

# Consultation on Income Adjusting Event to allow National Grid to recover £113m additional Black Start costs through BSUoS

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## **Final consultation response**

Recovering the £113m through BSUoS over 2016/17 would mean an increase in BSUoS of roughly £0.2/MWh.

This is a significant price increase (we estimate over 10% of BSUoS and 300% of the revised black start target). The extent of the increase casts doubt on whether the service has been procured “economically and efficiently”.

In addition, this is proposed to be a backdated charge effective from April 2016. This is extremely short notice for suppliers to incorporate the additional cost in customer prices, and it will be impossible to do so in most cases where customer contracts are fixed up to several years in advance.

This is not the first short notice BSUoS increase in recent months, and such increases, particularly those that increase the price retrospectively, breed uncertainty in pricing. This means higher risk premiums are likely to be applied to BSUoS pricing by suppliers in the future, which will increase costs to end consumers.

If the decision is made to recover this cost then we would propose it should be recovered over a later period, over 2017/18 at the earliest.