

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:	Jason Harkay
Company name:	Utilita Energy Limited
Email address:	jasonharkay@utilita.co.uk
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:

- 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>WACM1 (£300m limit for the amount of deferred BSUoS Costs and a £10/MWh BSUoS Price Cap as of the Ofgem implementation date to 31 March 2022) is the preferred option. Nevertheless, with exceptional market conditions resulting in BSUoS costs being significantly higher than the ESO forecasts, all options are an improvement over the baseline.</p> <p>A half-hourly £10/MWh cap should be put in place, as Ofgem approved for CMP350, as we believe this to be a reasonable cap reflecting above normal BSUoS prices comparative to previous years, especially as we believe the upcoming ESO BSUoS forecast will similarly be inaccurate.</p> <p>We understand there are limitations to the funds that can be provided by the ESO and believe £300m to be a fair threshold for the total deferral costs.</p> <p>The implementation of this modification would reduce the risk of further destabilisation to industry parties through the improved ability to manage their funds. Helping to mitigate against collapses, preventing increased consumer costs and additional disruption to the market. Furthermore, it will spread the recovery of a portion of the extraordinary BSUoS costs over an extended period, providing time for consumers to budget for these</p>

		exceptional costs at a time of already extreme energy prices. Thus, better facilitating ACO a, and having a neutral impact to all other objectives.
2	Do you support the proposed implementation approach?	Yes, the urgency status of this modification granted by Ofgem clearly demonstrates the significant impact this modification can have on industry parties. Implementation should be made as soon as possible.
3	Do you have any other comments?	This is good example of why a longer-term solution is needed, specifically the ex-ante fixed BSUoS modification CMP361/362, to help avoid unexpected events further destabilising the market.