

Code Administrator Consultation Response Proforma**CMP395: Cap BSUoS costs and Defer payment to 2023/24 to protect GB customers**

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 16 September 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 Paul Mullen Paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com

Respondent details	Please enter your details
Respondent name:	Simon Vicary
Company name:	EDF Energy Customers Limited
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Phone number:	07875110961

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.

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;*
- 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.*

***The Electricity Regulation referred to in objective (d) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity (recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.*

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

Standard Code Administrator Consultation questions						
1	Do you believe that the Original Proposal and/or WACM1, WACM2, WACM3, WACM4 and WACM5 better facilitates the Applicable Objectives?	Mark the Objectives which you believe each solution better facilitates:				
		Original	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D <input type="checkbox"/> E
		WACM1	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D <input type="checkbox"/> E
		WACM2	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D <input type="checkbox"/> E
		WACM3	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D <input type="checkbox"/> E
		WACM4	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D <input type="checkbox"/> E
		WACM5	<input checked="" type="checkbox"/> A	<input checked="" type="checkbox"/> B	<input checked="" type="checkbox"/> C	<input type="checkbox"/> D <input type="checkbox"/> E
		<p>We consider the Original Proposal and all WACMs better facilitate Applicable Objectives a, b and c.</p> <p>a. Positive: We believe this proposal will have a positive impact on consumers as, during this exception period where the conflict in Ukraine is driving energy prices to extreme highs, it spreads the recovery of a portion of the exceptional BSUoS costs into a future year. Despite the relatively small cost being deferred against exceptional wholesale costs (£250m limit), any relief provided to consumers would be welcome. It reduces the risk of further destabilisation of industry participants, to mitigate against further insolvencies that would simply lead to greater costs for consumers, and further disruption of the market.</p> <p>b. Positive: This enables all costs incurred by transmission licensees to be recovered, but over a period of time that is more manageable and will drive greater payment from industry participants. Paradoxically, seeking to recover costs in a shorter period (i.e. by not introducing this modification) could ultimately result in less cost being recovered by transmission licensees due to the risk of driving further industry insolvency and non-payment leading to stranded costs.</p> <p>c. Positive: This is fully consistent with para (a), similar in approach to previous modifications</p>				

		<p>that have been approved and adopted successfully.</p> <p>d. Neutral</p> <p>e. Neutral</p>
2	Do you support the proposed implementation approach?	<p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>The urgency granted by Ofgem clearly demonstrates the significant impact this modification can have on industry participants. Furthermore, based on our own forecasts of BSUoS we think it is important to implement this change.</p>
3	Do you have any other comments?	<p>Without this modification we believe that that excess unbudgeted BSUoS costs could contribute to more industry insolvencies that will increase further the risks to the system regarding safety and reliability. We consider this modification to be one of many critical actions that are required urgently to stabilise the energy sector during a period of unprecedented crisis. Protecting the sector, and ensuring it is able to operate through and beyond this crisis period, will bring benefits to society as a whole who are dependent on a stable energy market to function.</p>