The future for

small–scale low carbon generation

Consultation Part B

Proposals to modify electricity supply licence conditions for the purpose of introducing the Smart Export Guarantee

Logo - Open Government Licence

© Crown copyright 2019

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](http://nationalarchives.gov.uk/doc/open-government-licence/version/3/) or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU, or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Any enquiries regarding this publication should be sent to us at:   
[futureofsmallscalesupport@beis.gov.uk](mailto:futureofsmallscalesupport@beis.gov.uk) or[enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk)

Contents

[Contents 3](#_Toc7424975)

[General information 4](#_Toc7424976)

[Why we are consulting 4](#_Toc7424977)

[Consultation details & how to respond 4](#_Toc7424978)

[Confidentiality and data protection 5](#_Toc7424979)

[Quality assurance 5](#_Toc7424980)

[Introduction 6](#_Toc7424981)

[Policy context 6](#_Toc7424982)

[Closure of the Feed in Tariff scheme 6](#_Toc7424983)

[Proposals for a Smart Export Guarantee 7](#_Toc7424984)

[Purpose of this consultation 7](#_Toc7424985)

[What happens next 8](#_Toc7424986)

[Proposed changes to licence conditions 9](#_Toc7424987)

[Draft Licence Conditions for a Smart Export Guarantee 9](#_Toc7424988)

[Proposed approach to sustainability requirements 9](#_Toc7424989)

[Proposed approach to the need for a central SEG register 10](#_Toc7424990)

[Proposed new licence conditions 11](#_Toc7424991)

[Standard conditions 57 & 58: Smart Export Guarantee arrangements 11](#_Toc7424992)

[Proposed Schedule A to standard condition 57 of the electricity supply licence 12](#_Toc7424993)

# General information

## Why we are consulting

In July 2018, government issued a call for evidence which sought to identify the role small-scale low-carbon generation can play in maximising the advantages for the UK in the global shift to clean growth. Respondents highlighted that routes to market for exported electricity are limited and are focussed on larger generators. The government is therefore exploring possible arrangements for the small-scale low-carbon sector after the closure of the Feed-in Tariffs (FIT) scheme.

In January 2019, government published a consultation on the future for small-scale low-carbon generation, which proposed the introduction of a mandatory supplier-led route to market: the **Smart Export Guarantee (SEG).** Under the SEG, government would require mandated suppliers to remunerate small-scale low-carbon generators for electricity they export to the grid.

This ‘Part B’ consultation seeks views on the modifications to electricity supply licence conditions which would be required to introduce the Smart Export Guarantee.

## Consultation details & how to respond

Issued: 29 April 2019

Respond by: 27 May 2019

Audiences: This is a short consultation of four weeks which will primarily be of interest to organisations who are (or may in future be) bound by the electricity supply licence conditions, however we welcome comment from anyone with an interest in the future of small-scale electricity generation.

**Territorial extent:** Great Britain

**How to respond:** Please send responses to the postal or e-mail addresses below. When responding, please state whether you are responding as an individual or representing the views of an organisation. If you have views on specific licence conditions, please quote the number of the relevant clause or section. We are also happy to receive annotated versions of the proposed conditions with comments and / or tracked changes – if you would like an editable version of the draft conditions in *.doc*, *.docx*, *.rtf* or *.odt* format in order to submit such a response, please contact the address below.

Written enquiries

& responses to: Future for Small-Scale Support Team

Department for Business, Energy and Industrial Strategy

3rd Floor Spur

1 Victoria Street

London SW1H 0ET

**Email enquiries**

**& responses to:** [futureofsmallscalesupport@beis.gov.uk](mailto:futureofsmallscalesupport@beis.gov.uk)

## Confidentiality and data protection

Information you provide in response to this consultation, including personal information, may be disclosed in accordance with UK legislation (the Freedom of Information Act 2000, the Data Protection Act 2018 and the Environmental Information Regulations 2004).

If you want the information that you provide to be treated as confidential please tell us, but be aware that we cannot guarantee confidentiality in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not be regarded by us as a confidentiality request.

We will process your personal data in accordance with all applicable UK and EU data protection laws. See our [privacy policy](https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy/about/personal-information-charter).

We may publish a list of names or organisations that responded, and a summary of responses, on [GOV.UK](https://www.gov.uk/government/publications?keywords=&publication_filter_option=closed-consultations&topics%5B%5D=all&departments%5B%5D=department-for-business-energy-and-industrial-strategy&official_document_status=all&world_locations%5B%5D=all&from_date=&to_date=), however this will not people’s personal names, addresses or other contact details.

