

## CUSC WORKGROUP CONSULTATION ALTERNATIVE REQUEST FORM CMP 308

Please send your completed form along with your completed Workgroup Consultation Response to ##### by #####.

Please note that any responses received after the deadline may not receive due consideration by the Workgroup.

<b>Respondent Name and contact details</b>	<i>Simon Lord</i>  <i>Simon.Lord@engie.com</i>
<b>CMP308 [Add – Title of the Modification]</b>	CMP 308 Removal of BSUoS charges from Generation
<b>Capacity in which the WG Consultation Alternative Request is being raised :</b> (i.e. CUSC Party, BSC Party or “National Consumer Council ”)	CUSC party First Hydro

**Description of the Proposal for the Workgroup to consider** *(mandatory by proposer):*

BSUoS is in principle a cost recovery charge as such the recovery of the charge should not directly influence the actions of the parties over whom the charge is recovered the current methodology recovers the total cost (£) charge over half hour periods and is converted to a MWh charge by dividing by the demand. This leads to a higher (£/MWh) charge during lower demand periods this has the effect of reducing demand further due to high BSUoS.

The working group report (section 2.6) provides further details of the intraday effect of the current arrangements. The original proposal without this modification would have the unintended consequence of doubling this effect and potentially leads to an increase in BSUoS as the System Operator seeks to mitigate the effect of lower demand periods on system stability and security.

The proposal is identical to the original proposal but would charge BSUoS at a flat daily rate (£/MWh) as opposed to the current half hour rate on a midnight to midnight basis. The same daily amount would be recovered from demand but at a flat daily rate.

**Description of the difference(s) between your proposal compared to Original / Workgroup Alternative(s)**

The proposal is identical to the original proposal but would charge BSUoS at a flat daily rate (£/MWh) as opposed to the current half hour rate on a midnight to midnight basis. The same daily amount would be recovered from demand but at a flat daily rate.

**Justification for the proposal** *(including why the Original proposal / Workgroup Alternative(s) does not address the defect)* *(mandatory by proposer):*

BSUoS is in principle a cost recovery charge as such the recovery of the charge should not directly influence the actions of the parties over whom the charge is recovered. The current methodology recovers the total cost (£) charge over half hour periods and is converted to a MWh charge by dividing by demand. This leads to a higher (£/MWh) charge during lower demand periods this has the effect of reducing demand further due to high BSUoS.

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**Impact on the CUSC** *(this should be given where possible)*  
As per original CUSC proposal:

**Impact on Core Industry Documentation** *(this should be given where possible):*  
As per original CUSC proposal

**Impact on Computer Systems and Processes used by CUSC Parties** *(this should be given where possible):*  
As per original CUSC proposal:

**Justification for the proposal with Reference to Applicable CUSC Objectives\*** *(mandatory by proposer):*

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  Better aligning the GB market arrangements and the charges faced by GB generation with those prevalent in other interconnected countries and <b>by creating a flat (£/MWh) daily charge improves the proposal by not introducing additional distortions during lower demand periods.</b>
(b) That compliance with the use of system charging methodology results in charges which reflect, as far as is reasonably practicable, the ..... etc	None

<p>(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;</p>	<p>Positive</p> <p>The growth in interconnectors, which are licensed, is a strong driver of the need to update the arrangements. Interconnectors are treated as transmission for the purpose of the Third Package; an interconnector licence can thus be viewed as a form of transmission licence. <b>and by creating a flat (£/MWh) daily charge improves the proposal by not introducing additional distortions during lower demand periods.</b></p>
<p>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1*; and</p>	<p>Positive.</p> <p>Whilst the EU Third Package arrangements recognise that different types of market organisation will exist within the wider internal market in electricity, they also acknowledge the need to reduce market distortions to deliver the full benefits of a competitive internal market in electricity.</p> <p>This change is critical in the context of GB interconnection growth which is set to significantly increase (4GW today, 8GW by 2021 and, with Ofgem's approved pipeline, potentially up to 18GW by early 2020s) which represents almost a third of GB peak demand.</p>
<p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p>	<p>Positive.</p> <p>This change will simplify the charging and billing arrangements, thus simplifying administration. In the short term there should be no adverse effects for GB end consumers, subject to implementation taking account of existing contractual commitments. In the longer term, aligning the GB market arrangements with our European trading partners and other interconnected countries, will better facilitate an efficient functioning internal market in electricity. GB consumers will then benefit from more competitive arrangements delivered through a wider fully-functioning competitive market in generation.</p>
<p><b>Attachments (Yes/No):</b> <b>If Yes, Title and No. of pages of each Attachment:</b></p>	<p>No</p>

**Notes:**

1. Applicable CUSC Objectives\* - These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1. Reference should be made to this section when considering a proposed Modification.