



Please use this Pro-Forma when responding to the Interim Report and Consultation of the second Balancing Services Charges Task Force.

The Taskforce will take all responses into its consideration when producing the final report. When providing a response please supply a rationale, particularly in respect of any specific questions detailed below.

Please send your responses to chargingfutures@nationalgrideso.com by 5pm on **26 August 2020**. Please note that any responses received after the deadline or sent to a different email address may not be taken into account by the Taskforce.

If you have any queries on the content of this consultation, please contact us at chargingfutures@nationalgrid.com.

Question	Response
1. Do you agree with the Task Force's recommendations on who should pay Balancing Services Charges (Deliverable 1)? Please state your reasoning and evidence behind your answer.	Yes. We agree with the conclusions of the task force that recovery of balancing services charges from final demand customers would improve efficiency and contribute to decarbonisation of the energy system, both to the benefit of the GB consumer. These benefits would arise through removal of charging distortion and contribution to levelling of the playing field with generation based in Europe importing into the GB market.
2. The Task Force have discussed how the recommendation on Deliverable 1) for Final Demand only to pay Balancing Services Charges	No comment.

could impact on large energy users and the potential for 'grid defection'. Do you think 'grid defection' is a possibility and to what extent would the Task Force's recommendations impact on your answer?	
3. Do you agree with the Task Force's recommendations that an ex ante fixed charge would deliver overall industry benefits? Please state your reasoning and evidence behind your answer.	Yes. Subject to the establishment of a suitable pricing methodology, we agree that ex-ante fixed pricing would deliver overall industry benefits, primarily through reduced cost of finance through reduced risk of charging volatility.
4. How long do you think the fixed period should be and what in your opinion is the optimal notice period in advance of the fixed charge coming into effect? Please state your reasoning and evidence behind your answer.	No comment.
5. Which approach discussed by the Task Force (TDR banded £/site/day or volumetric £/MWh) do you feel is most appropriate for Balancing Services Charges? Please consider your answer against the TCR principles and state your reasoning and evidence to support your answer.	We have nothing to add to the analysis set out on page 17 of the consultation document.
6. The Task Force noted limitations of the approaches covered in Q5, what other methodologies or improvements to the ones in Q5 could you recommend to tackle them? Please consider your answer against the TCR principles and state your	As noted above, we have nothing to add to the analysis set out on page 17 of the consultation.

reasoning and evidence to support your answer.	
7. Is 2years' notice of the changes prior to an implementation date appropriate? Please state your reasoning and evidence behind your answer.	We are keen to see implementation in timescales that align with other TCR driven charging modifications, however we understand the drivers that give rise to the recommendation of 2 years' notice.
8. Should the Task Force consider any interim measures? Please provide details of any suggested interim solution including how it may deliver benefits to consumers or help to mitigate specific challenges facing market participants, whilst limiting any windfall gains or losses between industry participants.	There seems to be no clear path out of the ongoing economic uncertainty driven by Covid-19 and this seems likely to result in sustained volatility and increase to BSUoS charges. A more sustained set of arrangements akin to those considered under CMP345 and CMP350 that would dampen short term spikes in BSUoS prices with ex-post recovery of shortfall would seem likely to benefit effective market competition.
9. Do you feel that there any interactions with the Supplier Price Cap that need to be considered? Please state your reasoning and evidence behind your answer.	No comment.
10. The Task Force's initial recommendation is that Final Demand only will pay BSUoS. If this is the case, is the current RCRC mechanism is still appropriate? Please state your reasoning and evidence behind your answer.	No comment.
11. Is there anything further you think the Task Force needs to consider?	No
12. Please use this box to add any further comments that you may have	