## Quality assurance

This consultation has been carried out in accordance with the government’s [consultation principles](https://www.gov.uk/government/publications/consultation-principles-guidance). If you have any complaints about the way this consultation has been conducted, please email [beis.bru@beis.gov.uk](mailto:beis.bru@beis.gov.uk).

# Introduction

The proposed Smart Export Guarantee (SEG) is part of the government’s framework for achieving clean growth and affordable energy for businesses and households, as set out in the Clean Growth Strategy and the Industrial Strategy. This consultation follows a consultation issued in January 2019 on the proposed introduction of a SEG, which closed in March (and which the government will respond to in due course). If the government were to introduce the SEG, changes would be required to the licence conditions that apply to electricity suppliers. Subject to any final decisions on how, and whether, the SEG would be implemented, this consultation seeks views on the changes required to these licence conditions.

## Policy context

The Industrial Strategy set out four Grand Challenges to put the UK at the forefront of the industries of the future. One of these Grand Challenges is maximising the advantages for UK industry from the global shift to clean growth. The UK has made substantial progress in building a successful renewables industry as part of our move to a low-carbon economy and to support meeting our carbon reduction and renewable energy targets.

In 2016, businesses active in the low carbon and renewable energy economy generated £42.6 billion in turnover and employed an estimated 208,000 full-time equivalent employees. Installed capacity of renewable electricity generation has more than quadrupled since the end of 2010 from 9.3GW to 38.9GW at the end of 2017, supported by the Renewables Obligation, the Contracts for Difference scheme and the small-scale Feed-In Tariffs scheme. Our Industrial Strategy sets out how government will ensure that the UK continues to benefit from the transition to a low-carbon economy.

Coupled with this, government is committed to driving forward the policies needed to improve the resilience and flexibility of our energy system through decentralised energy. We are seeing more generation located nearer to people’s homes, greater demand with the increased use of electric vehicles, the ability to store energy, and potential for avoiding investment in new generation assets through demand-side response to manage electricity more flexibly. There is enormous potential for greater home energy management through smart meters, smart appliances and smart tariffs. As a result of these developments, we expect significant changes to patterns of supply and demand in the future as we move to a smarter, more flexible energy system.

## Closure of the Feed in Tariff scheme

The Feed-in Tariffs (FIT) scheme has been instrumental in driving the development of the low carbon sector at both a domestic and small-scale commercial level. The scheme gave the public a stake in the transition to a low-carbon economy, fostering reductions in energy costs for households, businesses and communities that generate electricity, driving a significant number of installations.

Following consultation in 2018, government concluded that the FIT scheme flat rate export tariff no longer aligned with a move towards fairer, cost reflective pricing and the continued drive to meet our climate change commitments at the lowest net cost to UK taxpayers, consumers and businesses. Both generation and export tariffs were closed to new entrants from 31 March 2019, subject to certain time-limited extensions and grace periods.

As the electricity system becomes smarter and more flexible, government expects that consumers will be offered innovative services and bundled smart offers by market participants, as well as being able to make the most of new technologies that can help small-scale generators bring maximum value to the system – all of which could support the integration of onsite low carbon generation and make it as competitive as possible.

## Proposals for a Smart Export Guarantee

Responses to a call for evidence in July 2018[[1]](#footnote-2) suggested that some form of intervention may be needed whilst markets for small scale low carbon generation are still emerging. In January 2019[[2]](#footnote-3) the Government consulted on ‘The future for small scale low carbon generation’, proposing to introduce the SEG. This would provide a route-to-market for small scale low carbon generators, remunerating them for the electricity they export back to the grid.

The consultation (which was accompanied by an impact assessment) sought views on a wide range of issues including the overall approach, potential tariff types, who would be obligated to offer a tariff and to whom, eligibility criteria including metering and certification requirements, and arrangements for administering and monitoring the obligation.

The consultation ran for eight weeks, and was accompanied by public consultation events in London, Glasgow and Cardiff, as well as numerous stakeholder meetings.

A mailing list for updates was introduced to keep interested parties informed on emerging policy thinking during the consultation. For example, following widespread feedback that the minimum size of supplier required to offer a SEG tariff should be reduced below the initially floated threshold of 250,000 customers (the updates, including details of how to be added to the mailing list, are available on the BEIS website)[[3]](#footnote-4).

