



Please use this Pro-Forma when responding to the Interim Report and Consultation of the second Balancing Services Charges Task Force.

The Taskforce will take all responses into its consideration when producing the final report. When providing a response please supply a rationale, particularly in respect of any specific questions detailed below.

Please send your responses to chargingfutures@nationalgrideso.com by 5pm on **26 August 2020**. Please note that any responses received after the deadline or sent to a different email address may not be taken into account by the Taskforce.

If you have any queries on the content of this consultation, please contact us at chargingfutures@nationalgrid.com.

Question	Response
<p>1. Do you agree with the Task Force's recommendations on who should pay Balancing Services Charges (Deliverable 1)? Please state your reasoning and evidence behind your answer.</p>	<p>Yes, we agree with BSUoS charges moving to demand users.</p> <p>As we are moving towards a net zero network, having BSUoS charges applicable to generators (more so in Scotland), is certainly a detriment to generator competitiveness. Removing generator BSUoS will help create a more level playing field and improve competition in the UK as well as with Europe.</p> <p>The BSUoS removal would provide surety of project costs and improve the ability to budget with a greater</p>

	<p>accuracy. Tight financial control is imperative and a platform to performance. The proposal would improve the investor and lender confidence in projects.</p> <p>The proposal would also remove the administrative burden of the generators managing BSUoS on a half hourly basis, which the industry is welcome to see.</p> <p>BSUoS should be an only cost-recovery charge and in line with Ofgem's decision that network residual charges (for TNUoS and DUoS) should be paid by Final Demand only.</p>
<p>2. The Task Force have discussed how the recommendation on Deliverable 1) for Final Demand only to pay Balancing Services Charges could impact on large energy users and the potential for 'grid defection'. Do you think 'grid defection' is a possibility and to what extent would the Task Force's recommendations impact on your answer?</p>	<p>We do not think complete 'grid defection' is commercially viable nor realistic for large energy users. Large energy users require a consistent and reliable grid connection which 'off grid' means cannot provide to the same level. That being said, they could still have partial self-sufficiency via battery storage etc, for demand side response/FFR services.</p>
<p>3. Do you agree with the Task Force's recommendations that an ex ante fixed charge would deliver overall industry benefits? Please state your reasoning and evidence behind your answer.</p>	<p>In essence, yes. It will allow demand end users to forecast their own BSUoS costs over a specified time period.</p>
<p>4. How long do you think the</p>	

<p>fixed period should be and what in your opinion is the optimal notice period in advance of the fixed charge coming into effect? Please state your reasoning and evidence behind your answer.</p>	
<p>5. Which approach discussed by the Task Force (TDR banded £/site/day or volumetric £/MWh) do you feel is most appropriate for Balancing Services Charges? Please consider your answer against the TCR principles and state your reasoning and evidence to support your answer.</p>	<p>Volumetric £/MWh would be the most appropriate and fair for Balancing Services charges. Reviewing the TCR principles, it is clear fixed banded per site charges have a much greater risk and potential negative impact should that methodology be chosen.</p> <p>Volumetric will allow flexibility if large demand end users, wish to choose an energy mix of grid and self-sufficiency.</p>
<p>6. The Task Force noted limitations of the approaches covered in Q5, what other methodologies or improvements to the ones in Q5 could you recommend to tackle them? Please consider your answer against the TCR principles and state your reasoning and evidence to support your answer.</p>	
<p>7. Is 2years' notice of the changes prior to an implementation date appropriate? Please state your reasoning and evidence behind your answer.</p>	<p>The implementation should be as soon as possible for the affected generation sites to correct the harmful market distortions against them. Having said that, it should allow time for generators and demand users to prepare for the changes and adjust business models to suit.</p> <p>A clear definite implementation date is needed. Otherwise, it would create</p>

	uncertainty to the affected generation sites, particularly to those interested in participating in the coming CfD Round 4 auction next year.
8. Should the Task Force consider any interim measures? Please provide details of any suggested interim solution including how it may deliver benefits to consumers or help to mitigate specific challenges facing market participants, whilst limiting any windfall gains or losses between industry participants.	<p>Yes, interim measures are welcome.</p> <p>For the interim period, we would like to see a fixed BSUoS charge rate (£/MWh) instead of the current variable half-hourly charges on the generators. The fixed charge should be reasonable and based on historical charges excluding the Covid-19 lockdown period. This would provide some kind of certainty to the generators.</p>
9. Do you feel that there any interactions with the Supplier Price Cap that need to be considered? Please state your reasoning and evidence behind your answer.	
10. The Task Force's initial recommendation is that Final Demand only will pay BSUoS. If this is the case, is the current RCRC mechanism is still appropriate? Please state your reasoning and evidence behind your answer.	The current RCRC mechanism should be reviewed. BSUoS and RCRC has a close relationship. A change in BSUoS would likely affect RCRC.
11. Is there anything further you think the Task Force needs to consider?	
12. Please use this box to add any further comments that you may have	

