

**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](mailto: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](mailto:cusc.team@nationalgrideso.com)

| Respondent details                             | Please enter your details  |  |
|--|--|--|
| <b>Respondent name:</b>                        | George Moran   |  |
| <b>Company name:</b>                           | Centrica   |  |
| <b>Email address:</b>                          | George.moran@centrica.com  |  |
| <b>Phone number:</b>                           | 07557 611983   |  |
| <b>Which best describes your organisation?</b> | <input type="checkbox"/> Consumer body<br><input type="checkbox"/> Demand<br><input type="checkbox"/> Distribution Network Operator<br><input type="checkbox"/> Generator<br><input type="checkbox"/> Industry body<br><input type="checkbox"/> Interconnector | <input type="checkbox"/> Storage<br><input checked="" type="checkbox"/> Supplier<br><input type="checkbox"/> System Operator<br><input type="checkbox"/> Transmission Owner<br><input type="checkbox"/> Virtual Lead Party<br><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? | Mark the Objectives which you believe the proposed solution better facilitates:   |                            |                            |                            |                            |
|  |   | <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A</td> <td><input type="checkbox"/>B</td> <td><input type="checkbox"/>C</td> <td><input type="checkbox"/>D</td> <td><input type="checkbox"/>E</td> </tr> </table>   | Original                   | <input type="checkbox"/> A | <input type="checkbox"/> B | <input type="checkbox"/> C |
| Original   | <input type="checkbox"/> A  | <input type="checkbox"/> B  | <input type="checkbox"/> C | <input type="checkbox"/> D | <input type="checkbox"/> E |                            |
|  |   | <p><b>Objective (a): Negative impact</b></p> <p>Less tariff notice may lead to an improvement in the accuracy of the forecast underpinning the published BSUoS tariff, and so may act to reduce the probability of tariff resets. However, this comes at the cost of meaning a smaller proportion of contracts are able to take account of the published fixed tariff (as demonstrated by Annex 4 of the Code Administrator consultation). If fewer contracts are able to incorporate the fixed tariff this will act to increase the aggregate amount of risk premium included across the consumer base. The proposal has not demonstrated that any benefit from a potential improvement in forecast accuracy will outweigh the additional risk premium included due to less notice being provided. We believe it is negative against applicable objective (a).</p> <p><b>Objective (b): Neutral impact</b></p> <p>BSUoS is a cost recovery charge, providing no cost reflective forward-looking signal. As such we believe the proposal is neutral against objective (b).</p> <p><b>Objectives (c), (d) and (e): Neutral impact</b></p> <p>We believe the proposal is neutral against objectives (c), (d) and (e).</p> |                            |                            |                            |                            |

|   |  |   |
|---|--|---|
| 2 | Do you have a preferred proposed solution?           | <input type="checkbox"/> Original<br><input checked="" type="checkbox"/> Baseline<br><input type="checkbox"/> No preference   |
|   |  | Click or tap here to enter text.  |
| 3 | Do you support the proposed implementation approach? | <input type="checkbox"/> Yes<br><input checked="" type="checkbox"/> No  |
|   |  | We do not support the proposal to supersede the already published 'fixed' tariff for April 2024.<br><br>We believe the question of notice and fixed period should have been considered together with other outstanding BSUoS issues following implementation of CMP361. These other issues include whether to create a BSUoS fund, its level and operation, and the process to be followed for resetting tariffs. We consider it has been an inefficient use of industry resource to look at notice period alone. |