



CfD Supplier Obligation: Determining gross supplier demand in the CVA

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- Views on Option 1?
- Views on Option 2?
- Is the potential to underestimate CVA demand by up to 2.8% (0.05% of total demand) significant for suppliers?

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Supplier demand for the purposes of the Supplier Obligation will be gross imports



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- Therefore - no netting off of exports from embedded generation
- Implementation is simple for suppliers in SVA
- But in CVA, import and export can be included in the same Metering System and so standard BSC data doesn't separate out gross import
- CVA makes up a very small proportion of electricity from licensed suppliers – just 1.7%
- Two approaches for the group on implementation for CVA suppliers
 - 1) Allow limited netting of import and export but only within a single BM Unit and single half hour
 - 2) Identify metering channels for each CVA supplier then measure gross import and develop IT system that aggregates metered data for these channels and so separate out import and export

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Option 1: Allowing limited netting within the CVA



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- Simple solution
 - One off system implementation cost
- Could understate CVA gross demand in those half hours where a BM Unit is both importing and exporting (e.g. on-site generation shutting down or starting up)
- ELEXON analysis of historic data indicates a maximum understatement of 2.8% (of 1.7% of licensed supply – therefore 0.05% in total)
- Automatic process using BSC data as already exists

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Option 2: IT system to separate import and export channels



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- More accurately mirrors the system for SVA but much more complex than Option 1
- Inventory of all CVA meters required
- BSC Agent required to hold records of specified CVA meters for which Gross Demand needs to be calculated
- BSC Agent to extract import volumes from these meters and then line loss adjustments applied
- Requires one off exercise to create the database and manual analysis whenever a CVA meter is installed/removed
- Results in different data than used for other BSC purposes

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Offering variable billing periods for generators

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- Views on offering smaller generators the option to choose monthly settlement?
- Will less frequent but larger payments from generators impact on suppliers?
- Does it matter that this would be a different between suppliers and generators?

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Proposal for daily settlement for suppliers and generators



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- August publication of CfD Contract proposed daily settlement for generators (matching daily settlement for suppliers)
- Daily settlement reduces burden of collateral and improves cash flow
- However, it is an increased admin burden
- Evidence from suppliers is that the reduced collateral requirements will outweigh admin burden

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Call for option for monthly billing for smaller generators



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- Number of smaller generators have asked to be able to opt for less frequent settlement (monthly rather than daily)
- Those opting to do so would have to pay more collateral
- Payments in from generators would be less frequent but larger – would be passed on to suppliers in the same way

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