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for energy consumers

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Date: 12 October 2018

Dear Trisha,

Authority Direction that the Connection and Use of System Code (CUSC) proposed modification CMP307: 'Expanding the BSUoS charging base to include embedded generation' must not be made during the Targeted Charging Review (TCR): Significant Code Review (SCR)

This Direction is issued by the Gas and Electricity Markets Authority to the CUSC Panel pursuant to 8.17.3 of the CUSC.

Engie (the Proposer) raised CMP307 for consideration by the CUSC Panel on 28 September 2018. We have determined that CMP307 falls within the scope of the TCR: SCR and therefore must not be made during the TCR: SCR.

One of the objectives of the TCR: SCR is to keep the 'other embedded benefits' under review, including the Balancing Services Use of System (BSUoS) embedded benefit. Embedded benefits arise from the different treatment of some smaller (below 100MW) generators connected to the distribution system, compared with other generation. CMP307 seeks to remove the BSUoS embedded benefit by expanding the BSUoS charging base to include all embedded (distribution-connected) generation.

We are aware of other potential modification proposals that also relate to the BSUoS embedded benefit. For the avoidance of doubt, the BSUoS embedded benefit remains under review within the TCR: SCR. During the TCR: SCR, we will need to assess any proposed modifications to the BSUoS embedded benefits before we determine whether or not they can proceed in the code change process.

Within our recent consultation on whether to launch a SCR on electricity network access and forward-looking charges (our "Electricity network access project"), we have said that there would be benefits from further analysis of whether the elements of BSUoS which have a cost-reflective element could be enhanced and hence provide stronger forward-looking signals. We think this would help establish the long-term direction for BSUoS.

This Direction constitutes notice of reasons for the Authority's decision pursuant to section 49A of the Electricity Act 1989.

Yours sincerely,

Andrew Self
Head of TCR

Signed on behalf of the Authority and authorised for that purpose