

Code Administrator Consultation Response Proforma**CMP408: Allowing consideration of a different notice period for BSUoS tariff settings**

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 13 September 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 cusc.team@nationalgrideso.com

Respondent details	Please enter your details	
Respondent name:	Paul Youngman	
Company name:	Drax	
Email address:	Paul.youngman@drax.com	
Phone number:	07738 802266	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network Operator <input checked="" type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input checked="" type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <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 (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	Please provide your assessment for the proposed solution against the Applicable Objectives?	<p>Mark the Objectives which you believe the proposed solution better facilitates:</p> <p>Original <input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D <input type="checkbox"/>E</p> <p>The proposal is negative with respect to the applicable objectives and is not beneficial compared to the baseline arrangements. These were implemented on 1st April 2023 after intensive workgroup development and deliberation from Ofgem. There is insufficient evidence of a defect. We note that all workgroup members except the proposer rejected the proposal.</p> <ul style="list-style-type: none"> • Negative against Objective (a) – the proposed 3N6F does not provide sufficient certainty to suppliers as to what BSUoS costs will be imposed, particularly for non-domestic suppliers that agree contracts many months in advance that fix costs for 2 – 3 years. This will therefore likely raise the risk premia included in the contract pricing, with a potential distortive effect on non-domestic contracts, and between larger and smaller suppliers. The proposed solution also contravenes the recommendation of the BSUoS Taskforce that the length of the Notice Period + Fixed Period equal at least 15 months, a recommendation endorsed by Ofgem after rigorous examination of evidence; the same rigour has not been applied here and there’s no evidence that this recommendation can now be ignored. • Neutral against Objectives (b), (c), (d) – no further comments. • Neutral against Objective (e) – Whilst the proposed framework may reduce the risk of tariff reset and

		therefore reduce the ESO’s administrative burden (positive impact), it is not prudent to be changing charging methodology within such a short time of new arrangements that have yet to be proven to have a defect (negative impact).
2	Do you have a preferred proposed solution?	<input type="checkbox"/> Original <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference
		We believe the Baseline arrangements of 9N6F offers the greatest certainty for suppliers well in advance of tariff start dates, which is particularly important in the non-domestic sector where contracts are agreed many months in advance. This is evidenced in the schematic in Annex 4, which shows that tariff certainty is provided at all points in the year under the Baseline arrangements, whereas other combinations of Notice/Fixed period lengths don’t provide this certainty. This certainty is important for consumers as it’ll likely result in reduced risk premia being applied to contract prices.
3	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		We don’t agree that any change as a result of CMP408 should result in already published tariffs being replaced. Many suppliers will have already negotiated and sold contracts based on the published BSUoS Tariffs beginning 1 st April 2024 and 1 st October 2024, and it would be unfair to change these retrospectively.
4	Do you have any other comments?	There has been insufficient evidence that a defect exists in the current charging methodology. The existing arrangement has only been in place for a few months, and even then not in its true form due to the timing of Ofgem’s decision on CMP361 with respect to the charging calendar (i.e., a 9-month notice period wasn’t possible for April 2023 or October 2023 due to Ofgem’s decision mid-December 2022).