

CUSC Workgroup Consultation Response Proforma

CMP311 Reassessment of CUSC credit requirements for Suppliers, specifically for “User Allowed Credit” as defined in Section 3, Part III section 3.27 of the CUSC

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 by **29 October 2019** to cusc.team@nationalgrideso.com Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

Any queries on the content of the consultation should be addressed to Chrissie Brown at christine.brown1@nationalgrideso.com

These responses will be considered by the Workgroup at their next meeting at which members will also consider any Workgroup Consultation Alternative Requests. Where appropriate, the Workgroup will record your response and its consideration of it within the final Workgroup Report which is submitted to the CUSC Modifications Panel.

Respondent:	Tom Steward, Regulation and Compliance Manager Tom.Steward@GoodEnergy.co.uk
Company Name:	Good Energy
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	<p>For reference, the Applicable CUSC Objectives for the Use of System</p> <p>(a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;</p> <p>(b) 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;</p> <p>(c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and</p> <p>(d) 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>

Standard Workgroup consultation questions

Q	Question	Response
1	Do you believe that CMP311 Original proposal (revised since originally proposed to just remove the Payment Record Sum) better facilitates the Applicable CUSC Objectives than current arrangements?	<p>A) Neutral</p> <p>B) Potentially positive – Providing the revised proposal to ensure that where suppliers that have demonstrable financial stability, evidenced through reputable credit agencies, have access to sufficient lines of unsecured credit. This will help to ensure that suppliers that do not pose significant risk are not penalised, whilst ensuring appropriate credit is put in place by those suppliers whom are most at risk of default.</p> <p>C) Neutral</p> <p>D) Neutral</p>
2	Do you support the proposed implementation approach, both in terms of allowing at least 12 months to make arrangements and the Workgroup suggestion to commence in April with the Financial Year?	Yes
3	Do you have any other comments?	<p>Flexibility to allow suppliers to choose different credit agencies must be included, rather than having a small list of prescribed credit agencies. This is important to minimise cost.</p> <p>It is not clear why NG ESO would not be able to recover costs from the administrator in the event of a supplier default. Assuming it is able to recover these costs, the cost of cashflow implications must be calculated to allow a full assessment of the cost to the industry of the proposal.</p>
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.

Specific questions for CMP311

Q	Question	Response
5	What impact do you think this modification would have on suppliers entering the market?	Without knowing the level of unsecured credit available to different parties, it is difficult to assess the impact on new entrants.
6	What impact do you think this modification would have on existing suppliers and what would be the cost to your business?	The cost implications are difficult to assess without clarity regarding the level of unsecured credit that will be available as a result of different levels of credit rating. Assuming a strong credit score would lead to no reduction in current levels of available unsecured credit, and a poor credit score results in a commensurate credit requirement, the impact to existing suppliers would be appropriate.
7	Two potential solutions other than that Proposed have been discussed by the Workgroup, what are your views on these?	No view.
8	What impact do you believe this modification would have on the Consumer?	Not possible to assess without the following information: <ul style="list-style-type: none"> - The expected cost to suppliers of this change being introduced - The cost to National Grid ESO of providing the current credit arrangements.