












Draft Final Modification Report	At what stage is this document in the process?
<h1>CMP278</h1> <h2>BSIS 2017 Housekeeping</h2>	<div style="display: flex; flex-direction: column; align-items: center;"> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">01</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Initial Written Assessment</div> </div> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">02</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Code Administrator Consultation</div> </div> <div style="display: flex; align-items: center; margin-bottom: 5px;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px;">03</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px;">Draft CUSC Modification Report</div> </div> <div style="display: flex; align-items: center;"> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; margin-right: 5px; background-color: #00a651; color: white;">04</div> <div style="border: 1px solid black; border-radius: 5px; padding: 2px 5px; background-color: #00a651; color: white;">Final CUSC Modification Report</div> </div> </div>
<p>Purpose of Modification: Update CUSC sections 14.30.11 and 14.32 to reflect the changed cap and collar and sharing factors of the Balancing Services Incentive Scheme as detailed in the current Ofgem Statutory License Consultation and; update 14.32 example BSUoS calculation to reflect changed terms within external BSUoS costs detailed in License change.</p>	
<p>The purpose of this document</p> <p>This is the Final CUSC Modification Report which contains CUSC Panel Determination vote and has been prepared and issued by National Grid as Code Administrator under the rules and procedures specified within the CUSC. The purpose of this document is to notify the industry of results of the Panel's Determination Vote and that this proposal will be implemented within the CUSC subject to a 15 Working Day Appeals window.</p> <p>Published on: 30 May 2017</p> <p>Length of Appeals Window: 15 Working Days</p> <p>Responses by: 20 June 2017</p>	
	<p>This modification was raised 17 March 2017 by Stephen McAllister of National Grid and presented by the Proposer to the Panel on 31 March 2017. The Proposer recommended that this modification should be treated as Self-Governance. The Panel considered the Proposer's recommendation and agreed unanimously that this proposal met the Self- Governance criteria and should progress straight to Code Administration Consultation. One response was received to the Code Administrator Consultation which supported the implementation of the Proposal.</p> <p>At the CUSC Panel meeting on 26 May 2017, the Panel voted on CMP278 and unanimously determined that this Proposal was better than the Baseline and should be implemented into the CUSC subject to a 15 Working Days Appeals window.</p>
	<p>High Impact: NGET</p>
	<p>Medium Impact: Supplier and Generators</p>
	<p>Low Impact:</p>

Contents		 Any questions?
1	Summary	4
2	Governance	4
3	Why Change?	6
4	Code Specific Matters	6
5	Solution	6
6	Impacts & Other Considerations	6
7	Relevant Objectives	7
8	Implementation	8
9	Legal Text	8
10	Responses to the Code Administrator Consultation	12
11	CUSC Panel Determination Vote	13
12	Objections	17
Annex 1 – Code Administrator Response		18
Timetable		
The Panel agreed the following Self Governance timetable:		
Code Administrator consultation issued (20 WD)	04/04/2017	 heena.chauhan@nationalgrid.com
Deadline for responses	05/05/2017	
Draft CUSC Modification Report issued for industry comment	11/05/2017	 01926 654028
Deadline for comment	18/05/2017	
Draft CUSC Modification Report issued to CUSC Panel	18/05/2017	Proposer: Stephen McAllister
CUSC Panel determination vote	26/05/2017	
Appeals window open (15WD)	30/05/2017	 Stephen.McAllister@nationalgrid.com
Appeals window closes	20/06/2017	
Decision implemented in CUSC	22/06/2017	 01189363223
		National Grid Representative: Stephen McAllister
		 Stephen.McAllister@nationalgrid.com
		 01189363223

Proposer details

Details of Proposer: (Organisation Name)	Stephen McAllister National Grid
Capacity in which the CUSC Modification Proposal is being proposed: <i>(i.e. CUSC Party, BSC Party or "National Consumer Council")</i>	CUSC Party
Details of Proposer's Representative:	
Name:	Stephen McAllister
Organisation:	National Grid
Telephone Number:	0118 9363223
Email Address:	Stephen.McAllister@nationalgrid.com
Details of Representative's Alternate:	
Name:	Carol Carlin
Organisation:	National Grid
Telephone Number:	0118 936 3923
Email Address:	Carol.Carlin@nationalgrid.com
Attachments (Yes/No): No	
If Yes, Title and No. of pages of each Attachment:	

Impact on Core Industry Documentation. Please mark the relevant boxes with an "x" and provide any supporting information

BSC	<input type="checkbox"/>
Grid Code	<input type="checkbox"/>
STC	<input checked="" type="checkbox"/>
Other	<input type="checkbox"/>

(Please specify)

This is an optional section. You should select any Codes or state Industry Documents which may be affected by this Proposal and, where possible, how they will be affected.

