

Code Administrator Consultation Response Proforma

CMP361 & CMP362: BSUoS Reform: Introduction of an ex ante fixed BSUoS tariff & Consequential Definition Updates

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 7 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 Jennifer Groome Jennifer.groome@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Jenny Doherty
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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.

CMP361

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).*

CMP362

For reference the Applicable CUSC (non-charging) Objectives are:

- a) *The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- c) *Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- d) *Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**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).*

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

Standard CMP361 Code Administrator Consultation questions		
1	Do you believe that the CMP361 Original Proposal or WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 or WACM7 better facilitates the Applicable Objectives?	<p>We believe that the Original Proposal best facilitates the Applicable Objectives as set out in our Work Group voting statement.</p> <ul style="list-style-type: none"> - This allows for tariffs to be as accurate as possible due to the shorter notice period. - It should protect consumers to a P99 level (i.e a 1 in 100 year event), reducing the risk of tariff resets - It provides a balance between recovering the BSUoS fund over two years, to reduce the impact on consumers in year one, whilst ensuring the fund is quickly established to protect consumers against tariff resets. <p>These in turn will better facilitate Applicable Objective A.</p>
2	Do you support the proposed implementation approach?	Yes as per our Work Group consultation response
3	Do you have any other comments?	<p>Yes we have two additional comments from those already raised in our Work Group consultation response.</p> <ul style="list-style-type: none"> - The recent urgent BSUoS modification (CMP381) highlights important considerations for CMP361. Firstly, it shows that certainty is important for Suppliers to be able to plan for BSUoS charges, with shocks to the market proving challenging. This reiterates to us, the importance of creating a P99 BSUoS fund, where the likelihood of resetting tariffs (a potential shock to the market) is reduced. Such a fund can be accounted for in Supplier's tariffs and provides an extra level of security for consumers over the longer term. Secondly, it highlights the need for shorter notice periods, to ensure that tariffs account for the latest market conditions, and therefore minimise the risk of tariffs needing to be reset. - We note that fixed BSUoS is a significant change to the current approach to BSUoS charging. We are also mindful that licence changes are also

		<p>required to implement the change. We have assumed that the detail in the licence will reflect the approach adopted in the proposals and align with the legal text. It would be helpful to understand the detail of and the timeline for these licence changes.</p>
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Standard CMP362 Code Administrator Consultation questions		
1	Do you believe that the CMP361 Original Proposal or WACM1, WACM2, WACM3, WACM4, WACM5 or WACM6 better facilitates the Applicable Objectives?	It is essential that the corresponding CMP361 and CMP362 solution is implemented to ensure that it facilitates the applicable objectives of CMP361. Without the corresponding WACM, the CMP361 and 361 solutions will not work in practice.
2	Do you support the proposed implementation approach?	Yes
3	Do you have any other comments?	N/A