

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:	Rachel Mackinnon
Company name:	ScottishPower Renewables
Email address:	Rachel.mackinnon@scottishpower.com
Phone number:	Click or tap here to enter text.

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:

- 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;*
- 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);*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- 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>SPR agree that the original proposal better facilitates the applicable objectives. We view this as positive against objectives a), c) d) and e) and neutral against b).</p> <p>Applicable Objective a) - positive</p> <p>We agree this facilitates more effective competition as it aligns GB market charges and arrangements with the majority of its interconnected counterparts, where generation is typically not subject to these charges, this change will level the playing field between GB and EU generators as well as transmission and distribution connected generators by removing the BSUoS liability from transmission connected generators.</p> <p>As it has been proven that GB is disadvantaged by the current charging arrangements, it makes sense to remove risks of BSUoS affecting cross-border trade and allow GB and its interconnected markets to compete on a similar basis.</p> <p>Applicable Objective b) - neutral</p> <p>Applicable Objective c) - positive</p> <p>We agree that this better facilitates objective c) as this proposal will prevent worsening the existing distortions between interconnected and GB markets associated with the growth in number of interconnectors</p> <p>Applicable Objective d) - positive</p> <p>This proposal better facilitates objective d) as aligning GB and its interconnected countries is consistent with the messaging within EU Third Package arrangements which encourages reductions in the differences between markets to allow for a more competitive internal market.</p> <p>Applicable Objective e) - positive</p> <p>We believe this proposal is positive against e) as presently, BSUoS costs are passed through various markets and mechanisms before being recovered from end consumers. However, recovering BSUoS directly from final demand will promote efficiency and reduce whole system costs by reducing the administration and transaction costs currently handled.</p>
2	Do you support the proposed	<p>Yes, we support this implementation approach. As previously outlined, we believe this proposal should be progressed as soon as is reasonably possible to avoid</p>

	implementation approach?	any generators and developers' risk premia being included in the next CfD rounds given the potential uncertainty around these charges. Nevertheless, we agree with the workgroup that 2 years notice is a fair timeframe to allow the market to adjust.
3	Do you have any other comments?	<p>As outlined in our second workgroup response, 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 expedited the implementation of these changes.</p> <p>We agree with another workgroup respondent that over time the proposed solution could be extended to include behind the meter generation by removing the final BSUoS Embedded Benefit and aligning final demand with final consumption.</p>