

Workgroup Consultation Response Proforma

CMP308: Removal of BSUoS charges from Generation

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 5pm on **26 April 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 Kavita Patel Kavita.Patel@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Simon Lord
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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 subparagraphs (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*

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	<p>Do you believe that CMP308 Original proposal better</p> <p>Yes in two principle ways: -</p> <ol style="list-style-type: none"> 1. Better aligning the GB market arrangements and the charges faced by GB generation with

	facilitates the Applicable Objectives?	<p>those prevalent in other interconnected countries, where generation is typically not subject to such charges, allows GB and continental generation to compete on a more equitable basis and removes the potential for BSUoS to distort cross border trade</p> <p>2. Removal of the distortion in BSUoS charge between embedded and transmission connected generation</p>
2	Do you support the proposed implementation approach?	We believe that industry has now planned for an implemation date of April 2023 and expect industry and Ofgem to facilitate this change without further delay.
3	Do you have any other comments?	The estimated cost to consumer of the distortion between embedded and transmission connected generation is estimated to be around £130m/year. This is driven by the higher marginal cost that transmission connected generation has because of the BSUoS charge and the % of time that this type of generation sets market price. This value is expected to reduce consumer costs once CMP 308 is implemented.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No
Modification Specific Workgroup Consultation questions		
5	Please provide your thoughts on the Workgroup's discussions post reconvening after the outcome of the Second Balancing Services Charges Task Force. Is there anything else that the Workgroup may need to consider?	We support the approach to ensure that only final demand is subject to BSUoS and we would support a similar approach to addressing this by removing generation demand as has been developed in CMP 281 for CVA and SVA storage. and the proposed methodology. Whilst we do see benefits of including a generation licence requirement (same as relief from other levies) we do not believe that the loss of this requirement will cause significant concern, but consideration of a de-minimums level (exclude non-wholesale current meters or domestic customers etc) should be contained in the final report.
6	What are your thoughts on the workgroup's discussions in regard	See above

	to final demand data? Do you think the suggested solutions are appropriate? Please provide your rationale	
7	What are your thoughts on the draft legal text outlined in Annex 3? Please provide any comments you may have.	N/A