

Code Administrator Consultation Response Proforma**CMP381: Defer exceptionally high Winter 2021/22 BSUoS costs to 2022/2023**

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 10 January 2022**. 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 Paul Mullen paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Simon Vicary
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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.*

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

Please express your views in the right-hand side of the table below, including your rationale.

Standard Code Administrator Consultation questions	
1	<p>Do you believe that the CMP381 Original Proposal and/or WACM1, WACM2, WACM3, WACM4, WACM5 better facilitates the Applicable Objectives?</p>
	<p>Yes, we consider the original proposal and all WACMs better facilitate Applicable Objectives a, b and c, although we consider the Original to be much better than all of the WACMs.</p> <ul style="list-style-type: none"> a. Positive: We believe this proposal will have a positive impact on consumers as it spreads the recovery of a portion of the exceptional BSUoS costs over a longer period, providing time for consumers to budget for these exceptional costs at a time of already extreme power prices. Further it reduces the risk of further destabilisation of industry participants, to mitigate against further insolvencies that would simply lead to greater costs for consumers, and further disruption of the market. b. Positive: This enables all costs incurred by transmission licensees to be recovered, but over a period of time that is more manageable and will drive greater payment from industry participants. Paradoxically, seeking to recover costs in a shorter period (i.e. by not introducing this modification) could ultimately result in less cost being recovered by transmission licensees due to the risk of driving further industry insolvency and

		<p>non-payment leading to stranded costs.</p> <p>c. Positive: This is fully consistent with para (a), similar in approach to previous modifications that have been approved and adopted successfully</p> <p>d. Neutral</p> <p>e. Neutral: There should be little, if any, system impact as the change can use the processes introduced by CMP345, CMP350 and CMP373.</p>
2	Do you support the proposed implementation approach?	<p>The urgency granted by Ofgem clearly demonstrates the significant impact this modification can have on industry participants. Furthermore, based on our own forecasts of BSUoS we think it is important to implement this change with effect from 1st January 2022 when BSUoS charges could continue to out-turn higher than forecast. Although the Ofgem decision is not expected until 14th January 2022 this leaves a sufficient period of time to allow this modification to be applied for the BSUoS billing date of 1st January 2022</p> <p>This proposal will impact the CUSC (Section 14) and the processes of calculating and billing BSUoS. There should be little, if any, system impact as the change can use the processes introduced by CMP345, CMP350 and CMP373.</p> <p>We also note that Ofgem are minded-to approve CMP308 with effective implementation from April 2023. CMP308, alongside the recommendations from the BSUoS taskforce to provide an ex ante fixed BSUoS costs (currently being taken forward through code modifications CMP361 and CMP362), will deliver an enduring framework for BSUoS from April 2023. This proposed modification is a short-term solution to address the</p>

		current exceptional market conditions and does not impact, nor overlap with, these other BSUoS modifications which continue to be critical and need to be delivered.
3	Do you have any other comments?	Without this modification we believe that that excess unbudgeted BSUoS costs could contribute to more industry insolvencies that will increase further the risks to the system regarding safety and reliability. We consider this modification to be one of many critical actions that are required urgently to stabilise the energy sector during a period of unprecedented crisis. Protecting the sector, and ensuring it is able to operate through and beyond this crisis period, will bring benefits to society as a whole who are dependent on a stable energy market to function.