

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:	Simon Vicary
Company name:	EDF Energy Customers Limited
Email address:	simon.vicary@edfenergy.com
Phone number:	07875110961

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?	The proposed CUSC mod better facilitates code objectives (a) effective competition, (c) developments in transmission business, (d) EU compliance and (e) promoting efficiency. It is neutral on (b) cost reflectivity. Our reasoning is set out in our proposal, supported by the findings of the Second Balancing Services Charges Task Force and repeated in the workgroup report.
2	Do you support the proposed implementation approach?	Yes. We agree with the target implementation date of 1 st April 2023. Two-years of notice to BSUoS charging reform has always been cited as a sufficient notice period for industry participants to reflect this reform commercially. A 1 st April 2023 implementation date gives a notice period of implementation greater than two years after the Second Balancing Services Charges Task Force (TF2) published their final report recommending this, and over two years after the published acceptance of the TF2 report by Ofgem, thus setting the clear direction of policy for all to see. We believe the proposed implementation approach would also address the concerns raised by suppliers in relation to the potential extension of Ofgem's tariff cap.
3	Do you have any other comments?	Removal of the identified distortion in the wholesale market would ensure more effective competition which is in consumers' interests: i.e. it will ensure dispatch decisions, and investment in new generation, are more efficient. 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. This is critical in the context of growth in GB interconnection capacity which is set to significantly increase. We encourage Ofgem to make and publish their decision on this mod as soon as possible, perhaps

		as a 'minded to' decision, to give industry parties further certainty regarding this reform.
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