

Code Administrator Consultation Response Proforma**CMP395: Cap BSUoS costs and Defer payment to 2023/24 to protect GB customers**

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 **16 September 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:	Chiamaka Nwajagu
Company name:	Orsted
Email address:	chinw@orsted.com
Phone number:	07854225866

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.*

***The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.*

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 Original Proposal and/or WACM1, WACM2, WACM3, WACM4 and WACM5 better facilitates the Applicable Objectives?	Mark the Objectives which you believe each solution better facilitates:
		Original <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM1 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM2 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM3 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM4 <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		WACM5 <input checked="" type="checkbox"/> A <input checked="" type="checkbox"/> B <input checked="" type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		Click or tap here to enter text.
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input type="checkbox"/> No
		Click or tap here to enter text.
3	Do you have any other comments?	<p>Considerations need to be given not only to interactions with CMP308, but also (and importantly) BSUoS amendments proposed in the Contract for Difference (CfD) to reflect the removal of BSUoS from generators.</p> <p>For context, BSUoS adjustments will be removed from CfDs from 2023/24 to align with removal of BSUoS charges from generators. CfDs compensate generators for BSUoS increase on a 1-year lag, so generators would lose out on payments for high 22/23 BSUoS. A one-off “true-up” payment to generators in 23/24 has been proposed to compensate for high 22/23 BSUoS costs.</p> <p>The proposed changes to the current BSUoS charge will impact on these ongoing amendments. There is need to highlight a risk of missed reconciled charges from the BSUoS amendments, which results in CfD contract holders not to be made whole.</p> <p>With both CMP395 and the BSUoS Amendment consultations running in parallel, outcomes need to align to avoid such adverse impact on the applicable parties</p>

		<p>As has been mentioned in the consultation, we would reiterate that NG ESO publishes the data for the true BSUoS costs (i.e., what BSUoS would have looked like had CMP395 not been approved - as was done under CMP381) and uses the same figures to calculate the difference between the capped and uncapped BSUoS during the reconciliation process, in order to keep options open for how to address the interaction and risk mentioned above.</p>
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