

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 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 or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Phil Broom
Company name:	ENGIE Power Limited
Email address:	Phil.broom@engie.com
Phone number:	07733 322 460

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.

Standard Workgroup Consultation questions		
1	Do you believe that the CMP373 Original Proposal better facilitates the Applicable Objectives?	Yes, the original modification better facilitates objective a) - competition in the supply and sale of electricity as the proposal would be prospective rather than retrospective in nature and would give parties better notice of costs and improve the prospect of cost recovery. Neutral on the other objectives.
2	Do you support the proposed implementation approach?	Yes.
3	Do you have any other comments?	See specific WG consultation questions below.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.
Modification 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?	Yes, we prefer the SF approach in the 2021/22 settlement run because this is the most pragmatic approach to cost recovery. As a non-domestic supplier we pass-through BSUoS costs on a transparent basis to many of our Industrial and Commercial customers. Passing through costs using the RF at +14 months would mean a significant re-charge to our customers long after the consumption period had passed. This is both unusual and awkward to administer and, in many cases this may result in going back to customers who have subsequently changed supplier. The SF approach avoids this difficulty because the carry over cost is attributed on a prospective basis to forward volumes and hence customers will pay their share of the cost to their current supplier only and the BSUoS pass-through will be more timely in line with business as usual billing.
6	Do you think that it is more important to	We prefer a socialised approach because it would not be pragmatic to individually target users when the costs

	<p>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.</p>	<p>were originally incurred. A targeted approach would result in a different BSUoS price for each counterparty, and not only would this be complex for the ESO to bill correctly but this would also adversely impact suppliers and end-consumers ability to validate the charges. For example, many non-domestic consumers pay BSUoS as a “pass-through” item and independently (either themselves or via an intermediary) validate these charges which are received from their electricity supplier. This validation process uses source information published by NG ESO on their website. The expectation is that BSUoS charges are a single generic charge across all participants without variation. Any participant specific charges on suppliers would not be recognised by the process and may lead to invoice validation failure and non-payment or unwarranted disputes with their energy supplier.</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>Yes, we agree that the cost recovery resulting from the missing trades is best applied to winter 21/22 volumes as per the original proposal. This results in better cost reflectivity as it is more likely that the same or similar parties will face the deferred costs as would have been the case in 20/21.</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>The CMP373 Original proposal will have the least detrimental impact on our business and is likely to be better received from non-domestic customers with “pass-through” BSUoS.</p>