

## CUSC Modification Proposal Form

# CMP362: BSUoS Reform: Consequential Definition Updates

**Overview:** This modification facilitates the implementation of BSUoS Reform by introducing and updating required definitions into CUSC section 11 from CMP308 and CMP361.

## Modification process & timetable



**Status summary:** The Proposer has raised a modification and is seeking a decision from the Panel on the governance route to be taken.

**This modification is expected to have a: Medium impact** on suppliers and final demand.

### Proposer's recommendation of governance route

Standard Governance modification with assessment by a Workgroup

The Workgroup should be joined with CMP361 to cover both modifications

### Who can I talk to about the change?

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## What is the issue?

Ofgem, in their [response letter](#) to the [Second BSUoS Task Force final report](#) on 10 December 2020, recommended that industry should develop refined solutions in line with the Task Force recommendations through the code modification process.

CMP308 will change who pays BSUoS charges so they are paid by final demand only. CMP361 will create a fixed BSUoS tariff methodology. These modifications will create new definitions which are currently not reflected in CUSC Section 11 (definitions). This modification seeks to ensure alignment of definitions across CUSC Section 14 and CUSC Section 11.

## Why change?

The ESO in the [RIIO2 business plan](#) commits to reviewing the possibility of a fixed BSUoS tariff. This is to reduce variability of BSUoS prices, create certainty for suppliers to support their pricing decisions, and should result in risk premia reductions and cost savings for consumers. These benefits were re-iterated in the Second BSUoS Task Force conclusions.

To introduce this CUSC changes to the BSUoS Charging Methodology are required (CUSC Section 14) as well as consequential definition updates to CUSC Section 11.

## What is the proposer's solution?

Update CUSC Section 11 to reflect the required definitions as created through CMP308 and CMP361.

## Draft legal text

The legal text will be created at the Workgroup stage.

## What is the impact of this change?

### Proposer's assessment against CUSC Non-Charging Objectives

Relevant Objective	Identified impact
(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;	<b>Neutral</b>
(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;	<b>Neutral</b>
(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and	<b>Neutral</b>
(d) Promoting efficiency in the implementation and administration of the CUSC arrangements.	<b>Positive</b> This modification improves efficiency by ensuring all required definitions for BSUoS reform are accurate and in CUSC Section 11.

\*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).

### Proposer's assessment of the impact of the modification on the stakeholder / consumer benefit categories

Stakeholder / consumer benefit categories	Identified impact
Improved safety and reliability of the system	<b>Neutral</b>
Lower bills than would otherwise be the case	<b>Positive</b> The BSUoS Reform implementation that is facilitated through this modification, is expected to result in lower consumer bills through reduced supplier risk premia. This is achieved by increased certainty over BSUoS charges.
Benefits for society as a whole	<b>Neutral</b>
Reduced environmental damage	<b>Neutral</b>
Improved quality of service	<b>Neutral</b>

### When will this change take place?

#### Implementation date

1 April 2023 - alongside the wider BSUoS Reform implementations. A single implementation date would simplify the implementation process for industry.

#### Date decision required by

An Ofgem decision is preferred alongside the other BSUoS Reform CUSC modifications by the end of 2021. This would allow enough notice of the change for industry and time to make relevant IT and process changes.

#### Implementation approach

Relevant IT and process changes will be required prior to the implementation date.

#### Proposer's justification for governance route

Governance route: Standard Governance modification with assessment by a Workgroup (joint to cover CMP361 and CMP362)

Assessment by a Workgroup will ensure the costs and benefits to different industry participants are sufficiently assessed and reflected in the solution.

## Interactions

- |  |   |  |                                |
|--|---|--|--------------------------------|
| <input type="checkbox"/> Grid Code                 | <input type="checkbox"/> BSC                                  | <input type="checkbox"/> STC                               | <input type="checkbox"/> SQSS  |
| <input type="checkbox"/> European<br>Network Codes | <input type="checkbox"/> EBGL Article 18<br>T&Cs <sup>1</sup> | <input checked="" type="checkbox"/> Other<br>modifications | <input type="checkbox"/> Other |

This modification is to update CUSC Section 11 to reflect the required definitions as created through CMP308 and CMP361, so naturally it interacts with those modifications.

## Acronyms, key terms and reference material

Acronym / key term	Meaning
BSC	Balancing and Settlement Code
BSUoS	Balancing Services Use of System Charges
CMP	CUSC Modification Proposal
CUSC	Connection and Use of System Code
EBGL	Electricity Balancing Guideline
ESO	Electricity System Operator
Final Demand	Electricity which is consumed other than for the purposes of generation or export onto the electricity network
STC	System Operator Transmission Owner Code
SQSS	Security and Quality of Supply Standards
SCR	Significant Code Review
T&Cs	Terms and Conditions
TCR	Targeted Charging Review

## Reference material

1. [Ofgem Response Letter to BSUoS Task Force Findings](#)
2. [BSUoS Task Force Final Report](#)
3. [ESO RII0-2 Final Business Plan](#)

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<sup>1</sup> If your modification amends any of the clauses mapped out in Exhibit Y to the CUSC, it will change the Terms & Conditions relating to Balancing Service Providers. The modification will need to follow the process set out in Article 18 of the European Electricity Balancing Guideline (EBGL – EU Regulation 2017/2195) – the main aspect of this is that the modification will need to be consulted on for 1 month in the Code Administrator Consultation phase. N.B. This will also satisfy the requirements of the NCER process.