## Purpose of this consultation

Over 3,000 individuals, companies and organisations submitted responses to the January consultation on whether to introduce a SEG and what form, if any, it should take. Government is yet to formally respond to the consultation and will publish a response in due course

Ahead of a formal government response to the SEG consultation, we are seeking views on a series of changes to the licence conditions for electricity suppliers, which would be needed in order to obligate suppliers to offer a SEG. These licence conditions have been drafted with sight of all the responses received to the January consultation and the various stakeholder engagement meetings.

Taking into account the feedback received during the consultation and latest policy thinking, these proposed licence conditions focus on the simpler options for SEG design. Broadly, this focuses on the SEG as a minimum set of criteria which a tariff must include in order to meet a requirement for suppliers to ‘offer a SEG tariff’.

However, it is drafted with an expectation that suppliers will build on these to provide smarter, more innovative offers that may appeal to particular sets of small generators. There are many ways this could happen – for example tariffs that suit particular types of generation, tariffs that work for users with electric vehicles or storage, or tariffs that work for those consumers who can shift their demand to different times during the day.

## What happens next

The government will publish a response to the January consultation, setting out final decisions on the proposed SEG policy, as well as a response to this consultation on proposed licence conditions. It is currently envisaged that this could be published in the coming months.

The SEG would be implemented through new secondary legislation and by modifications to conditions of the electricity supply licence, using primary powers in the Energy Act 2008. This would give suppliers clarity on the policy design and SEG obligation.

There would be some time for suppliers to put in place the necessary systems and processes to operate SEG tariff offers, although this would not preclude some suppliers introducing tariffs well before the final deadline. It is currently envisaged that the final deadline for mandated suppliers to be required to offer a tariff could be the end of 2019.

# Proposed changes to licence conditions

This consultation seeks views on various proposed modifications to supply licence conditions, which are designed to allow for a SEG obligation to be implemented.

Sections 41 to 43 of the Energy Act 2008 provides for the modifications to the electricity supply and distribution licence conditions that would be required to deliver a SEG obligation. Specifically, the Secretary of State may modify:

1. a condition of a particular licence under section 6(1)(c) or (d) of the Electricity Act 1989 (distribution of supply licences);
2. the standard conditions incorporated in licences under those provisions by virtue of section 8A of that Act;
3. a document maintained in accordance with the conditions of licences under section 6(1) of that Act, or an agreement that gives effect to a document so maintained.

It is a requirement of section 42 of the Energy Act that the Secretary of State must, before any modification to supply or distribution licence conditions, consult the following:

1. the holder of any licence being modified;
2. the Gas and Electricity Markets Authority; and
3. such other persons as the Secretary of State considers appropriate.

The licence conditions are then laid before Parliament for a 40 day period before being made.

## Draft Licence Conditions for a Smart Export Guarantee

Should we implement the SEG, the government proposes to insert new conditions in the electricity supply licence conditions in order to implement an obligation on mandated suppliers to offer an export tariff that is above zero, metered and settled.

Functions of the Gas and Electricity Markets Authority in connection with the administration of the SEG arrangements will be conferred by Order made under section 43 of the Energy Act.

It is intended that Ofgem will also issue some further guidance in relation to the administration of the scheme.

**Consultation question 1**

The government welcomes any comments on the proposed new licence conditions attached at the end of this consultation, which are required to implement the Smart Export Guarantee.

## Proposed approach to sustainability requirements

A SEG Licensee will not be obliged to make SEG Payments to a SEG Generator who has not met the sustainability requirements and feedstock restrictions of the SEG Order (see clause 5.1 of Schedule A of proposed Standard Condition 57). Where possible, government proposes to align these restrictions with other electricity schemes. For AD generators to evidence they have met the relevant sustainability requirements and feedstock restrictions, they will need to adhere to the Authority’s administrative arrangements for these restrictions.

**Consultation question 2**

The government welcomes views on this proposed approach to sustainability requirements.

## Proposed approach to the need for a central SEG register

The January 2019 consultation on the policy underpinning the proposed SEG considered the introduction of a register, to be held by the Authority, which would hold details of particular installations receiving tariffs offered in the context of the SEG. This register would not contain details of installations receiving tariffs or offerings by suppliers ‘outside’ of the SEG arrangements (see clauses 3.1 and 3.2 of Schedule A of proposed Standard Condition 57).

