



Department
of Energy &
Climate Change

Billing and Payment

21 November 2013



Settlement agent to be designated

- CFD Counterparty responsible for the calculation, collection and payment of sums under the Supplier Obligation and CfD
- Subsidiary to ELEXON Ltd will act on behalf of the CFD Counterparty and will be designated settlement agent
- Formally appointed to the role by a future modification of industry Codes and Licences –through powers proposed to be granted to the Secretary of State for Energy and Climate Change under the Energy Bill
- Not-for-profit
- Already collects and processes required data (through the Balancing and Settlement Code)



Settlement system set-up

- Elexon procuring an IT service provider to build, maintain and operate the settlement system
- Set-up funded by a grant from DECC – no additional cost to BSC Parties



Calculation of payments

- Use generation and supply data where it is available through the Balancing and Settlement Code (BSC)
- BSC provides data direct to the settlement agent
- Settlement agent will calculate initial invoices using early BSC data (the Interim Information run – available 5 working days after date of supply/generation)
- Invoices sent 7 working days after date of supply/generation
- BSC data begins as profiled data, replaced by meter readings over 14/28 months – final supply/generation data not available until then
- Calculations will be reconciled as profiled data is replaced by meter readings

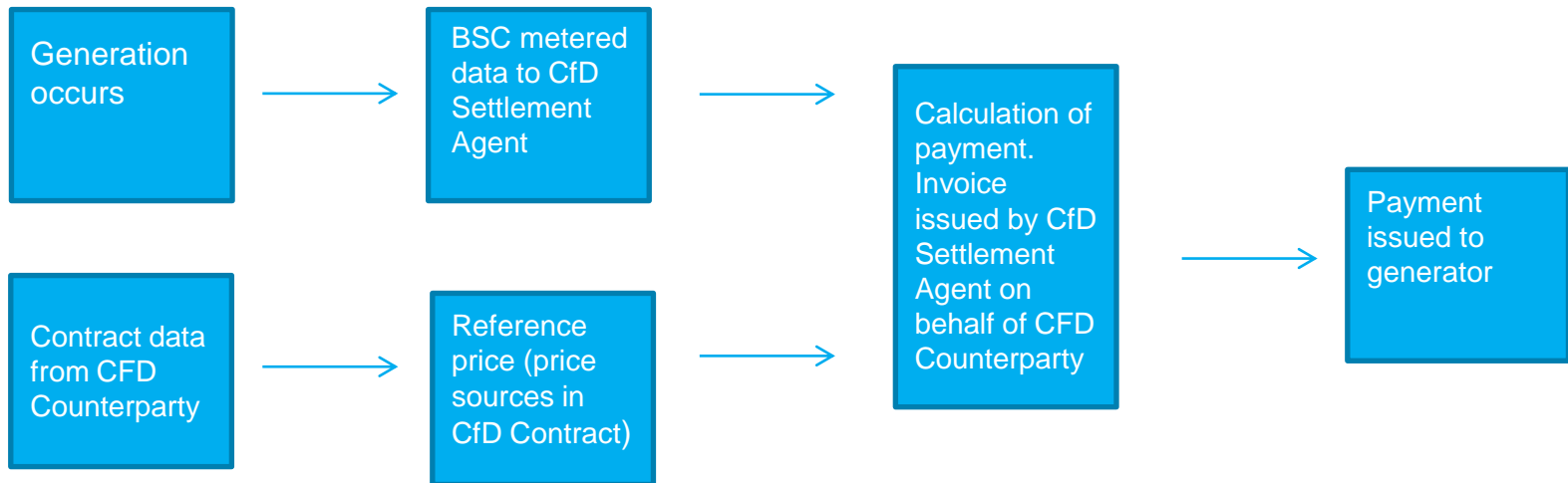


Payment processes

- Payments due 5 working days after following invoice
- All funds to be held by the CFD Counterparty in the Government Banking Service
- Payments from CFD Counterparty to generators 28 calendar days after generation

CfD Payments to Generators: Each working day if reference price below strike price

Example for 1 day's generation



Day 1 Day of
Generation

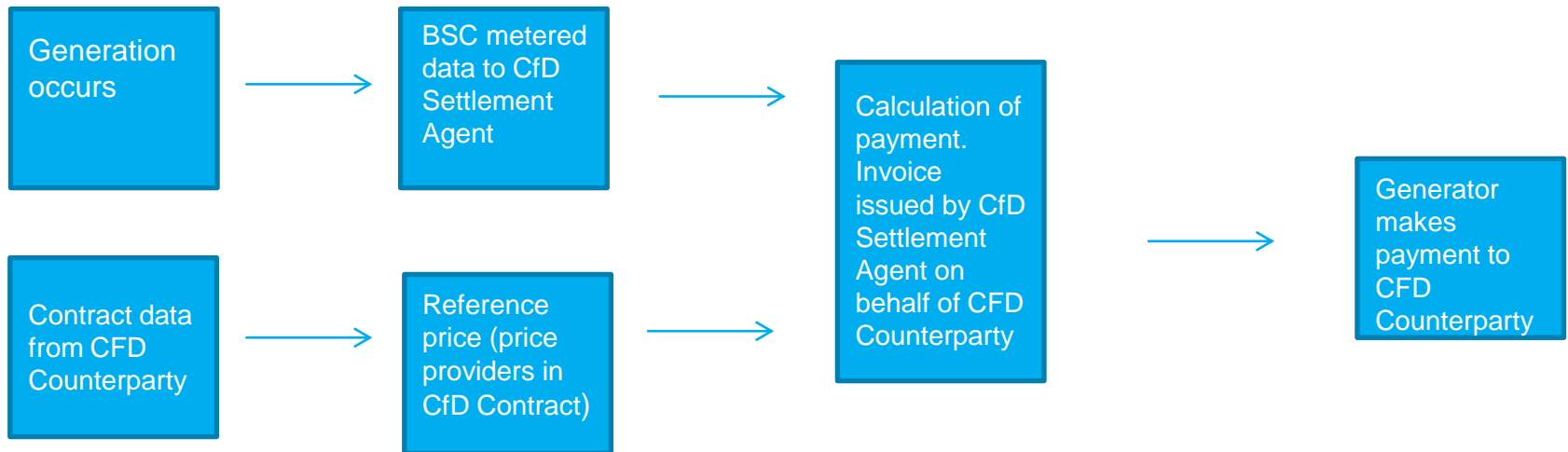
Day 1+5 WD

Day 1+7 WD

Day 29

CfD Payments to Counterparty: If Reference price above strike price

Example for 1 day's generation



Day 1 Day of
Generation

Day 1+5 WD

Day 1+7 WD

Day 1+12
WD



Billing Statements

- Issued every working day
- Issued by email in XML and PDF format
- Details of what will be included in the Billing Statement set out in the CfD – should be sufficient to allow generators to audit their Billing Statements if required



Questions

- Is 5 working days sufficient to make payments to the CFD Counterparty?
- Should the settlement process be the same for suppliers and generators?