1 Summary

Defect

Update CUSC sections 14.30.11 and 14.32 to reflect the changed cap and collar and sharing factors of the Balancing Services Incentive Scheme as detailed in the current Ofgem Statutory License Consultation here:

<https://www.ofgem.gov.uk/publications-and-updates/final-proposals-electricity-system-operator-incentives-april-2017>

Update 14.32 example BSUoS calculation to reflect changed terms within external BSUoS costs detailed in License change here:

https://www.ofgem.gov.uk/system/files/docs/2017/03/notice_under_section_11a2_of_the_electricity_act_1989.pdf

What

Ofgem launched a consultation on their final proposals for a one year interim incentive scheme for the electricity System Operator (SO) to be in place from the 1 April 2017 to 31 March 2018. Within this scheme they aim to secure specific improvements to the existing framework as well as introduce new incentives around demand forecasting and pilot a new mechanism between the SO and TO (raised in a separate modification).

Within the CUSC, sections 14.30.11 and 14.32 contain references to the BSIS cap and collar and sharing factor of £25mn/£25mn/25% respectively. From 1 April 2017 Ofgem have imposed a change to NGET License where these terms become £10mn/£10mn/10% respectively.

14.32 (which detail an example BSUoS calculation) also need updating to reflect changes to terms in external BSUoS charges.

The License change is at time of writing (17 March 2017) in Statutory Consultation period. Ofgem intends the License condition to be applied from 1 April 2017.

Why

The change to the CUSC should be made to ensure the CUSC reflects the current License as these changes are definitely going to be made by Ofgem.

How

CUSC 14.30.11 and 14.32 should be amended where necessary to reflect the updated BSIS cap/collar/sharing factors of £10mn/£10mn/10% respectively, and the changes to the terms which comprise external BSUoS charges.

2 Governance

The proposal is suitable for self-governance because the modification is the result of a License change. The modification is unlikely to discriminate between different classes of CUSC Parties and is unlikely to have a material effect on:

- i) Existing or future electricity customers;
- ii) Competition in the generation, distribution, or supply of electricity or any commercial activities connected with the generation, distribution or supply of electricity,
- iii) The operation of the National Electricity Transmission System
- iv) Matters relating to sustainable development, safety or security of supply, or the management of market or network emergencies
- v) The CUSC's governance procedures or the CUSC's modification procedures

The CUSC needs to be modified as soon as possible to reflect the License changes currently under Statutory Consultation by Ofgem.

CUSC Panel view on the Proposal

The Proposer presented his Proposal to the Panel at the CUSC Panel meeting on 31 March 2017. The Panel agreed unanimously that the Proposal meets the Self Governance Criteria and agreed it should proceed to Code Administrator Consultation for 20 working days to allow the changes to be implemented in the CUSC as soon as possible as the new licence conditions will apply from 1 April 2017.

Ofgem desires the changes to be (retrospectively) effective from 1 April 2017.

Code Administrator Responses

One response was received to the Code Administrator Consultation. This response supported the Original Proposal and a summary of this response can be found within Section 10. Annex 1 of this report contains the complete responses received to this consultation.

This Draft CUSC Modification Report has been prepared in accordance with the terms of the CUSC. An electronic version of this document and all other CMP278 related documentation can be found on the National Grid website via the following link:

<http://www2.nationalgrid.com/UK/Industry-information/Electricity-codes/CUSC/Modifications/CMP278/>

CUSC Panel Determination Vote

At the CUSC Panel meeting on 26 May 2017, the Panel voted on CMP278 and unanimously determined that this Proposal was better than the Baseline and should be implemented into the CUSC subject to a 15 Working Days Appeals window.

3 Why Change?

The CUSC needs changed to reflect the License change directed by Ofgem.

See details here: <https://www.ofgem.gov.uk/publications-and-updates/final-proposals-electricity-system-operator-incentives-april-2017>

https://www.ofgem.gov.uk/system/files/docs/2017/03/notice_under_section_11a2_of_the_electricity_act_1989.pdf

Ensuring that the CUSC and licence are up to date and aligned will better facilitate charging objectives (b) and (c).

