

Code Administrator 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 7 January 2022**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

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:	Lauren Jauss
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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 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:**

- 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;*
- 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);*
- 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 in the right-hand side of the table below, including your rationale.

Standard CMP361 Code Administrator Consultation questions		
1	Do you believe that the CMP361 Original Proposal or WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 or WACM7 better facilitates the Applicable Objectives?	We believe that the Original and WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 and WACM7 all better facilitate charging objectives b) and d) with WACM2 (9N6F, with BSUoS fund at P99 level) being the preferred option.
2	Do you support the proposed implementation approach?	<p>We support the proposed implementation approach.</p> <p>We believe that the recent volatility in BSUoS costs illustrates the risk that market participants face in managing their exposure to BSUoS (which has been acknowledged as a cost recovery process and does not provide any helpful signal to market) and that BSUoS adds unnecessary risk capital costs that are passed through to the consumer.</p> <p>We agree with the results of Frontier Economics' analysis and believe that the most optimal arrangement to minimise overall risk capital costs, taking into account the base case and sensitivity scenarios, is a 9-month notice, 6-month fixed period. However, we believe that the Original and all the Alternatives are significantly better at achieving the charging objectives than the baseline.</p>
3	Do you have any other comments?	No

Standard CMP362 Code Administrator Consultation questions		
1	Do you believe that the CMP361 Original Proposal or WACM1, WACM2, WACM3, WACM4, WACM5 or WACM6 better facilitates the Applicable Objectives?	We agree that CUSC Section 11 is likely to require updating to reflect the correct definitions for CMP361. Therefore, we believe that the Original and WACM1, WACM2, WACM3, WACM4, WACM5, WACM6 and WACM7 all better facilitate charging objectives b) and d) for their respective CMP361 alternative, with WACM2 being the preferred option for both CMP361 & CMP362.
2	Do you support the proposed	Yes

	implementation approach?	
3	Do you have any other comments?	No