

**CUSC Code Administrator Consultation Response Proforma****CMP345 'Defer the additional Covid -19 BSUoS costs'**

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](mailto:cusc.team@nationalgrideso.com) by **3pm on 12 June 2020**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the Panel.

If you have any queries on the content of this consultation, please contact Paul Mullen [paul.j.mullen@nationalgrideso.com](mailto:paul.j.mullen@nationalgrideso.com) or [cusc.team@nationalgrideso.com](mailto:cusc.team@nationalgrideso.com).

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**For reference the applicable CUSC 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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 \*; and*
- Promoting efficiency in the implementation and administration of the CUSC arrangements.*

*\*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).*

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 CMP345 Original solution, WACM1, WACM2, WACM3, WACM4, WACM5, WACM6, WACM7 or WACM8 better facilitates the Applicable CUSC Objectives?	<p>The baseline solution, WACM1 and WACM6 best facilitate the Applicable CUSC objectives since they are targeted at the participants active in the market at the specific time where balancing activities were necessary, maintaining the objectives of competition and cost recovery.</p> <p>Toucan Energy <b>strongly</b> disagrees with any retrospective change in the charging methodology as this does not allow for or encourage a competitive market. A transfer of value from one participant to another is unfair, anti-competitive and would create a distortion in the marketplace.</p> <p>In respect of objective (b), the release of the updated forecast by NGENSO should have provided sufficient notice to transmission connected generation that they were likely to face higher balancing expenditure and therefore could adjust their output to take this into account. The fall in wholesale power market prices should ease supplier woes offsetting their increased BSUoS costs.</p>
2	Do you support the proposed implementation approach?	<p>Any implementation which does not transfer value or P&amp;L between periods or participants is supportable.</p> <p>Support for participants facing cashflow issues could be made available on a case by case basis which would minimise the need for any financing costs.</p>
3	Do you have any other comments?	<p>It is clear from the workgroup's work to date that this is not a modification to ease cashflow issues for participants. But purely a modification raised, and supported, by current BSUoS paying participants seeking to recover the additional expenditure that was previously un-foreseen. The balancing system is an intrinsically volatile mechanism and it is not reasonable to expect the forecast to mirror the reality. The combination of sunny and windy</p>

	<p>weather conditions not seen before in the UK and the reduced demand from the Covid-19 lockdowns required additional measures to be taken which should be recovered from the participants active during the event.</p> <p>This proposed recovery of the previously unforeseen costs is at the expense of other existing, and future, market participants. It is therefore distorting the market by creating winners and losers without giving those who stand to lose financially sufficient notice to react and adapt their operations.</p>
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