4 Code Specific Matters

Technical Skillsets

Understanding of System Operator License Conditions.

Reference Documents

<https://www.ofgem.gov.uk/publications-and-updates/final-proposals-electricity-system-operator-incentives-april-2017>

https://www.ofgem.gov.uk/system/files/docs/2017/03/notice_under_section_11a2_of_the_electricity_act_1989.pdf

5 Solution

CUSC 14.30.11 and 14.32 should be amended to reflect the updated BSIS cap and collar and sharing factors of £10mn/£10mn/10% respectively.

This includes Table 9.1 and associated graph, and related example calculations. Example legal text is provided below.

6 Impacts & Other Considerations

This is related to CMP277, the purpose of which is to update CUSC sections 14.30.11 and 14.32 to reflect changes to the terms of external BSUoS costs relating to the new SO-TO funding mechanism as detailed in the current Ofgem Statutory License Consultation here: <https://www.ofgem.gov.uk/publications-and-updates/final-proposals-electricity-system-operator-incentives-april-2017>

Does this modification impact a Significant Code Review (SCR) or other significant industry change projects, if so, how?

No

Consumer Impacts

None.

Costs

Code administration costs	
Resource costs	<p>£0 - 0 Workgroup meetings</p> <p>£0 - Catering</p>
Total Code Administrator costs	£0

Industry costs (Standard CMP)	
Resource costs	<p>£0 - 0 Workgroup meetings</p> <p>£454 - 1 Consultation</p> <ul style="list-style-type: none"> • 0 Workgroup meetings • 0 Workgroup members • 1.5 man days effort per meeting • 1.5 man days effort per consultation response • 1 consultation respondent
Total Industry Costs	£454

7 Relevant Objectives

Impact of the modification on the Applicable CUSC Objectives (Charging):

Relevant Objective	Identified impact
(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;	None

(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);	Positive
(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*;	Positive
(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and	None
(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.	None
*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).	

As the modification impacts Section 14 this change positively impacts objectives (b) and (c) to efficiently align the methodology with the latest incentive scheme and accounts for the development within the licensee's business.

8 Implementation

The CUSC needs to be modified as soon as possible to reflect the License changes currently under Statutory Consultation by Ofgem.

Ofgem desires the License changes to be effective from 1 April 2017.

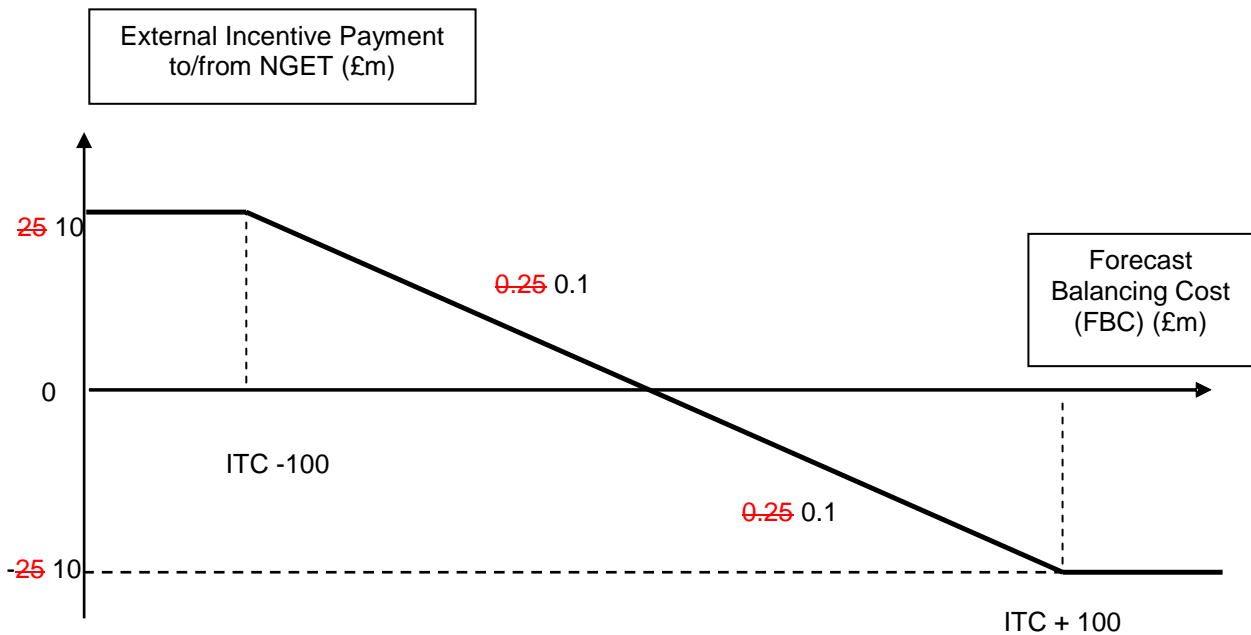
9 Legal Text

14.30.11 page 121:

