

Code Administrator 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 13 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.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
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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 in the right-hand side of the table below, including your rationale.

Code Administrator Consultation questions		
1	Do you believe that the CMP373 Original Proposal better facilitates the Applicable Objectives?	<p>Yes. We agree with the proposer that the modification is positive with regards to relevant objective (a) facilitating effective competition. In particular, the modification would help mitigate any potential distortions, by enabling market participants to recover costs appropriately from customers over a reasonable timeframe.</p> <p>The ESO has accumulated an under-recovery of £44m in BSUoS costs which it now seeks to recover from market participants. This is an unforeseeable cost that could not be mitigated by market participants. Under the baseline arrangements, the ESO proposes to recover circa £10m related to the Loss of Mains Project Costs (LoMPC) through the 2021/2022 SF process. However, it proposes to recover the remaining £34m of trading costs through the 2020/2021 RF process despite these not having been identified in the 2020/2021 SF process.</p> <p>As highlighted in the workgroup discussions, recovery of the £34m of trading costs would be in addition to the 'normal' difference between the SF and RF runs. We agree with the proposer and accept that this unforeseen charge may lead to distortions and /or would be distributed unevenly between groups of customers. We also note the difficulties with recovery following a change of supplier and interactions with the calculation of the Default Tariff Cap methodology.</p> <p>We agree with the proposer that given these circumstances the £34m of erroneously under-recovered trading charges should be recovered through the 2021/2022 SF process and not through the standard 2020/2021 RF process.</p>
2	Do you support the proposed implementation approach?	Yes, we support the proposed implementation approach which strikes the right balance between simplicity and giving suppliers and other market participants clear notice of the additional costs that will be recovered between October 2021 and 31 st March 2022.
3	Do you have any other comments?	We support the proposal. Given the particular circumstances of the error and the value involved we believe it is reasonable to socialise the under-recovery of

		<p>£34m through the 2021/2022 SF run in a similar way to the under-recovery of £10m for the Loss of Mains Project costs. Socialising the under-recovery in this instance should not form any precedence for any future under/over-recovery amounts, which should be dealt with on their merits given the prevailing circumstances.</p> <p>This was an error and unforeseeable cost that could not be mitigated by parties. Our view is the solution strikes the right balance in enabling the costs to be recovered in an appropriate timeframe and minimises the distortive impact of the error.</p>
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