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22nd February 2022

Statutory consultation on a proposal to modify the special conditions of the electricity transmission licence held by National Grid Electricity System Operator Limited

Dear Leo,

We welcome the opportunity to respond to your consultation on modifying the special conditions of the electricity transmission licence which we hold as the National Grid Electricity System Operator (NGESO).

We support the proposal to amend our licence conditions to allow the recovery of deferred costs under CUSC Modification Proposal (CMP) 381, Balancing Services Use of System (BSUoS) charges relating to the 2021/22 charging year in charging year 2022/23. The deferred costs are as directed by the approval of CMP381 which introduced a £20/MWh cap level on BSUoS charges from 17 January 2022 until 31 March 2022. We intend to commence cost recovery on the first business day following the licence change coming into effect and it is important that this is clearly communicated to stakeholders. We have raised CMP383, Updating recovery of CMP381 deferred costs from 1 April 2022, to give industry visibility and clarity of the dates over which the costs of CMP381 will be recovered.

There is one minor housekeeping amendment we would propose:

- In the draft text there is a definition of 'Exceptional Cost Support Scheme' given in Part B: Definitions. This says, 'has the meaning given to that term in accordance with section 14 of the CUSC.'
- In Part A 4.2.2 the definition of BSUoSEXct begins with 'means for Regulatory Year 2022/23 the total cost of the Exceptional Costs Support Scheme (as defined in the CUSC section 14) incurred in 2021/22,'.
- Since the Exceptional Cost Support Scheme has already been defined in Part B, we suggest removing the reference to '(as defined in the CUSC section 14)', from the definition of BSUoSEXct in Part A 4.2.2. We propose that it should instead read:

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| BSUoSEXct | means for Regulatory Year 2022/23 the total costs of the Exceptional Costs Support Scheme incurred in 2021/22, including any administrative or financing cost borne by the system operator, as per Section 14.30 of CUSC and for other Regulatory Years thereafter the value of this term will be zero. |
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If you have any further comments or questions, then please contact Laura Thomson in the first instance at laura.thomson@nationalgrideso.com.

Yours sincerely,

Gareth Davies
Regulation and RIIO Manager