_task_force_report.pdf

This was slightly moved to recovery from 1 June 2021 to end of charging year (i.e. 31 March 2022), making 1 June 2021 the first Settlement Day. However, after further discussion (see above), primarily to give a longer notice period to consumers and industry parties the Proposer has amended this to a recovery of the trading costs from 1 October 2021 to 31 March 2021. This also more closely aligns the cost recovery across the anniversary of the period impacted (namely 30 September 2021 to 6 March 2022),

The Workgroup discussed the viability of these implementation approaches and these are summarised in the table within the "Implementation Approach" section of this document.

Urgency

The modification was originally proposed, and granted Urgency, against the impact of recovery of £33,163,790.21 from the RF run beginning 24 May 2021, which is the ESO's current stated intent. Without a clear decision on implementation (or not) for this modification, parties will be expecting to receive higher RF invoices and parts of this solution become irrelevant.

When the Workgroup agreed that the implementation of the modification is not required until 1 October 2021, the need for Urgency was reviewed. It was agreed that, in order to affect the solution and give parties clarity over the recovery, a decision from the Authority is still requested by 21 May 2021 and therefore the Urgent timetable is necessary.

Draft Legal text

The draft legal text for this change can be found in Annex 5.

In CUSC 14.30.19 and 14.30.20, the ESO Workgroup Member proposed the introduction of the concept of a 2020/21 BSUoS under-recovery. The range of dates that this recovery applies would change dependent on the Implementation approach that is agreed. However, for the Original this would be 1 October 2021 to 31 March 2022.

A Workgroup Member asked if a "sunset clause" could be added to the CUSC (i.e. a specific date when the 2020/21 BSUoS under-recovery shall cease to have effect; however, the ESO Workgroup Member proposed it was more appropriate to raise a housekeeping change in March 2022 to remove any reference to 2020/21 under-recovery specific changes and the Covid Support Scheme.

What is the impact of this change?

Proposer's assessment against CUSC Charging Objectives	
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** Does not unexpectedly penalise (or reward) industry parties for this unforeseen cost recovery adjustment. It also avoids the adverse impact on the Default Tariff Cap calculations, both past and future, which would have an anti-competitive differential discriminatory effect on suppliers that are more focussed on the domestic market.
(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;	**Neutral**
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	**Neutral**
(e) Promoting efficiency in the implementation and administration of the system charging methodology.	**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).	

Workgroup Consultation Question: Do you believe that CMP373 Original proposal better facilitates the Applicable Objectives?

Workgroup assessment of Impacts

Generators, Suppliers and Consumers

- While this amount can be recovered via normal RF timescales, the industry had no reasonable warning of the SF and RF costs being significantly different, as this increase is materially higher than what would have been expected in a typical year. Therefore, BSUoS-liable parties had not had sufficient opportunity to manage their trading positions and commercial arrangements to mitigate this risk and recover the increase in BSUoS costs.
- By including in the 2021/2022 SF run, this does not unexpectedly penalise (or reward) industry parties for this unforeseen cost recovery adjustment. However, as these costs were incurred between 30 September 2020 and 9 March 2021 settlement days, the ESO Workgroup Member noted that these costs would only be invoiced through the RF run between 19 November 2021 and 4 May 2022, which provides visibility of the charges ahead of RF invoices and arguably supports companies' cash flow.
- The expectation is that there is a small adjustment between the SF and RF settlement runs. The ~£34m relates directly to the error in the trading costs. This would be in addition to the normal difference between the SF and RF runs. Historically this difference has been between £5.5m and £9.1m for 2017/18 and 2018/19 respectively.

Suppliers only

- If the costs are attributed via the RF as currently proposed by the ESO then these are attributed to the 2020/2021 volumes and hence "back-billing" or reconciliation is a problem, as is change of supplier.
- By including in the 2021/2022 SF run then change of supplier and reconciliation does not apply because this is forward looking. Suppliers still retain the ability to recover these costs from consumers if they so wish to. Without this, the Default Tariff Cap Methodology will not include the unexpected extra 2020/21 costs. This is due to the Default Tariff cap calculation methodology specifically using the SF Settlement Runs. Any adjustments to BSUoS costs made to the RF billing, which occurs after the SF run, cannot be reflected in the Default Tariff Cap.
- Risk that if they can't recover these costs, could drive a number of suppliers to leave the market, thereby reducing competition and therefore competitive forces which keep prices low for customers. It was noted that if recovery was through the RF run, Suppliers would have to make a decision between taking a profit hit or to smear the costs over other customers which would not necessarily result in Suppliers leaving the market. This smearing could be argued as a similar approach to that under the SF solution. However, there were counter views that it is subject to market conditions, such as competitor behaviours, changing Supplier market shares and customer mixes, and therefore not a choice that Suppliers can make to remain competitive.

ESO

- Minimal impact on ESO cashflow anticipated of deferring costs to be FY 2021/2022 Settlement Final (SF) Run.