Following analysis of consultation responses and stakeholder engagement, government recognises that there are some practical challenges in maintaining such a register, and that it may be of limited value in assessing whether small generators are able to access a competitive range of tariffs. It is also considered that the range and diversity of supplier offers in the small-scale export market may be more effectively captured as part of the proposed market condition report, which would report on this sector on an annual basis.

The licence conditions have been drafted to include a register. We welcome comments on both the proposed conditions and on the wider question on the inclusion and merits of a register.

**Consultation question 3**

The government welcomes views on this proposed approach to a SEG register.

# Proposed new licence conditions

## Standard conditions 57 & 58: Smart Export Guarantee arrangements

### Condition 57: Smart Export Guarantee

**Application of Schedule A**

57.1. Where the licensee is a SEG Licensee, it shall comply with the provisions of Schedule A with effect on and after [date].

57.2. The licensee shall comply with Clauses 10 and 11 of Schedule A (information required from all licensees) with effect on and after [date].

**SEG Payments by the Licensee to SEG Generators**

57.3. A SEG Licensee, whether Mandatory or Voluntary, shall make SEG Payments to SEG Generators in accordance with the provisions of Schedule A.

**Compliance and Sanctions**

57.4. The provisions of this Standard Condition 57 and Schedule A to Standard Condition 57 of this licence are “relevant conditions” for the purposes of section 25(8) of the Act and a non-complying licensee shall be subject to the enforcement powers of the Gas and Electricity Markets Authority under the Act.

### Condition 58: Implementation of Smart Export Guarantee

58.1. The licensee shall take such steps and do such things as are within its power in relation to any consequential amendments to the Codes as are or may be necessary or appropriate to give full and timely effect to the modifications to this Licence made by the Secretary of State pursuant to section 41(1) of the Energy Act 2008.

58.2. The licensee shall cooperate with all other Electricity Suppliers, and such other persons as the Authority may determine, to contribute to the full and timely implementation of the smart export guarantee.

58.3. If the licensee becomes aware of any conflict between its compliance with the provisions of Standard Condition 57 and Schedule A and its compliance with any other condition of this licence or any Code, document or agreement to which the licensee is obliged to be or become a party pursuant to this licence, the licensee shall forthwith give written notice of such conflict to the Authority and shall comply with any direction of the Authority in relation to the same, which direction may only be made following consultation with the licensee and such persons as the Authority deems appropriate.

## Proposed Schedule A to standard condition 57 of the electricity supply licence

**DEFINITIONS AND INTERPRETATION**

“AD Installation” means an Eligible Installation which produces Export through anaerobic digestion;

“Central SEG Register” means the register kept and maintained by the Authority for the purpose of recording details of SEG Generators, Registered SEG Installations and other such matters relating to the SEG arrangements;

“Certified Installation” means an Eligible Installation which meets the standards set out in Schedule 1 of the SEG Order and is certified under MCS or an Equivalent Scheme;

“Complaints Procedure” means the procedure available to a SEG Generator in the event it has a complaint about any action taken by a SEG Licensee in relation to the SEG;

“EA08” means the Energy Act 2008;

“Eligible Installation” means any Plant which is capable of Small-scale Low-carbon Generation in accordance with the SEG Order;

“Eligible Low-carbon Energy Source” means the following sources of energy or technology:

(a) anaerobic digestion, as defined in the SEG Order;

(b) hydro generating station, as defined in the SEG Order;

(c) combined heat and power;

(d) solar photovoltaic;

(e) wind;

with, in any of the cases from (a) to (e), the maximum capacity as specified in the SEG Order;

“Equivalent Scheme” means a scheme accredited in accordance with EN 45011 or EN ISO/IEC 17065:2012;

“Export” means the flow of electricity from an Eligible Installation onto a distribution system or transmission system and which is accounted for in settlement in accordance with the Balancing and Settlement Code and Export as a verb shall be construed accordingly;

“Export Meter” means a meter or meters complying with the requirements set out in the SEG Order, which measures the quantity of Export and the registration of which, if registered pursuant to the Balancing and Settlement Code, is to be the responsibility of the SEG Licensee;

“Export Meter Reading” means the measure by an Export Meter of the amount of Export;

“Export Tariff” means the payment rate per kilowatt hour for Export from an Eligible Installation under the SEG arrangements;