Table 9.1

Forecast Balancing Cost (FBC)	M_t £m	SF_t	CB_t £m
FBC <	0	0	25 10

(Incentive Target Cost – 100)			
(Incentive Target Cost -100) <= FBC < (Incentive Target Cost)	Incentive Target Cost	2510%	0
Incentive Target Cost = FBC	FBC	0	0
(Incentive Target Cost) < FBC <= (Incentive Target Cost + 100)	Incentive Target Cost	2510%	0
(Incentive Target Cost + 100)	0	0	-2510



14.30.13 page 121:

14.30.13 Daily Incentivised Balancing Cost (IBC_d) is calculated as follows:

$$IBC_d = \sum_{j \in d} (CSOBM_{jd} + BSCCV_{jd}) + BSCCA_d - OM_d - RT_d$$

14.32 Page 129:

Calculation of the Daily External SO Incentive Scheme Payment

The first step is to calculate the Daily Incentivised Balancing Cost (IBC₁ for day one) for that day using the following formula. These are the daily incentivised cost elements used to calculate the external SO incentive payment.

$$IBC_1 = CSOBM_1 + BSCCA_1 + BSCCV_1 - OM_1 - RT_1$$

$$= \pounds 800,000 + \pounds 500,000 + \pounds 250,000 - \pounds 0 = \pounds 1,550,000$$

Assuming that	CSOBM ₁	=	£800,000
	BSCCA ₁	=	£500,000
	BSCCV ₁	=	£250,000
	OM ₁	=	£0
	RT ₁	=	£0

14.32 Page 132:

The costs of the external SO Settlement Period variables are as follows (these are the daily values included in the IBC₁ equation divided by 48 Settlement Periods).

CSOBM = £16,667

BSCCV = £5,208

RFIIR₁, ROV₁, BSFS₁, BSC₁, NCSOTOC₁, IONT₁ and LBS₁ are all zero.

The costs of the external SO Settlement Day variables are as follows:

IncpayEXT = £-45,034

BSCCA = £500,000

ET = £0

OM = £0

$$BSUoSEXT_{11} = £16,667 + £5,208 + [(-£45,034 + £500,000 + £0 - £0 + £0 + £0 + £0 + £0) / 48]$$

$$= £16,667 + £5,208 + £9,478$$

$$= £31,353$$

14.32 Page 134:

Again, the first step is to calculate the Daily Incentivised Balancing Cost for day 2 (IBC₂) using the following formula:

$$IBC_2 = CSOBM_2 + BSCCA_2 + BSCCV_2 - OM_2 - RT_2$$

$$= £600,000 + £150,000 + £100,000 - £0 - £0$$

$$= £850,000$$

Assuming that	CSOBM ₂	=	£600,000
	BSCCA ₂	=	£150,000
	BSCCV ₂	=	£100,000
	OM ₂	=	£0
	RT ₂	=	£0

14.32 Page 135:

The costs of the external SO Settlement Period variables are as follows:

CSOBM = £12,500

BSCCV = £2,083

~~RFIIR~~₂, ~~ROV~~₂, ~~BSFS~~₂, BSC₂, ~~NG~~₂ SOTOC₂, ~~IONT~~₂ and LBS₂ are all zero.

The costs of the external SO Settlement Day variables are as follows:

IncpayEXT = £129,966
 BSCCA = £150,000
 ET = £0
 OM = £0

$$\begin{aligned} BSUoSEXT_{12} &= £12,500 + £2,083 + [(£129,966 + £150,000 + £0 - £0 + £0 + £0 + £0 + £0) / 48] \\ &= £12,500 + £2,083 + £5,833 \\ &= £20,416 \end{aligned}$$

14.3

2 Page 137:

Calculation of the Daily External SO Incentive Scheme Payment

$$\begin{aligned} IBC_{365} &= CSOBM_{365} + BSCCA_{365} + BSCCV_{365} - OM_{365} - RT_{365} \\ &= £700,000 + £200,000 + £150,000 - £0 - £0 \\ &= £1,050,000 \end{aligned}$$

