

**Workgroup Consultation Response Proforma****CMP373 'Deferral of BSUoS billing error adjustment'**

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 **12pm on 4 May 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

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
<b>Respondent name:</b>	Lauren Jauss
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**I wish my response to be:**

(Please mark the relevant box)

 Non-Confidential Confidential

*Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel, the Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.*

**For reference the Applicable CUSC (charging) 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; and*
- e. *Promoting efficiency in the implementation and administration of the 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 regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.**

<b>Standard Workgroup Consultation questions</b>		
1	Do you believe that the CMP373 Original Proposal better facilitates the Applicable Objectives?	We agree that the Original Proposal better facilitates the Applicable Objectives because it avoids the adverse impact on the Default Tariff Cap calculations which would be discriminatory towards suppliers to the domestic market since they would not be able to recover these costs from consumers if billed retrospectively via the RF run.
2	Do you support the proposed implementation approach?	We support the recovery of the BSUoS billing error through the SF run instead of the RF run. However, our preferred alternative is that the costs should be recovered between 1 June 2021 and 31 March 2022. Please refer to our answer to Question 7 for our rationale.
3	Do you have any other comments?	We do not have any other comments.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	We do not wish to raise a Workgroup Consultation Alternative Request.
<b>Modification Specific Workgroup Consultation questions</b>		
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?	We agree it is more appropriate to recover the trading costs in the FY 2021/2022 Settlement Final (SF) Run primarily to avoid the adverse impact on the default tariff cap calculations. It is important that industry parties do not face unexpected bills for retrospective periods which may have financial consequences. Breaching the principle of avoiding retrospective billing where possible would damage investor confidence and ultimately be detrimental to the consumer.
6	Do you think that it is more important to socialise the costs across users in FY 2021/2022 or to correctly target the	We agree it is more important to socialise the costs across users in FY 2021/2022 than to target the liable users when the costs were incurred. The BSUoS Task Force has reached the conclusion that BSUoS should in effect be socialised, and therefore we do not believe the

	<p>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.</p>	<p>extra complexity to administer such a targeted solution is warranted.</p>
7	<p>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.</p>	<p>We believe that the costs should be recovered from 1 June 2021 to 31 March 2022 to minimise market distortion. The alternative longer period of recovery would almost half the BSUoS billing error cost in £/MWh compared with the original proposal. We expect that the additional known BSUoS cost may be passed through to the wholesale market, and therefore it would be appropriate to minimise this distortion on a £/MWh basis.</p>
8	<p>Will the CMP373 Original Proposal or any of the potential alternative solutions impact your business and/or end consumers. If so, how?</p>	<p>We do not believe the CMP373 Original Proposal or any of the potential alternative solutions will materially impact our business.</p>