

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:	<i>Paul Bedford (Paul.bedford1@drax.com)</i>
Company Name:	<i>Opus Energy Ltd</i>
Please express your views regarding the Workgroup Consultation, including rationale. (Please include any issues, suggestions or queries)	For reference, the Applicable CUSC Objectives for the Use of System (a) The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence; (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; (c) Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and (d) Promoting efficiency in the implementation and administration of the CUSC arrangements. <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>

Standard Workgroup consultation questions

Q	Question	Response
1	<p>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>	<p>No. The Proposer has noted that Consumers pay for Supplier failures when bad debt is collected through future TNUoS. However, we note from the Workgroup Consultation that “Some Workgroup members believe there is no issue to resolve as the ESO can recover the costs through the existing mechanisms even though this can take a period of time”.</p> <p>We therefore disagree that Relevant Objective a) for which the proposal looks to proactively manage costs that would be borne by future consumers in the event of supplier default, needs to be addressed.</p> <p>We disagree also that Relevant Objective b), facilitating effective competition in the generation and supply of electricity will be met because the additional costs on Suppliers if the Payment Records Sum is removed would have a detrimental impact upon competition, in particular for new entrants for whom this additional expenditure may adversely impact their ability to offer new propositions into the market.</p> <p>Relevant Objective C) - N/A.</p> <p>Regarding Relative Objective d) there is no clear evidence in the Workgroup Consultation of how the proposed solution would promote efficiency in the implementation and administration of the CUSC arrangements.</p>
2	<p>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?</p>	<p>Yes. If CMP311 is approved, we believe the proposed implementation approach to be robust.</p>
3	<p>Do you have any other comments?</p>	<p>Although we acknowledge that NGE SO is an asset light business, as set out in our response to Q1) above, there is no compelling evidence from the Workgroup that there is an issue to resolve.</p>

Q	Question	Response
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?	As stated in our response to Q1, new entrants would face additional expenditure which may adversely impact their ability to offer new propositions into the market.
6	What impact do you think this modification would have on existing suppliers and what would be the cost to your business?	The consultation states that all parties, including existing Suppliers will be impacted. If Suppliers incur increased costs for securing additional credit cover, such costs are likely to be reflected in increased tariff charges.
7	Two potential solutions other than that Proposed have been discussed by the Workgroup, what are your views on these?	Either of these options offer some credit cover relief to new Suppliers but would be more effective if it allowed for the first 36 month of Payment Record Allowance, rather than 24 months only. Further to our response to Q6, neither alternative would benefit existing Suppliers.
8	What impact do you believe this modification would have on the Consumer?	In line with our response to Q6, if Suppliers incur increased costs for securing additional credit cover, such costs are likely to be reflected in increased charges to Consumers. It could also stifle competition from new entrants.