

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 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 or 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	Yes, we believe that CMP 308 Original proposal better facilitates the following Applicable Objectives:

	proposal better facilitates the Applicable Objectives?	<p>Objective a: Positive</p> <p>This modification will lead to a more level playing field between different types of generators as well as facilitate better competition between GB and EU generators.</p> <p>Objective b: Neutral</p> <p>This modification should not impact the ability of Transmission licensees to recover costs incurred in their transmission businesses</p> <p>Objective c: Neutral</p> <p>Applicable charging methodology will continue to take into account developments in transmission licensees' transmission businesses.</p> <p>Objective d: Positive</p> <p>This modification will lead to better compliance with EU policy which aims to deliver the full benefits of a competitive internal market in electricity. This will be achieved by removing BSUoS charges faced by GB generators, hence removing distortions between GB and interconnected markets.</p> <p>Objective e: Positive</p> <p>Administration of BSUoS charging should become more efficient as a result of these changes, since there will be a single type of a BSUoS-labile party, i.e. final demand only.</p>
2	Do you support the proposed implementation approach?	Yes, we support the proposed implementation approach and the proposed implementation dates.
3	Do you have any other comments?	We believe this modification is in line with key principles of TCR SCR and is a logical result of the First and Second BSUoS Task Force findings, which were established to be correct by Ofgem. In particular, the proposed solution is in line with Ofgem's stated principles, insofar as BSUoS is a cost recovery charge and should be levied on final demand only in a similar manner to DUoS and TNUoS Residual charges. Therefore, this change should be implemented irrespective of the outcome of a parallel CBA carried out by Ofgem or additional considerations highlighted by the Second Balancing Task Force.
4	Do you wish to raise a Workgroup Consultation Alternative Request for	No

	the Workgroup to consider?	
Modification Specific Workgroup Consultation questions		
5	Please provide your thoughts on the Workgroup's discussions post reconvening after the outcome of the Second Balancing Services Charges Task Force. Is there anything else that the Workgroup may need to consider?	The WG has done a comprehensive analysis of outstanding issues and options raised by the Second Balancing TF. In particular, the WG has given due consideration to the definition and interpretation of 'final demand' in the context of CMP 261, CMP 281, CMP 333, CMP 334, TCR SCR decision and CMP 363/364. The WG has also explored interactions with BSC and on-going modifications. In addition, CMP 361/362 developments have been considered closely.
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	We believe that, for the purposes of this modification, WG discussions around final demand are sufficient and fulfil its ToR with regards to this matter. The proposed approach seems reasonable and efficient. Specifically, the discussed approach would ensure that identification of final demand for the purposes of implementation of CMP 308 will be streamlined and will closely follow processes that are already implemented or are under development for the purposes of TNUoS, DUoS residual charging as well as CMP 281 implementation.
7	What are your thoughts on the draft legal text outlined in Annex 3? Please provide any comments you may have.	We agree with the proposed minimal change to CUSC legal text. It fulfils the objective of the modification while leaving sufficient room for finalising solutions around 'final demand' declarations and necessary data exchange processes.