Assuming that	CSOBM ₃₆₅	=	£700,000
	BSCCA ₃₆₅	=	£200,000
	BSCCV ₃₆₅	=	£150,000
	OM ₃₆₅	=	£0
	RT ₃₆₅	=	£0

14.32 Page 138:

The costs of the external SO Settlement Period variables are as follows:

CSOBM = £14,583
 BSCCV = £3,125

~~RFIIR~~₃₆₅, ~~ROV~~₃₆₅, ~~BSFS~~₃₆₅, BSC₃₆₅, ~~NG~~₃₆₅ SOTOC₃₆₅, ~~IONT~~₃₆₅ and LBS₃₆₅ are all zero.

The costs of the external SO Settlement Day variables are as follows:

IncpayEXT = £275,700
 BSCCA = £200,000
 ET = £0
 OM = £0

$$\begin{aligned} BSUoSEXT_{365} &= £14,583 + £3,125 + (£275,700 + £200,000 + £0 - £0 + £0 + £0 + £0 + £0) / 48 \\ &= £14,583 + £3,125 + £9,910 \\ &= £27,618 \end{aligned}$$

10 Responses to the Code Administrator Consultation

One response was received to the Code Administrator Consultation. Annex 1 of this report contains the complete responses received to this consultation.

The following table provides an overview of the response received:

	Do you believe that CMP278 better facilitates the Applicable CUSC Objectives? Please include your reasoning.	Do you support the proposed implementation approach? If not, please provide reasoning why.	Do you have any other comments?
ScottishPower Energy Management Ltd	<p>Yes. We agree with the Proposer that CMP278 will better facilitate CUSC Applicable Charging Objectives (ACO) (b) and (c) and overall better meet the ACOs.</p> <p>By reflecting the changed cap, collar and sharing factors and changed BSUoS terms from the Transmission Licence into the BSUoS Charging Methodology, CMP278 will better facilitate ACO (b) by ensuring that the charging methodology reflects the costs incurred in managing the transmission system. Similarly, CMP278 will better take account of developments in the Transmission Licensee's business by reflecting the changes to the Transmission Licence.</p>	Yes	No

11 CUSC Panel Determination Vote

The CUSC Panel met on 26 May 2017 and voted on the Original Proposal.

For reference the Use of System Charging Methodology 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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and

(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.

*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER). Overall the Panel view was split with one Panel member voting for the Original; five Panel members voting for the WACM and three Panel members voting for the Baseline. Therefore, the Panel voted by majority that the WACM should be implemented.

The Panel voted on CMP278 against the Applicable CUSC Objectives and unanimously determined that the Original was better than the baseline and should be implemented in the CUSC subject to a 15 Working day Appeals Window.

Vote 1 – Does the original facilitate the objectives better than the Baseline?

Each Panel member provided their voting opinion and also provided a voting statement which is shown after their voting table.

	Better facilitates ACO (a)	Better facilitates ACO (b)?	Better facilitates ACO (c)?	Better facilitates ACO (d)?	Better facilitates ACO (e)?	Overall (Y/N)
James Anderson	Neutral	Yes	Yes	Neutral	Neutral	Yes
Andy Pace	Neutral	Yes	Yes	Neutral	Neutral	Yes
Kyle Martin	Neutral	Yes	Yes	Neutral	Neutral	Yes
Garth Graham	Neutral	Yes	Yes	Neutral	Neutral	Yes
Louise Schmitz	Neutral	Yes	Yes	Neutral	Neutral	Yes
Paul Jones	Neutral	Yes	Yes	Neutral	Neutral	Yes
Simon Lord	Neutral	Neutral	Yes	Neutral	Neutral	Yes
Cem Suleyman	Neutral	Yes	Yes	Neutral	Neutral	Yes
Paul Mott	Neutral	Yes	Yes	Neutral	Neutral	Yes

Voting Statements:

James Anderson

CMP278 will better facilitate Applicable CUSC Charging Objectives (ACCO) (b) and (c) and overall better meet the ACCOs. By reflecting the changed cap, collar and sharing factors and changed BSUoS terms from the Transmission Licence into the BSUoS Charging Methodology, CMP278 will better facilitate ACO (b) by ensuring that the charging methodology reflects the costs incurred in managing the transmission system. Similarly, CMP278 will better take account of developments in the Transmission Licensee’s business by reflecting the changes to the Transmission Licence. CMP278 is neutral against the other ACCOs.

