

Workgroup Consultation Response – Pro-Forma

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 by **8 May 2019** to cusc.team@nationalgrideso.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

Respondent:	<i>Bill Reed</i>
Company Name:	<i>RWE Supply & Trading GmbH</i>
Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.	<p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity. (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. (d) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. <p><i>The modification proposal will better meet Objective (b). BSUoS is currently an unpredictable and volatile element in the GB power price. The removal of this element will better enable market participants to participate in the energy market based on market fundamentals and consequently enhance cross border trade.</i></p>
Do you support the proposed implementation approach? If not, please state why and provide an alternative	<i>We support the proposed implementation approach.</i>

suggestion where possible.	
Do you have any other comments?	<i>No other comments</i>
Do you feel it is more efficient for BSUoS to be handled by customers / suppliers rather than customers / suppliers and generators?	<i>Customers currently pay for BSUoS either in the power price or in the final pass through by suppliers. It may be more efficient to enable suppliers to manage the BSUoS risk rather than having generators and suppliers all trying to predict and manage volatile BSUoS premia.</i>
If CMP308 were to be implemented, what would your thoughts be in regards to combined/net risk premia?	<i>Currently both generators and suppliers must manage the BSUoS risk. CMP308 will reduce the number of parties responsible for managing the risk and as a result may increase overall market efficiency.</i>
What do you feel would be a sufficient lead time for the implementation of this modification? Would you support a non-April (i.e. October) implementation date in any given year? Please provide an explanation for your response	<i>The implementation time frame should reflect the practicalities of system changes, the impact on the electricity market and the potential impact on consumer bills. In this context the ability of suppliers to reflect the proposed change onto their customers should be taken into account.</i>
Has the Analysis comprehensively considered consumer/system benefits, or can you identify any area which may need more consideration by the workgroup?	<i>We have not identified any further areas for consideration.</i>
Are there any thoughts on the impact of CMP308 on the generation mix, be that short or long term? Will there be any significant IT costs to change your systems as a result of CMP308? If so please give detail.	<i>We do not believe that CMP308 will impact significantly on the generation mix in either the short term or the long term. We do not envisage significant changes to IT systems since we are simply changing the value of an existing parameter.</i>
Are there any unintended consequences of CMP308 which have not as yet been considered by the workgroup?	<i>We are not aware of any unintended consequences.</i>

Will there be any specific impact on renewable or distributed generation, be that long or short term?	<i>The removal of BSUoS from the GB power prices may have competitive effects in the GB power market by influencing the merit order and dispatch incentives.</i>
Will there be any significant IT costs to change your systems as a result of CMP308? If so please give detail.	<i>We do not envisage any significant IT costs as a result of CMP308</i>