“Extension” means a modification to a Registered SEG Installation to increase its Total Installed Capacity from the same type of Eligible Low-carbon Energy Source, and Extend as a verb shall be construed accordingly;

“FIT Export Tariff” means the export tariff payable under the Feed-in Tariff Scheme;

“Insolvency Event” means an event or circumstance referred to in paragraph 1(f) of Schedule 2 on Revocation of the Electricity Supply Licence;

“Mandatory SEG Licensee” means a licensee which, as at 31 December before the start of each SEG Year, either:

(a) supplies electricity to at least [150,000] domestic customers; or

(b) together with its Affiliates jointly supplies electricity to at least [150,000] domestic customers;

“MCS” means the Microgeneration Certification Scheme;

“Metering Legislation” means:

(a) Schedule 7 to the Electricity Act 1989;

(b) The Meters (Approval of Pattern or Construction and Manner of Installation) Regulations 1998 (S.I. 1998/1565);

(c) The Meters (Certification) Regulations 1998 (S.I. 1998/1566);

(d) The Electricity (Approval of Pattern or Construction and Installation and Certification) (Amendment) Regulations 2002 (S.I. 2002/3129);

(e) The Measuring Instruments (EC Requirements) (Electrical Energy Meters) Regulations 1995 (S.I. 1995/2607);

(f) The Measuring Instruments (EC Requirements) (Electrical Energy Meters) (Amendment) Regulations 2002 (S.I. 2002/3082);

(g) The Measuring Instruments (Active Electrical Energy Meters) Regulations 2006 (S.I. 2006/1679);

“Plant” means any equipment, apparatus or appliance;

“Registered SEG Installation” means an Eligible Installation which has been entered onto the Central SEG Register in accordance with the SEG Order;

“SEG” means smart export guarantee;

“SEG Generator” means a person entitled to seek payment in respect of an Eligible Installation from a SEG Licensee;

“SEG Licensee” means the collective term for Mandatory SEG Licensees and Voluntary SEG Licensees;

“SEG Order” means the Smart Export Guarantee Order 2019 (including any amendments to that Order);

“SEG Payment” and “SEG Payments” means the sum or sums paid to the SEG Generator by a SEG Licensee, for Export in any period;

“SEG arrangements” means the arrangements for delivering the smart export guarantee introduced in accordance with sections 41 to 43 EA08, as set out in Standard Condition 57 of the Electricity Supply Licence (including this Schedule A) and the SEG Order;

“SEG Year” means a period of twelve months commencing on 1 April and concluding on 31 March starting from [start of SEG], and in the first year following [date which is the start of SEG], the SEG Year will extend from that date until 31 March in the year following;

“Small-scale Low-carbon Generation” means the generation of electricity, by any Plant:

(a) which, in generating electricity, relies wholly or mainly on an Eligible Low-carbon Energy Source; and

(b) the Total Installed Capacity of which does not exceed the Specified Maximum Capacity;

“Specified Maximum Capacity” means the maximum capacity specified in the SEG Order;

“Storage” means the storage of energy that was converted from electricity and is stored for the purpose of its future reconversion into electricity;

“Storage device” means the equipment used to store energy;

“Switching” means the process involved when a SEG Generator elects to change its SEG Licensee, and Switch used as a verb shall be construed accordingly;

“Total Installed Capacity” means the maximum capacity at which an Eligible Installation could be operated for a sustained period without causing damage to it (assuming the Eligible Low-carbon Energy Source was available to it without interruption);

“Voluntary SEG Licensee” means a licensee which is not a Mandatory SEG Licensee and which voluntarily elects to participate in making SEG Payments under the SEG arrangements.

**A BASIC PRINCIPLES**

**1. Application**

1.1 This Schedule shall apply to both a Mandatory SEG Licensee and a Voluntary SEG Licensee.

1.2 A SEG Licensee is required to publish its status as a SEG Licensee such that this information is easily accessible to the public.

**2. SEG Payments**

2.1 The SEG Licensee shall be obliged to accept a request for and make SEG Payments as regards an Eligible Installation only in the event the following conditions are satisfied:

2.1.1 the SEG Generator must not also receive or benefit from the FIT Export Tariff or receive SEG payments from another SEG Licensee as regards the Eligible Installation in relation to which it is seeking SEG Payments;

2.1.2 the SEG Licensee must have access to or have received from the SEG Generator the Export Meter Readings required in order to calculate the SEG Payments and any meter from which such readings are taken must comply with the provisions of the Metering Legislation;

2.1.3 the SEG Licensee is satisfied, in the case of a SEG Generator with a capacity of 50kW or less, and where the installation is not a hydro or AD Installation, that the Eligible Installation is a Certified Installation;

2.2 The SEG Licensee shall make SEG Payments as determined by that Licensee, but a SEG Licensee must offer an above-zero Export Tariff to all SEG Generators whose request for SEG Payments it has accepted.

