

CUSC Code Administrator Consultation Response Proforma**CMP333: BSUoS – charging Supplier Users on gross demand (TCR)**

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 8 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 Panel.

If you have any queries on the content of this consultation, please contact cusc.team@nationalgrideso.com.

Respondent details	Please enter your details
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For reference the applicable CUSC objectives are:

- 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. *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 Workgroup Consultation questions		
1	Do you believe that the CMP333 Original Proposal better facilitates the Applicable CUSC Objectives?	<p>No</p> <p>FGG believe that there are four errors in the legal text and therefore this has an adverse impact on objective (e). Please see annex for details of the errors.</p> <p>If the changes were implemented as drafted, they would introduce distortions into BSUoS charging and as a result have a negative impact on competition (a). The modification cannot be better than the baseline if it increases distortions.</p>
2	Do you support the proposed implementation approach?	<p>No. Please see answer to question 1.</p> <p>Even if Ofgem is minded to accept this change, it would be more economic and efficient to let the BSUoS Task Force finish its work and then implement a full solution that addresses equitable treatment of all exports and imports to and from the system. Making incremental changes adds to distortions and creates costs for all parties who manage BSUoS cash-flows.</p>
3	Do you have any other comments?	<p>Yes.</p> <p>Currently users who pay BSUoS charges do so based on their net metered quantity across a trading group.</p> <p>The modification has been given the title “BSUoS – charging Supplier Users on gross demand (TCR)”, and as such implies that the only users impacted are Suppliers. However, the actual changes proposed relate to both Supply Users and “Export Exempt BMUs”. FGG are concerned that, due to the title of the modification, operators of Exempt Export BM units (presuming that this is what is meant by “Export Exempt BM Units”) may not have recognised that they would be impacted by the change and have therefore not considered the modification properly, and therefore not responded to the consultations.</p>

Issues with legal text

Issue 1: Definition of SGQM_i

Para 14.3.2 states: SGQM_j – refers to the Gross Demand BM Unit Volume for Settlement Period j minus imports for Settlement Period j to registered SVA storage facilities where those imports are solely for the purposes of operating that Storage Facility.

13.31.8 defines “Gross Demand BM Unit Volume” as “The Import data as at the Transmission System Boundary by Settlement Period for Supplier BM Units and Export Exempt BM Units, minus imports for registered SVA storage facilities where those imports are solely for the purposes of operating that Storage Facility, multiplied by the applicable TLM”.

This implies that the definition of SGQM_i subtracts the imports for SVA storage facilities twice. I think that para 14.3.2 should be corrected to:

SGQM_j – refers to the Gross Demand BM Unit Volume for Settlement Period j ~~minus imports for Settlement Period j to registered SVA storage facilities where those imports are solely for the purposes of operating that Storage Facility.~~

Issue 2: Treatment of Trading Unit Mode Multiplier

13.4.2 states TQM_j – refers to the total Transmission Connected Site BM Unit Metered Volume for Settlement Period j minus imports for Settlement Period j to registered CVA storage facilities where those imports are solely for the purposes of operating that Storage Facility.

And 13.31.8 defines “Transmission Connected Site BM Unit Metered Volume” as “The BM Unit Metered Volume for BSUoS liable users with a Bilateral Agreement with The Company, excluding Export Exempt BM Units, which is multiplied by the TLM and Trading Unit Delivery Mode Multiplier”.

The definition in 13.4.2 appears to ignore the possibility that a CVA storage facility could be importing whilst part of a net exporting trading unit. I think that 13.4.2 should be amended to state:

“TQM_j – refers to the total Transmission Connected Site BM Unit Metered Volume for Settlement Period j minus imports for Settlement Period j to registered CVA storage facilities multiplied by the TLM and Trading Unit Delivery Mode Multiplier where those imports are solely for the purposes of operating that Storage Facility.

Issue 3: Definition of Export Exempt BM Unit

I cannot find a definition of an **Export Exempt BM Unit**. I assume that the text is meant to refer to an **Exempt Export BM Unit** as defined in section X-1 of the BSC?

Issue 4: Supplier registering units in CVA

Suppliers are also able to register meters in the CVA system as well as the SVA system. When the BM Unit is directly connected to the transmission system, the BSC requires that the meter is registered in CVA (and not SVA).

For a directly connected customer who self-supplies (i.e. they hold a supply licence, or operate under an exemption, and supply their own demand) their metered volume would fall under both the definitions (para 14.3.2) of TQM_j and SGQM_j. This would result in any demand customer falling into this category paying twice the BSUoS rate of any other consumer.