

Workgroup 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 22 May 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 Claire Goult claire.goult@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Monika Hudakova
Company name:	OVO Energy
Email address:	Monika.Hudakova@ovo.com
Phone number:	Click or tap here to enter text.

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 Workgroup Consultation questions		
1	Do you believe that CMP408 Original Proposal better facilitates the Applicable Objectives?	Mark the Objectives which you believe the original solution better facilitates:
		Original <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		<p>Unlike CMP361 WAC3, CMP408 Original would not facilitate more effective competition. Shorter notice period for BSUoS fixed tariff would result in more price uncertainty for suppliers and ultimately more negative impact on suppliers' competitiveness.</p> <p>We agree with the statement that the shorter notice period allows for more accurate forecasting of BSUoS costs, but reducing notice period would considerably reduce the benefits that fixed tariff was designed to bring and would result in higher risk premia than the risk arising from a potential tariff reset.</p>
2	Do you support the proposed implementation approach?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
		<p>OVO Energy is not supportive of CMP408. However, in the event of its approval, we support the implementation approach (Releasing a new 3 month tariff for October 2024 in July 2024 superseding the one set on 9 month tariff in January 2024). This approach would provide suppliers with more time to adapt to higher price uncertainty than setting a new tariff at beginning of January 2024 for April 2024 superseding 9-month one set in July 2023.</p>
3	Do you have any other comments?	Click or tap here to enter text.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
		Click or tap here to enter text.

Specific Workgroup Consultation questions

5	<p>What notice period for the BSUoS tariff do you feel is appropriate? Please provide the rationale for your response.</p>	<p>Current 9-month notice period for 6-month fixed (as per approved CMP361 WACM3) or alternatively 3-month notice period for 12-month fixed.</p> <p>Longer notice period creates more price certainty for suppliers which results in lower risk premia and ultimately savings for customers.</p>
6	<p>Do you believe that the 15-month combined fixed and notice period remains appropriate and that the fixed period of the BSUoS tariff also needs to be changed? Please provide the rationale for your response.</p>	<p>Yes, 15-month combined fixed and notice period remains appropriate. In the event of notice period being reduced from the current 9-month notice to 3-month notice it would be appropriate to increase the fixed period from 6-months to 12 months to maintain the similar pricing decision certainty for suppliers and avoid increasing their risk premia.</p>
7	<p>Do you agree that the implementation of the tariff introduced by CMP408 (if approved for implementation on 1st April 2024) should supercede any prior tariff set in the current 9-month notice period? Please provide the rationale for your response.</p>	<p>No, implementation of CMP408 should not supercede any prior tariff set in the current 9-month notice period. Suppliers might make their pricing decisions on the tariff set in the 9-month notice period.</p>