**B TREATMENT OF SEG GENERATORS AND REGISTERED SEG INSTALLATIONS**

**3. SEG Registration**

3.1 When the SEG Licensee accepts a request for SEG Payments from a SEG Generator, the SEG Licensee shall submit to the Authority on a quarterly basis such information on the SEG Generator as is required for the entry of the SEG Generator and the relevant Eligible Installation onto the Central SEG Register.

3.2 The SEG Licensee shall not submit details of that SEG Generator to the Authority for the purposes of entry onto the Central SEG Register until it has first–

1. satisfied itself that the request relates to an Eligible Installation; and
2. been provided with the location of the installation.

**4. Eligible Installations co-located with Storage device**

4.1 When the SEG Licensee receives a request for SEG Payments from a SEG Generator where the Eligible Installation is co-located with a Storage device, the SEG Licensee shall not submit details of that SEG Generator to the Authority for the purposes of entry onto the Central SEG Register until it has first satisfied itself about–

1. the energy capacity of the Storage device in kWh;
2. the type of Storage device and, where relevant, the battery chemistry.

**5. Special arrangements for AD Installations**

5.1 The SEG Licensee shall not be obliged to make SEG Payments to the SEG Generator for any period for which it is not satisfied that the SEG Generator has met the sustainability and feedstock requirements in respect of that AD Installation as set out in the SEG Order

**6. Payment rates and contractual terms**

6.1 As soon as reasonably practicable after receiving a request for SEG Payments, the SEG Licensee shall take all reasonable steps to provide a SEG Generator with written confirmation of the Export Tariff determined by the SEG Licensee in respect of that SEG Generator.

6.2 The written confirmation of the following shall be provided with the written confirmation of the Export Tariff:

6.2.1 a description of the Complaints Procedure and a stated duty to participate in the Complaints Procedure on disputes in relation to compliance with obligations under the SEG arrangements;

6.2.2 a description of the process of Switching and a stated duty to participate as required to facilitate the Switching of a SEG Generator;

6.2.3 a term setting out the termination rights which permit the SEG Generator to withdraw from the SEG arrangements;

6.2.4 a term identifying the risks to a SEG Generator of failure to adhere to any terms of its contract with the SEG Licensee, such as the failure to provide the required data in a timely fashion, and as regards suspension or recoupment of SEG Payments;

6.2.5 a term identifying the SEG Generator’s obligations as regards providing information, declarations and evidence to the SEG Licensee and the Authority (as well as any consents required for the purposes of data protection) as required for the administration of the SEG arrangements;

6.2.6 a term requiring the SEG Generator to inform the SEG Licensee as soon as reasonably possible in the event that there is a change in ownership of the Eligible Installation or a change in the person entitled to seek payment in respect of the Eligible Installation;

6.2.7 a term requiring the SEG Generator to inform the SEG Licensee as soon as reasonably possible of Extensions to an Eligible Installation;

6.2.8 a duty to fulfil obligations under the SEG arrangements efficiently and expeditiously.

6.3 The SEG Licensee shall also have the following specific duty as regards SEG Generators in the context of the SEG arrangements:

6.3.1 when providing information to a SEG Generator (whether in writing, by electronic display or orally) in relation to the SEG arrangements, the SEG Licensee shall take all reasonable steps to ensure it:

(a) is complete and accurate;

(b) is capable of being easily understood by the SEG Generator;

(c) does not mislead the SEG Generator; and

(d) is otherwise fair, transparent, appropriate and delivered in a professional manner both in terms of content and in terms of how it is presented (with more important information being given appropriate prominence);

6.3.2 when making SEG Payments to a SEG Generator, the SEG Licensee shall ensure that it does not materially discriminate without objective justification between SEG Generators;

6.3.3 the SEG Licensee shall notify SEG Generators to which it makes SEG Payments as soon as reasonably possible at the occurrence of an Insolvency Event;

6.3.4 the SEG Licensee shall notify SEG Generators to which it makes SEG Payments as soon as reasonably possible if it ceases to be either a Mandatory or a Voluntary SEG Licensee.

