

**Workgroup Consultation Response Proforma****CMP308: Removal of BSUoS charges from Generation**

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 **26 April 2021**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Workgroup.

If you have any queries on the content of this consultation, please contact Kavita Patel [Kavita.Patel@nationalgrideso.com](mailto:Kavita.Patel@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com)

Respondent details	Please enter your details
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**For reference the Applicable CUSC 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 subparagraphs (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*

**Please express your views regarding the Workgroup Consultation in the right-hand side of the table below, including your rationale.**

Standard Workgroup Consultation questions		
1	Do you believe that CMP308 Original proposal better	The proposed CUSC mod better facilitates code objectives (a) effective competition, (c) developments in transmission business, (d) EU

	facilitates the Applicable Objectives?	compliance and (e) promoting efficiency. It is neutral on (b) cost reflectivity. Our reasoning is set out in our proposal, supported by the findings of the Second Balancing Services Charges Task Force and repeated in the workgroup report.
2	Do you support the proposed implementation approach?	Yes. Implementation on 1 <sup>st</sup> April 2023 gives sufficient notification and is a long way over 2 years after the Second Balancing Services Charges Task Force (TF2) published their final report recommending this, and is well over 2 years after the published acceptance of the TF2 report by Ofgem thus setting the clear direction of policy for all to see. Our modelling indicates that the consumer impacts in the short-term are likely to be neutral. We believe the proposed implementation approach would also address the concerns raised by suppliers in relation to the potential extension of Ofgem's tariff cap.
3	Do you have any other comments?	In the long run, removal of the identified distortion in the wholesale market would ensure more effective competition which is in consumers' interests: i.e. it will ensure dispatch decisions, and investment in new generation, are more efficient. Whilst the EU Third Package arrangements recognise that different types of market organisation will exist within the wider internal market in electricity, they also acknowledge the need to reduce market distortions to deliver the full benefits of a competitive internal market in electricity. This is critical in the context of growth in GB interconnection capacity which is set to significantly increase.
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No.
<b>Modification Specific Workgroup Consultation questions</b>		
5	Please provide your thoughts on the Workgroup's discussions post reconvening after the outcome of the Second Balancing Services Charges Task Force.	The Workgroup's discussions since reconvening after the outcome of the Second Balancing Services Charges Task Force have been comprehensive, covering the issues that have arisen. Now that we have a single proposed solution, it should be much easier for industry parties to understand it.

	Is there anything else that the Workgroup may need to consider?	
6	What are your thoughts on the workgroup's discussions in regard to final demand data? Do you think the suggested solutions are appropriate? Please provide your rationale	The suggested solutions are appropriate, with Generators and Storage which are not co-located with Final Demand within the same BMU or SVA site being exempt from BSUoS.
7	What are your thoughts on the draft legal text outlined in Annex 3? Please provide any comments you may have.	The legal text outlined in Annex 3 seems to deliver the intended solution.