



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
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.	The Task Force's recommendation that BSUoS is paid by Final Demand only rectifies the current discrepancy between the treatment of distribution and transmission connected generation assets.
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	

<p>'grid defection' is a possibility and to what extent would the Task Force's recommendations impact on your answer?</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>4. How long do you think the 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>We feel that both notice and length of fixed period should be as long as possible, in order that suppliers have adequate certainty when pricing BSUoS in supply contracts. As the task force note this would also benefit customers on pass-through contracts as they will have sight of future charges, as well as all other consumers due to reduced risk to suppliers.</p> <p>From the options presented in the report, we would prefer longer notice periods which are updated frequently (due to shorter fixed periods). The 12-month notice period and 6-month fixed period provides more certainty of prices compared to those options where parties receive less notice but charges are fixed for longer periods.</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>An ex-ante £/MWh charge, weighted to encourage demand to shift away from peak demand periods, or if priced on a STOD basis, could help drive demand into summer midday solar peak. This would help to reduce overall system costs.</p> <p>Any under-recovery during the charging year could be recovered in future charge periods. This approach minimises risk of grid-defection.</p>
<p>6. The Task Force noted limitations of the approaches</p>	<p>Consideration should be given to using BSUoS to drive the right behaviours for the grid. Noting that BSUoS is a cost</p>

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.	recovery charge, does not preclude it being used to deliver system benefits though the right behaviours, rather than simply being neutral from a system perspective.
7. Is 2years' notice of the changes prior to an implementation date appropriate? Please state your reasoning and evidence behind your answer.	We agree that two years notice from point of publication is required, but would add that it should be two full charging years. This may result in a notice period more than two calendar years depending on when the changes to BSUoS are finalised.
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.	
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.	Charges need to be known ahead of the time by which Ofgem must announce the level of the next price cap, in order that suppliers are able to recover the correct amount of 'policy and network costs.'
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.	
11. Is there anything	Impact of decarbonisation if BSUoS is not used to support greater flexibility in

further you think the Task Force needs to consider?	demand – widely considered to be essential for greater decarbonisation.
12. Please use this box to add any further comments that you may have	It is pleasing to see that Decarbonisation was given due consideration by the task force – Ofgem must do the same in any decision or IA, and not wait to be prompted by industry, as was the case with the Targeted Charging Review.