

Code Administrator Consultation Response Proforma**CMP415: Amending the Fixed Price Period from 6 to 12 months**

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 **13 September 2023**. Please note that any responses received after the deadline or sent to a different email address may not receive due consideration.

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

Respondent details	Please enter your details	
Respondent name:	George Moran	
Company name:	Centrica	
Email address:	George.moran@centrica.com	
Phone number:	07557 611983	
Which best describes your organisation?	<input type="checkbox"/> Consumer body <input type="checkbox"/> Demand <input type="checkbox"/> Distribution Network <input type="checkbox"/> Operator <input type="checkbox"/> Generator <input type="checkbox"/> Industry body <input type="checkbox"/> Interconnector	<input type="checkbox"/> Storage <input checked="" type="checkbox"/> Supplier <input type="checkbox"/> System Operator <input type="checkbox"/> Transmission Owner <input type="checkbox"/> Virtual Lead Party <input type="checkbox"/> Other

I wish my response to be:

(Please mark the relevant box)

☒ Non-Confidential☐ Confidential

Note: A confidential response will be disclosed to the Authority in full but, unless agreed otherwise, will not be shared with the Panel or the industry and may therefore not influence the debate to the same extent as a non-confidential response.

For reference the Applicable CUSC (non-charging) Objectives are:

- The efficient discharge by the Licensee of the obligations imposed on it by the Act and the Transmission Licence;*
- 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;*
- Compliance with the Electricity Regulation and any relevant legally binding decision of the European Commission and/or the Agency *; and*
- Promoting efficiency in the implementation and administration of the CUSC arrangements.*

**The Electricity Regulation referred to in objective (c) is Regulation (EU) 2019/943 of the European Parliament and of the Council of 5 June 2019 on the internal market for electricity*

(recast) as it has effect immediately before IP completion day as read with the modifications set out in the SI 2020/1006.

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

Standard Code Administrator Consultation questions						
1	Please provide your assessment for the proposed solution(s) against the Applicable Objectives?	<p>Mark the Objectives which you believe the proposed solution(s) better facilitates:</p> <table border="1"> <tr> <td>Original</td> <td><input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</td> </tr> <tr> <td>WACM1</td> <td><input type="checkbox"/>A <input type="checkbox"/>B <input type="checkbox"/>C <input type="checkbox"/>D</td> </tr> </table> <p>Our 'Formal Assessment' of CMP415 vs the CUSC baseline is provided here. Our 'Informal Assessment' of CMP415 vs a CMP408 baseline is provided in the 'Other Comments section' in section 4 below.</p> <p>Formal Assessment (vs current CUSC baseline):</p> <p>Objective (b): Negative impact</p> <p>On the basis that both the Original and WACM1 seek to increase the fixed period to 12 months, with a reduction in notice period to 3 months, we consider that they both have a negative impact on Objective (b) compared to a baseline of a 6-month fixed period with 9 months notice.</p> <p>Less tariff notice may lead to an improvement in the accuracy of the forecast underpinning the published BSUoS tariff, and so may act to reduce the probability of tariff resets. However, this comes at the cost of meaning a smaller proportion of contracts are able to take account of the published fixed tariff. If fewer contracts are able to incorporate the fixed tariff this will act to increase the aggregate amount of risk premium included across the consumer base. Neither the Original nor WACM1 have demonstrated that any benefit from a potential improvement in forecast accuracy will outweigh the additional risk premium included due to less notice being provided.</p>	Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D	WACM1	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D
Original	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D					
WACM1	<input type="checkbox"/> A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D					
2	Do you have a preferred proposed solution?	<table border="1"> <tr> <td> <input type="checkbox"/>Original <input type="checkbox"/>WACM1 <input checked="" type="checkbox"/>Baseline <input type="checkbox"/>No preference </td> </tr> <tr> <td>Subject to our other comments in section 4 below</td> </tr> </table>	<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference	Subject to our other comments in section 4 below		
<input type="checkbox"/> Original <input type="checkbox"/> WACM1 <input checked="" type="checkbox"/> Baseline <input type="checkbox"/> No preference						
Subject to our other comments in section 4 below						
3	Do you support the proposed	<table border="1"> <tr> <td> <input type="checkbox"/>Yes <input checked="" type="checkbox"/>No </td> </tr> </table>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No			
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No						

	implementation approach?	
		We do not support the proposal to supersede the already published 'fixed' tariff for April 2024.
4	Do you have any other comments?	<p>Our 'Formal Assessment' of CMP415 vs the CUSC baseline is provided in section 1 above. Our 'Informal Assessment' of CMP415 vs CMP408 baseline is provided here.</p> <p>Informal Assessment (if CMP408 were the baseline):</p> <p>Objective (b): Positive Impact</p> <p>Our views if CMP408 was the baseline would be that both the original and WACM1 would have a positive impact on Objective (b) by providing more certainty of the applicable BSUoS tariffs over a 15 month period. Our slight preference between the solutions would be WACM1 as it allows the ESO to better align the profiles of revenue and cost recovery to its best view at the time of tariff setting.</p>