



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@nationalgrideso.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>We agree in principle that charging BSUoS on final demand removes competitive distortions in the wholesale market between GB and Europe. However, we are concerned about the impact this will have on increasing bills for final demand customers. We believe that there needs to be a clear and material benefit to consumers to support these changes.</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</p>	<p>We agree that Grid Defection is a real risk that needs to be addressed to avoid detriment to parties. However, we feel that these changes in isolation would unlikely to have a material impact on grid defection. That said, the scale of non-commodity costs now faced by consumers has increased substantially</p>

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?	over the past few years, and this change would further exacerbate this and build the case for grid defection.
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.	We believe that there is no benefit from the current charging methodology and an ex ante fixed charge would bring benefits for consumers and generators. Grid are best placed to both forecast and manage the risk of variations in balancing costs.
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.	Ideally charges should be fixed for at least a year, to tie better into typical contractual periods, with as long a notice period as possible. A large proportion of contracts are October starts, so fixing the cost with 2 months' notice to April still leaves a gap.
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.	Banding seems to add complexity for little value. £/MWh is simpler for the industry, and may potentially lead to less additional cost in terms of system and process changes.
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	Given that BSUoS gives no forward-looking signal the industry should keep the recovery mechanism as simple as possible.

reasoning and evidence to support your answer.	
7. Is 2years' notice of the changes prior to an implementation date appropriate? Please state your reasoning and evidence behind your answer.	2 years seems reasonable notice, although many suppliers will already have fixed contracts beyond this period.
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.	The mechanisms brought in under CMP345 and CMP350 provide a useful example of how the within year impacts of extreme BSUoS costs can be reduced, and an extension of such scheme could provide a useful interim measure.
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.	No comment.
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.	RCRC is small and we would suggest that this should remain out of scope. There is already a huge amount of industry change expected over the coming years and so we should aim to limit any additional changes.
11. Is there anything further you think the Task Force needs to consider?	No comment.
12. Please use this box to add any further comments that you may have	No comment.