6.4 To the extent a SEG Generator falls into the definition of Customer, Domestic Customer or Micro-business Consumer under the Electricity Supply Licence, the rights and obligations resulting from that status under Sections A and B of the Electricity Supply Licence shall apply in addition to these Conditions notwithstanding participation in the SEG arrangements and involvement in Small-scale Low-carbon Generation.

**7. Export**

7.1 In determining the SEG Payment to be made to the SEG Generator, the SEG Licensee must calculate that SEG Payment using actual Export Meter Readings to which it has had access or has received in accordance with clause 2.1.2.

7.2 The SEG Licensee shall have no obligation to make SEG Payments—

7.2.1 until such time as it has had access to or has received actual Export Meter Readings; or

7.2.2 in respect of any flow of electricity which has not been generated by the Eligible Low-carbon Energy Source.

7.3 The SEG Licensee shall have no obligation to make SEG Payments as regards an Extension to an Eligible Installation in the event that the SEG Licensee considers that the Specified Maximum Capacity is or has been exceeded.

**C ADMINISTRATION, ERROR AND ABUSE OF SCHEME**

**8. Administration**

8.1 The SEG Licensee shall take all reasonable steps to ensure that the data contained in quarterly submissions to the Authority is as accurate as possible.

**9. Modifications to a Registered SEG Installation**

9.1 In the event a SEG Generator increases Small-scale Low-carbon Generation using an Eligible Low-carbon Energy Source different to that used in an existing Eligible Installation, the SEG Licensee shall treat this as a separate Eligible Installation.

**D –INFORMATION REQUIRED FROM ALL LICENCEES**

**10. Change of status**

10.1 Clauses 10 and 11 shall apply to all licensees.

10.2 The Licensee shall submit a notification to the Authority on or before 14th February in each SEG year.

10.3 The notification referred to in clause 11.1 shall state whether, in the following SEG Year, the Licensee is to be:

10.3.1 a Mandatory SEG Licensee (by reference to its status as at 31st December of the preceding calendar year);

10.3.2 a Voluntary SEG Licensee; or

10.3.3 neither a Mandatory SEG Licensee nor a Voluntary SEG Licensee.

10.4 In the event that a Licensee ceases to have SEG Licensee status, it shall be required to continue its participation in SEG arrangements as a SEG Licensee until the end of the SEG Year in which its status altered.

10.5 A Mandatory SEG Licensee which has ceased to have SEG Licensee status may elect to become a Voluntary SEG Licensee after the expiry of the period set out in clause 10.4.

**11. Provision of information to Authority**

11.1 The Licensee shall be obliged to provide in a timely and practical format information about its participation in the SEG arrangements as reasonably required by the Authority.

**12. Modification**

12.1 Modifications to the provisions of the SEG arrangements set out in these Standard Licence Conditions shall be made in accordance with the provisions of section 42 EA08 insofar as such modifications fall within the scope of section 41 EA08.

**13. In the event of inconsistency**

13.1 In the event of inconsistency between any provision of this Schedule and any Order issued by the Secretary of State under sections 41 to 43 EA08, the latter shall prevail.

13.2 Where a SEG Licensee reasonably considers that complying with any Order by the Secretary of State under sections 41 to 43 EA08 will require it to act in a manner which is inconsistent with any provision of its Electricity Supply Licence, the licensee shall, without delay, inform the Authority and Secretary of State of such inconsistency.

This publication is available from: [www.gov.uk/beis](https://www.gov.uk/government/organisations/department-for-business-energy-and-industrial-strategy)

If you need a version of this document in a more accessible format, please email [enquiries@beis.gov.uk](mailto:enquiries@beis.gov.uk). Please tell us what format you need. It will help us if you say what assistive technology you use.

1. [The Future for Small-Scale Low-Carbon Generation - Call for Evidence](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/727138/Call_for_evidence-Future_SSLCG.pdf) – Published July 2018 [↑](#footnote-ref-2)
2. [A consultation on a Smart Export Guarantee](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/769601/The_future_for_small-scale_low-carbon_generation_SEG.pdf) - Published January 2019 [↑](#footnote-ref-3)
3. [The future for small-scale low-carbon generation - BEIS Consultation page](https://www.gov.uk/government/consultations/the-future-for-small-scale-low-carbon-generation) [↑](#footnote-ref-4)