Andy Pace

CMP278 positively impacts objectives (b) and (c) by efficiently aligning the methodology with the latest incentive scheme and accounts for the development within the licensee’s business.

Kyle Martin

CMP278 better facilitates CUSC objectives B. and C. Neutral on A. D and E. The modification better represents the costs incurred by the SO through Special License Condition 4J. It also ensures that BSUoS reflects Special License Condition 4J.

Garth Graham

As the modification impacts Section 14 this change positively impacts objectives (b) and (c) to efficiently align the methodology with the latest incentive scheme and accounts for the development within the licensee’s business.

Louise Schmitz

a), d) and e) Neutral

b) This modification impacts this objective positively as it efficiently aligns the methodology with the latest incentive scheme.

c) This modification impacts this objective positively as it properly takes into account developments in the licences transmission business.

Paul Jones

Reflects changes made in the transmission licence.

Simon Lord

Change as required by the TO licence

Cem Suleyman

I agree that CMP278 better facilitates ACOs (b) and (c) for the same reasons as provided by the respective Proposers.

Paul Mott

CMP278 Aligns method with latest incentives scheme, and accounts for developments in licencees' business.

Vote 2 – Which option is best?

Panel Member	CMP278
James Anderson	Original
Andy Pace	Original
Kyle Martin	Original
Garth Graham	Original
Louise Schmitz	Original

Paul Jones	Original
Simon Lord	Original
Cem Suleyman	Original
Paul Mott	Original

12 Objections

If you wish to raise an objection please email the CUSC Panel Secretary at CUSC.Team@nationalgrid.com , with an explanation as to why you believe the CUSC Modification Proposal should not be implemented by 5:00pm on 20 June 2017.

This Approved CUSC Modification Self-Governance Proposal will not be implemented if an objection is received.

The CUSC Panel Secretary will notify the CUSC Panel, the Authority and CUSC Parties if an objection is received.

The CUSC Panel Secretary shall notify the Proposer, the additional information required, should the Proposer wish the CUSC Fast Track Modification to continue.

Annex 1 – Code Administrator Response

CUSC Code Administrator Consultation Response Proforma

CMP278 ‘BSIS 2017 Housekeeping’

Industry parties are invited to respond to this Code Administrator Consultation expressing their views and supplying the rationale for those views, particularly in respect of any specific questions detailed below.

Please send your responses by **5:00pm on 5 May 2017** to cusc.team@nationalgrid.com. Please note that any responses received after the deadline or sent to a different email address may not be included within the Final Workgroup Report to the Authority.

Any queries on the content of the consultation should be addressed to Heena Chauhan at heena.chauhan@nationalgrid.com

These responses will be included within the Draft CUSC Modification Report to the CUSC Panel and within the Final CUSC Modification Report to the Authority.

Respondent:	<i>James Anderson</i> <i>James.anderson@scotishpower.com</i>
Company Name:	<i>ScottishPower Energy Management Ltd</i>
Please express your views regarding the Code Administrator Consultation, including rationale. (Please include any issues, suggestions or queries)	<p><i>For reference, the Applicable CUSC objectives are:</i></p> <p>Use of System Charging Methodology</p> <p>(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;</p> <p>(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);</p> <p>(c) That, so far as is consistent with sub-paragraphs</p>

	<p>(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*;</p> <p>(d) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1; and</p> <p>(e) Promoting efficiency in the implementation and administration of the CUSC arrangements.</p> <p><i>*Objective (c) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).</i></p>
--	---

Code Administrator Consultation questions

Q	Question	Response
1	Do you believe that CMP278 better facilitates the Applicable CUSC objectives? Please include your reasoning.	Yes. We agree with the Proposer that CMP278 will better facilitate CUSC Applicable Charging Objectives (ACO) (b) and (c) and overall better meet the ACOs. By reflecting the changed cap, collar and sharing factors and changed BSUoS terms from the Transmission Licence into the BSUoS Charging Methodology, CMP278 will better facilitate ACO (b) by ensuring that the charging methodology reflects the costs incurred in managing the transmission system. Similarly, CMP278 will better take account of developments in the Transmission Licensee's business by reflecting the changes to the Transmission Licence.
2	Do you support the proposed implementation approach?	Yes.
3	Do you have any other comments?	No.