

CUSC Workgroup Consultation Response Proforma**CMP350: 'Changes to the BSUoS Covid Support Scheme'**

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 27 July 2020**. 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 Paul Mullen at paul.j.mullen@nationalgrideso.com or cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
Respondent name:	Kate Dooley
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CMP350

For reference the applicable CUSC Charging objectives are:

Relevant Objective
(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 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. These are defined within the National Grid Electricity Transmission plc Licence under Standard Condition C10, paragraph 1 *; and
(e) To promote efficiency in the implementation and administration of the CUSC arrangements

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

CMP350 - Standard Workgroup Consultation questions		
1	Do you believe that the CMP350 Original Proposal better facilitates the Applicable CUSC Charging Objectives?	Yes
2	Do you support the proposed implementation approach for CMP350?	Yes. ESB would also like to see the daily updates when the pot passes £60m
3	Do you have any other comments?	No
4	Do you wish to raise a Workgroup Consultation Alternative Request for the Workgroup to consider?	No
Specific Workgroup Consultation Questions		
5	CMP350 Original proposes introducing a formal limit of £100m to the amount of Covid BSUoS Support Scheme costs which can be deferred. Do you agree that a formal limit of £100m should be introduced?	Yes
6	The ESO has included some initial thoughts on how the process would work when the £100m Cap is being approached and when it is reached. Do you agree with this approach? Please provide the rationale for your response	ESB supports the solution to set a hard date. This provides certainty which we would prefer rather than the ESO solution proposed. However, we also think that the ESO should be supplying daily forecasts of what this date could be when the pot gets to £60 million as outlined in their solution.
7	CMP345 introduced a £15/MWh cap for BSUoS. The CMP350 Original proposes to revise this cap to £5/MWh due to the increased frequency of BSUoS costs above £5/MWh. Do you think it is appropriate to revise the cap for BSUoS to below £15/MWh and if so to what value? Please provide the rationale for your response including any supporting analysis	<p>The purpose of the original modification CMP 345 was to allow market participants the opportunity to recover abnormally high unforeseen BSUoS costs seen as a result of the Covid pandemic. While the modification sets a cap of £15/MWh in order to capture those unforeseen high spikes, it does not address the generally higher BSUoS as a result of actions taken by the ESO to manage the low demand across most half hourly periods. Lowering the cap will enable market participants to recover more of those unforeseen and extraordinary BSUoS costs.</p> <p>We support the rationale put forward by the proposer. This is the least worst regrets solution.</p>

8	<p>The Covid BSUoS support scheme introduced by CMP345 expires on 31 August 2020. The CMP350 Original proposes extending the expiry date to 30 September 2020 and a Workgroup Member has proposed extending this further to 25 October 2020. Do you think it is appropriate to extend the Covid BSUoS support scheme introduced by CMP345 and if so, to what date? Please provide the rationale for your response</p>	<p>Based on the ESO's updated June 2020 BSUoS scenarios, demand will likely be palpably lower than 'usual' in September. Therefore, we support the extension of the scheme out through to the end of September.</p> <p>While demand may not have bounced back to what it was before Covid by October, it will get more and more difficult to discern what 'normal' levels are and what are 'abnormal'. In addition, if the cap is lowered, we may well reach that £100m cap over the bank holiday weekend and throughout the month of September therefore extending to October may be unnecessary.</p>
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