

Code Administrator Consultation Response Proforma

CMP398: GC0156 Cost Recovery mechanism for CUSC Parties

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 **09 June 2023**. 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 Milly Lewis Milly.Lewis@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Garth Graham	
Company name:	SSE Generation	
Email address:	Garth.graham@sse.com	
Phone number:	01738 456000	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body	<input type="checkbox"/> Interconnector <input type="checkbox"/> Storage <input type="checkbox"/> Supplier <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

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 (non-charging) Objectives are:

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

**The Electricity Regulation referred to in objective (c) 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	Please provide your assessment for the proposed solution(s) against the Applicable Objectives?	<p>Mark the Objectives which you believe each solution better facilitates:</p> <table border="1" data-bbox="628 479 1460 651"> <tr> <td>Original</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> </tr> <tr> <td>WACM1</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> </tr> <tr> <td>WACM2</td> <td><input checked="" type="checkbox"/>A</td> <td><input checked="" type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input checked="" type="checkbox"/>D</td> </tr> </table> <p>In respect of the Original, as the Proposer, the views against the Applicable CUSC Objectives are as set out in the proposal form itself which, for the sake of brevity, we therefore avoid repeating here.</p> <p>This is similar in respect to both WACM1 and WACM2 as all three options are, when compared to the Baseline, better in terms of Applicable CUSC Objectives (a), (b) and (d) whilst being neutral in terms of (c).</p> <p>However, when compared with the Original, neither WACM1 or WACM2 are better than that (Original) option.</p> <p>WACM1 will introduce a process for claim validation that will entail an undue role for the ESO which is not one, for example, that applies with similar externally validated claims (such as from the TOs with respect to the MAR) which, rightly, the ESO is content to accept in good faith.</p> <p>The Workgroup deliberations with respect to WACM1 concerning the confidentiality of the information to be submitted by the claimant along with the inherent ‘conflict of interest’ that arises from the ESO performing the validation means that whilst better than Baseline this option is <u>not</u> better when compared with the Original.</p> <p>WACM2 is modelled predominately on the Original and as such is better than WACM1. The application (or not) of the proposal to new parties who sign a Bilateral Agreement after an Authority decision to approve CMP398 (if that is, as hoped, the outcome) is an important point of principle for the Authority to consider. The inclusion of WACM2 alongside the Original affords the Authority this opportunity.</p>	Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	WACM1	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D	WACM2	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D
Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D													
WACM1	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D													
WACM2	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input type="checkbox"/> C	<input checked="" type="checkbox"/> D													
2	Do you have a preferred proposed solution?	<input checked="" type="checkbox"/> Original <input type="checkbox"/> WACM1 <input type="checkbox"/> WACM2 <input type="checkbox"/> No preference															

		<p>We note that this appears to be a new question, the provenance and reason for which, in governance terms, is not clear – we are also mindful that the question is flawed in that it fails to offer a ‘baseline’ preference.</p>
3	<p>Do you support the proposed implementation approach?</p>	<p><input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>As we have noted, in our response to the same question in the related GC0156 Code Administrator Consultation, there will be steps that parties obligated (by GC0156) will need to undertake at pace and therefore it will be important that the CMP398 solution is, practically, in place with the utmost alacrity.</p>
4	<p>Do you have any other comments?</p>	<p>As the Secretary of State set out, when publishing the ESRS; which gave rise to the changes to the ESO Licence and, in turn, gave rise to GC0156 being raised; it is necessary to ensure that the ESRS is implemented in a way which does not commercially disadvantage individual parties.</p> <p>The CMP398 solution, with its cost recovery mechanism, ensures that GC0156 is compatible with the ESRS policy (as well as with the Authority’s wider statutory duties as they pertain to ensuring the commercial certainty for licenced generator).</p>