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**IMPACT ASSESSMENT ON CMP201 – Proposal to remove balancing charges from generators**

Dear Alena,

We thank you for the opportunity to respond to your consultation and your minded to reject position with regards to CUSC modification proposal CMP201. This change seeks to remove BSUoS charges from generators and charge them solely to demand customers.

For avoidance of doubt we agree with the minded to position of Ofgem and believe this proposal should be rejected. As indicated before we do not believe that the current proposal results in a benefit for consumers. Additional costs to GB consumers as the result of this change seems the most likely outcome as a factor of the increased risk faced by suppliers.

The current market framework ensures that neither generators or suppliers bear the entirety of the BSUoS risk. BSUoS is an inherently volatile and unpredictable cost and will become more so in the future as the nature and integrity of the system goes through fundamental change. It is inappropriate in this uncertain environment that costs be levied against a single set of parties. This increases the risk borne by those parties and as a result of this Suppliers will need to mitigate the uncertainty of the BSUoS charge through increasing the risk they pass-through to customers.

We would also note that suppliers and customers have very little influence on the price of BSUoS. The chief market actors with ability to influence NGET's decision making and costs are generators. Therefore to remove this cost entirely from those able to influence it seems inappropriate and could have severe consequences in terms of cost to the balancing mechanism. This is especially true as a preponderance of northern based generation will continue to impose large costs on the system for the foreseeable future.

If you have any questions or would like to discuss any element of our response please contact me using the above details.

Yours sincerely

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