

Workgroup Consultation Response – Pro-Forma

CMP308: Removal of BSUoS charges from Generation

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 by **8 May 2019** to cusc.team@nationalgrideso.com. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration by the CUSC Modifications Panel when it makes its final determination.

These responses will be included in the Final CUSC Modification Report which is submitted to the CUSC Modifications Panel.

Respondent:	<i>Colin Prestwich</i>
Company Name :	<i>SmartestEnergy</i>
Do you believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives? Please include your reasoning.	<p>We do <u>not</u> believe that the proposed original or any of the alternatives better facilitate the Applicable CUSC Objectives to any significant degree.</p> <p>For reference, the Applicable CUSC objectives are:</p> <ul style="list-style-type: none"> (a) the efficient discharge by the licensee of the obligations imposed upon it under the Act and by this licence; (b) facilitating effective competition in the generation and supply of electricity, and (so far as consistent therewith) facilitating such competition in the sale, distribution and purchase of electricity. (c) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency. (d) compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency.
Do you support the proposed implementation approach? If not, please state why and provide an alternative	<p>No. This quite clearly overlaps with the SCR. It is inappropriate to consider this issue whilst it is unclear how embedded generation will be impacted.</p>

suggestion where possible.	
Do you have any other comments?	Fundamentally, it cannot be denied that generators <u>do</u> contribute to network costs. As we have stated in previous consultation responses, in a world where all generation is equal and there is perfect competition it would make little difference whether charges are moved from generation to demand because competition would ensure that the costs on the generation side are reduced accordingly. However, we are <u>not</u> in a world where all generation is equal and the costs which they cause the network are not reflected back in a cost reflective manner.
Do you feel it is more efficient for BSUoS to be handled by customers / suppliers rather than customers / suppliers and generators?	In a perfect world it would be neither more nor less efficient. Systems are currently set up for all parties to pay. Clearly, there will be a one-off change to the arrangements which we would consider would be inefficient to implement given that things work the way they are and there would be no advantage to change.
If CMP308 were to be implemented, what would your thoughts be in regards to combined/net risk premia?	It may be argued that any increase in BSUoS would be offset by a decrease in wholesale costs. However, we do not have any faith that this would happen coincidentally with the implementation or indeed, if, through competition, the full effects would be passed through very quickly at all.
What do you feel would be a sufficient lead time for the implementation of this modification? Would you support a non-April (i.e. October) implementation date in any given year? Please provide an explanation for your response	Clearly, this would need to be at least two years and preferably three given that suppliers have contracts with customers that go out that far.
Has the Analysis comprehensively considered consumer/system benefits, or can you identify any area which may need more consideration by the workgroup?	This modification is all about increasing generator benefits!
Are there any thoughts on the impact of CMP308 on the generation mix, be that short or long term? Will there be any significant IT costs to change your systems as a result of CMP308? If so please give detail.	Generators often argue that they are not able to respond to BSUoS. However, it is a half hourly charge which flexible plant can in theory forecast and build into their despatch models. Whether it makes much of a difference to their despatch decisions is another matter.

Are there any unintended consequences of CMP308 which have not as yet been considered by the workgroup?	Please see above. We are also very concerned about the impacts on renewable generation. The uncertainty with this and with many other changes being considered at the moment is severely impacting investor confidence, many of the investors affected being the consumers/ pensioners.
Will there be any specific impact on renewable or distributed generation, be that long or short term?	This depends on the SCR. If the embedded benefit is removed and BSUoS is applied to embedded generation then clearly there will be an adverse impact.
Will there be any significant IT costs to change your systems as a result of CMP308? If so please give detail.	No