

Code Administrator 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 31 August 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

If you have any queries on the content of this consultation, please contact Joseph Henry at joseph.henry2@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	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 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.*

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions		
1	Do you believe that the CMP308 Original Proposal better facilitates the Applicable Objectives?	<p>We agree that the CMP308 Original Proposal better facilitates the Applicable Objectives, namely Objectives a), d) and e).</p> <p>Implementation of the Original proposal will better achieve objective a) by better aligning the GB market arrangements with those prevalent in other interconnected countries and removes the potential for BSUoS to distort cross border trade. The growth in interconnectors is a strong driver of the need to update the arrangements. The proposal also creates a more level playing field with small distribution connected generators who do not pay BSUoS.</p> <p>Removal of BSUoS costs from generators will also reduce the potential for non-compliance with EU 838/2010 where the regulation’s reference to transmission charges is interpreted to include balancing costs.</p> <p>We further believe that the Original proposal also better facilitates CUSC objective e) as it will reduce the number of market entities who need to cost price, pay and reconcile BSUoS charges.</p>
2	Do you support the proposed implementation approach?	<p>We support the proposed implementation approach.</p> <p>It is very important that April 2023 is the implementation date of CMP308 in order to avoid significant and unnecessary wholesale market volatility. This implementation date is the recommendation from Ofgem, consideration of which we note is included in the CMP308 Workgroup’s terms of reference. It is likely that wholesale power market prices already reflect the industry’s expectation of an implementation date of April 2023. At this stage in the BSUoS reform process, any change to this date may therefore result in windfall gains or losses for those generators and suppliers who have already sold or procured power for the delivery period beyond April 2023.</p>
3	Do you have any other comments?	<p>We agree with the Workgroup’s conclusion that CMP308 legal text solution can be done separately</p>

		<p>from CMP361&362 and that these code modifications should proceed independently of each other. Although it is preferable that BSUoS reform is delivered in one “package” and not in a piecemeal way, this aim is secondary to minimising uncertainty and volatility in the wholesale market and hence progress to implementation of CMP308 should not be contingent on submission, approval and implementation of CMP361&362.</p>
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