

## 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](mailto: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](mailto:Kavita.Patel@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

Respondent details	Please enter your details
<b>Respondent name:</b>	Rachel Mackinnon
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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	Do you believe that CMP308 Original proposal better

	<p>facilitates the Applicable Objectives?</p>	<p>We agree the original proposal better facilitates the applicable objectives. We view this as positive against a), c) d) and e) and neutral against b).</p> <p><b>Applicable Objective a)</b></p> <p>We agree this facilitates more effective competition as it will align the GB market charges and arrangements with its interconnected counterparts, where their generation is usually not subject these charges and therefore contributes to the level playing field across market participants.</p> <p>As it has been proven GB is historically disadvantaged by the current charging arrangements, it makes sense to remove risks of BSUoS affecting cross-border trade and allow GB / interconnected countries to compete on an alike basis.</p> <p><b>Applicable Objective c)</b></p> <p>As mentioned by the proposer, as Interconnectors are licensed and treated as transmission for the EU Third Package, hence it can be classed as a form of transmission license. We agree that this better facilitates objective c) as we too agree that growth in the number of interconnectors drives the requirement for updated arrangements.</p> <p><b>Applicable Objective d)</b></p> <p>This better facilitates objective d) as better aligning GB/interconnected countries is synonymous with messaging of EU Third Package arrangements which encourages reductions in the differences between markets to allow a competitive internal market.</p> <p><b>Applicable Objective e)</b></p> <p>We believe this proposal is positive against e) as it will result in an efficiency gain by reducing the administration and transaction costs currently handled.</p>
2	<p>Do you support the proposed implementation approach?</p>	<p>Yes, we support this implementation approach.</p> <p>Altogether, we believe the sooner this is progressed, the better as it will avoid any generators and developers' risk premia being included in the next CfD rounds given the potential uncertainty around the charge. However, we agree with the WG that 2 years notice is a fair timeframe for allowing the market to adjust.</p>
3	<p>Do you have any other comments?</p>	<p>We would like to have seen more steering from Ofgem on this as a result of the Second Balancing Services Charging Task Force report that would have expedite the implementation of these changes.</p>

4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.
<b>Modification Specific Workgroup Consultation questions</b>		
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 agree that the Workgroups discussion was comprehensive and covered all relevant aspects of the proposal.
6	What are your thoughts on the workgroup's discussions in regard to final demand data? Do you think the suggested solutions are appropriate? Please provide your rationale	<p>We agree with the workgroup's proposal that SVA Non-final Demand sites are declared via supplier and the data extracted by Elexon via a supplier declaration or mapping DNO line loss factor classes to metering systems, to remove Non-final Demand volumes from supplier BMUs that are used by NGENSO to bill BSUoS. We would also agree that it is sensible to utilise the existing for TNUoS demand residual billing CVA declaration process in CUSC for BSUoS billing. These two processes look fairly comprehensive and aligned with current declarations to either Elexon and NGENSO.</p> <p>We would appreciate though a further clarification on the right timing for submit these declarations and how long it would take for them to be progressed. Although this may not be part of the scope of this WG, we think it would be beneficial to provide an indication of this for the purpose of transparency.</p>
7	What are your thoughts on the draft legal text outlined in Annex 3? Please provide any comments you may have.	We agree with the proposed legal text changes and have no issues to raise.