- If costs are targeted through the SF run in FY 2021/2022 at those who incurred the costs in 2020/2021, it adds complexity in billing arrangements because there would need to be a manual billing process as ESO's current billing system doesn't allow them to assign historical costs directly to Settlement Periods in a new financial year.

Consumers

- If these costs are recovered through the 2020/2021 RF run, Consumers on pass through contracts may face additional unexpected bills from Suppliers looking to recover any shortfall. If Suppliers are unable to recover costs from a subset of customers i.e. default tariff customers, then suppliers will experience this as bad debt. An alternative will be to pass through this bad debt to other customers e.g. renewing fixed rate if the market allows. By putting the costs into the SF run then the correct costs can be passed to the correct customers (with the exception of customers who have switched).

Other

- The Proposer believes that the deferred recovery of 2020/21 costs that were not known of or forecastable prior to 9 April 2021, as they were solely due to ESO errors, will avoid damage to investor confidence and thereby keep costs down through effective and economic competition.

- The ESO has taken this error very seriously, and as set out in this report has put a number of additional measures in place.

Workgroup Consultation Question: Will the CMP373 Original Proposal or any of the potential alternative solutions impact your business and/or end consumers. If so, how?

When will this change take place?

Implementation date

1 October 2021 (with the 2020/2021 BSUoS Under-Recovery to be recovered between 1 October 2021 and 31 March 2022 Settlement Days)

Date decision required by

As soon as possible but no later than 21 May 2021.

Implementation approach

The Proposer's preferred solution is to recover the -£34m of trading costs in the FY 2021/2022 SF Run between 1 October 2021 and 31 March 2022 rather than the FY 2021/2022 RF Run. Another option is to recover these costs in the FY 2021/2022 SF Run between 1 June 2021 and 31 March 2022 and the attached table summarises the pros and cons with these options.

2020/21 BSUoS under-recovery period	Pros	Cons
1 June 2021 to 31 March 2022 Settlement Days	Lower daily recovery amounts Industry will the get the clarity they need earlier In line cost recovery, rather than providing a signal	Limited notice for BSUoS parties
1 October 2021 to 31 March 2021 Settlement Days	Provides extended notice for BSUoS parties Broadly mirrors the Settlement periods in 2020/2021 FY which were underbilled	Higher daily recovery amounts

Workgroup Consultation Question: Do you support the proposed implementation approach?

Workgroup Consultation Question: Do you believe that the costs should be recovered from 1 October 2021 to 31 March 2022 (as per Original proposal) or 1 June 2021 to 31 March 2022 or using the default of the RF runs? Please provide the rationale for your response.

Interactions

☐ Grid Code	☐ BSC	☐ STC	☐ SQSS
☐ European Network Codes	☐ EBGL Article 18 T&Cs[8]	☐ Other modifications	☐ Other

No interactions identified.

How to respond

Standard Workgroup consultation questions

1. Do you believe that CMP373 Original proposal better facilitates the Applicable Objectives?
2. Do you support the proposed implementation approach?
3. Do you have any other comments?
4. Do you wish to raise a Workgroup Consultation Alternative request for the Workgroup to consider?

Specific Workgroup consultation questions

5. Do you believe that it is more appropriate to recover the £33,163,790.21 of trading costs in the FY 2021/2022 Settlement Final (SF) Run? Please provide the rationale for your response?
6. Do you think that it is more important to socialise the costs across users in FY 2021/2022 or to correctly target the liable users when the costs were incurred using the RF run? If not socialised do you have a proposal for how the Default Tariff Cap calculations would work? Please provide the rationale for your response.
7. Do you believe that the costs should be recovered from 1 October 2021 to 31 March 2022 (as per Original proposal) or 1 June 2021 to 31 March 2022 or using the default of the RF runs? Please provide the rationale for your response.
8. Will the CMP373 Original Proposal or any of the potential alternative solutions impact your business and/or end consumers. If so, how?

The Workgroup is seeking the views of CUSC Users and other interested parties in relation to the issues noted in this document and specifically in response to the questions above.

Please send your response to cusc.team@nationalgrideso.com using the response pro-forma which can be found on the CMP373 modification page.

In accordance with Governance Rules if you wish to raise a Workgroup Consultation Alternative Request please fill in the form which you can find here.

If you wish to submit a confidential response, mark the relevant box on your consultation proforma. Confidential responses will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel, Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

[8] If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.

Acronyms, key terms and reference material

Acronym / key term	Meaning
ALoMCP	Accelerated Loss of Mains Change Programme
BSC	Balancing and Settlement Code
BSUoS	Balancing System Use of System Charges
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
Default Tariff Cap	The default tariff cap sets maximum prices that reflects the estimated costs of supplying electricity and gas to homes in the next six-month summer or winter period
EBGL	Electricity Balancing Guideline
II	Interim Initial Settlement Run
SF	Settlement Final Settlement Run
RF	Reconciliation Final Settlement Run
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
T&Cs	Terms and Conditions

Reference material

- None.

Annexes

Annex 1	Proposal Form
Annex 2	Urgency Letters
Annex 3	Terms of Reference
Annex 4	Workgroup 1 Slides
Annex 5	Legal Text