

Workgroup Consultation Response Proforma**CMP361 & CMP362: BSUoS Reform: Introduction of an ex ante fixed BSUoS tariff & Consequential Definition Updates**

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 24 September 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 Jennifer Groome Jennifer.Groome@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Kit Dixon
Company name:	Good Energy
Email address:	Kit.dixon@goodenergy.co.uk
Phone number:	07846923315

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, the Workgroup or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

CMP361**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.*

**Objective (d) refers specifically to European Regulation 2009/714/EC. Reference to the Agency is to the Agency for the Cooperation of Energy Regulators (ACER).*

CMP362

For reference the Applicable CUSC (non-charging) Objectives are:

- 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.*

**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).*

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

CMP361 Standard Workgroup Consultation questions			
1	Do you believe that the CMP361 Original Proposal better facilitates the Applicable Objectives?	<input type="checkbox"/> Yes, it better facilitates objectives: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E	<input type="checkbox"/> No, it has a negative effect on objectives: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> E
		We feel that the CUSC Objectives should be altered to reflect a need to facilitate the decarbonisation of the UK's electricity Transmission networks.	
2	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	
		Good Energy have always considered that a £/MWh volumetric charge would be better suited for BSUoS Charges. However, we recognise the recommendations made by both BSUoS Task Forces. However, we feel that a longer notice period better delivers the consumer benefits identified under the Second BSUoS Taskforce and by the ESO in the RIIO2 Business Plan.	

3	Do you have any other comments?	
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.

CMP362 Standard Workgroup Consultation questions

5	Do you believe that the CMP362 Original Proposal better facilitates the Applicable Objectives?	<input type="checkbox"/> Yes, it better facilitates objectives: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	<input type="checkbox"/> No, it has a negative effect on objectives: <input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
		Click or tap here to enter text.	
6	Do you support the proposed implementation approach?	<input type="checkbox"/> Yes <input type="checkbox"/> No Click or tap here to enter text.	
7	Do you have any other comments?	Click or tap here to enter text.	
8	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	<input type="checkbox"/> Yes <input type="checkbox"/> No	Click or tap here to enter text.

CMP361 & CMP362 Modification Specific Workgroup Consultation questions

9	The Original solution has 3 months' notice and 12 months fixed, what would your preferred combination of notice period and fixed	<input type="checkbox"/> 3-month notice period and 12-month fixed period <input type="checkbox"/> 9-month notice period and 6-month fixed period <input checked="" type="checkbox"/> 12-month notice period and 3-month fixed period <input type="checkbox"/> Other (please describe below)
		We strongly feel that the alternative proposed which would grant a 12-month notice period and a 3 month fixed period provides much greater security to suppliers when pricing in BSUoS, and will reduce consumer bills accordingly, relative to the original proposal whereby the benefits of having an ex-ante fixed tariff are almost entirely eroded by the fact that suppliers will only have

	period be? Please provide your justification.	<p>sight of 4 months of BSUoS charges prior to selling a contract 30 days before the start of the notice period.</p> <p>Additionally, the Second BSUoS Task Force did not even consider the 3 month notice, 12 month fix option, and respondents to the consultation emphatically supported notice periods longer than three months (p.32).</p> <div data-bbox="536 517 1394 987"> <table border="1"> <caption>How long should the fixed period be?</caption> <thead> <tr> <th>Fixed Period</th> <th>Number of Responses</th> </tr> </thead> <tbody> <tr> <td>3 months</td> <td>1</td> </tr> <tr> <td>6 months</td> <td>6</td> </tr> <tr> <td>12 months</td> <td>12</td> </tr> <tr> <td>as long as possible</td> <td>1</td> </tr> <tr> <td>no comment</td> <td>13</td> </tr> </tbody> </table> </div>		Fixed Period	Number of Responses	3 months	1	6 months	6	12 months	12	as long as possible	1	no comment	13
Fixed Period	Number of Responses														
3 months	1														
6 months	6														
12 months	12														
as long as possible	1														
no comment	13														
10	Do you support the use of an industry-funded BSUoS Fund to reduce the probability of re-setting tariffs?	<p> <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Other / Don't know </p> <p>We are not opposed to the use of a fund, but as per our response below, we feel the costs of the proposed option are too high.</p>													
11	What would the appropriate balance be between the level of the BSUoS Fund requirement, and the probability of tariffs being reset within the fixed period due to under recovery (in the Original solution is this set at P99 –	<p> <input type="checkbox"/> P99 <input checked="" type="checkbox"/> P95 <input type="checkbox"/> P90 <input type="checkbox"/> P77 </p>	<p> <input type="checkbox"/> P75 <input type="checkbox"/> P65 <input type="checkbox"/> P50 <input checked="" type="checkbox"/> Other / Don't know </p> <p>The magnitude of the BSUoS Fund seems excessive, especially when compared with instances of similar mechanisms elsewhere in the industry. For example, the TRA in the CfD, which is also designed to quantify uncertainty over a period of 3 months, yet with a much higher typical £/MWh scheme value. For example, when the £/MWh for CfD was set to £11.27 for April-June 21, the TRA was £115m. For the upcoming quarter of Oct-Dec 21 it's £6.49/MWh and £209m.</p> <p>This may be because it is aimed at achieving a 19 in 20 probability that LCCC can make all required payments, but it means that its impact on industry participants is lessened. If a fund is to be used, then we feel it should be set at a lower level.</p>												

	see table on pages 15-16)?	<p>Additionally, there is a combination of rising costs/credit requirements for supplier participants at the moment which need to be considered as a whole when mechanisms such as a BSUoS fund is suggested. Rising wholesale prices, zeroing of customer credit balances, RO and FiT shortfalls, increasing bad debt and proposed changes to DUoS and TNUoS credit arrangements (DCP 349 and CMP 311) all present a difficult regulatory environment for even the most prudent actors.</p>
12	Do you agree with the proposed approach to recover half of the BSUoS Fund in the first financial year and the rest in the second financial year?	<p> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Other / Don't know </p> <p>Click or tap here to enter text.</p>
13	Do you agree with the proposed data transparency approach set out in the Workgroup consultation?	<p> <input type="checkbox"/> Yes <input type="checkbox"/> No <input checked="" type="checkbox"/> Other / Don't know </p> <p>Click or tap here to enter text.</p>