

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:	Kit Dixon
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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?	<p>No.</p> <p>We were not supportive of the Original Solution for CMP 345, due to it introducing changes which would lead to competitive distortions. CMP 350 presents a similar problem. Some distributed generators will lose out on their embedded BSUoS benefit, whereas larger transmission connected generators (and those with BELLA and BEGA arrangements) will see their costs reduce. This will be exacerbated by the fact that the BSUoS charging regime is changing from April 2021 - those distributed generators will not be able to recoup their lost revenue later.</p> <p>The authority highlighted the impact on distributed generators in their decision on CMP 345, but it is not clear that the Proposer of 350 has paid due consideration to it – this mod will increase the discrepancies between large and small generators, extending them over a longer period.</p> <p>A competitive distortion would also be introduced in power markets. Suppliers who have already paid for power inclusive of COVID uplifted BSUoS costs will in effect have to pay twice – once now, and again in the next charging year, once the deferred costs are recouped.</p>
2	Do you support the proposed implementation approach for CMP350?	
3	Do you have any other comments?	Regulatory changes which detrimentally impact small renewable generators risk undermining investor confidence in low carbon technologies. It is not clear that due consideration has been given to this in the drafting of CMP 350.
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?	Click or tap here to enter text.
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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	Click or tap here to enter text.
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	Click or tap here to enter text.
8	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	Click or tap here to enter text.