



Department
of Energy &
Climate Change

Electricity Intensive Industries exemption from CfD costs: Amendments to the Balancing and Settlement Code

Consultation on amendments to the Balancing and Settlement Code to implement the exemption for Electricity Intensive Industries from the costs of contracts for difference (CfDs).

14D/433

24 November 2014

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General information

Purpose of this consultation:

The Department of Energy and Climate Change is seeking views on proposals to amend the Balancing and Settlement Code. Suppliers of eligible Electricity Intensive Industries (EII) will be exempted from the costs of the contract for difference supplier obligation and operational costs levies. We are seeking views on two options for identifying exempt electricity supplied to eligible EIIs in order to ensure that the exemption is applied accurately. This consultation is particularly relevant to: licensed electricity suppliers in Great Britain; electricity intensive businesses; the Gas and Electricity Markets Authority; half-hourly data aggregators; the Balancing & Settlement Code Company; parties to the Balancing & Settlement Code; and other stakeholders with an interest in the energy sector. DECC invites interested parties to submit comments and evidence.

Issued: 24 November 2014

Respond by: 21 December 2014

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Consultation reference: URN 14D/433 – Electricity Intensive Industries exemption from CfD costs: Amendments to the Balancing and Settlement Code

Territorial extent:

Whilst this consultation applies to the UK, the BSC only applies to Great Britain. It should be noted that the supplier obligation will not be extended to electricity suppliers in Northern Ireland before 2017 at the earliest.

How to respond:

Your response will be most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome. Electronic responses should be sent to the email address above.

Additional copies:

You may make copies of this document without seeking permission. An electronic version can be found at <https://www.gov.uk/government/consultations/supplier-obligation-consequential-amendments-to-the-balancing-and-settlement-code>.

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us under the above details to request alternative versions.

Confidentiality and data protection:

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the [GOV.UK website](#). This summary will include a list of names or organisations that responded but 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](#).

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

DECC Consultation Co-ordinator
3 Whitehall Place
London SW1A 2AW
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Executive Summary

This consultation sets out proposals for amendments to the Balancing and Settlement Code (BSC) in order to facilitate implementation of the proposed exemption from a proportion of the costs of the Contracts for Difference (CfD) supplier obligation and operational costs levies for suppliers of eligible Electricity Intensive Industries (EIs).

These amendments will enable the CFD Counterparty (the Low Carbon Contracts Company or LCCC) to identify exempt electricity in order to ensure that the exemption is applied accurately.

We are seeking views on two potential options for identifying exempt electricity:

a. Using Additional Balancing Mechanism Units (A.BMUs)

- i. Under this option, suppliers would need to allocate exempt EI meters ('EI Assets') to a special sort of A.BMU registered for the purpose (an 'EI A.BMU'). The LCCC will apply the appropriate exemption percentage to EI A.BMUs, thereby ensuring the supplier responsible for these A.BMUs is only charged the supplier obligation and operational cost levies on the non-exempt electricity.
- ii. These A.BMUs would have the same characteristics as a standard A.BMU, except:
 - Only meters for which an EI certificate is in force could be allocated to them;
 - The standard £100/month per A.BMU charge would be waived, and instead suppliers would pay a one-off cost-reflective fee to register an A.BMU capable of having EI Assets added to it;
 - Where more than one meter is allocated to the A.BMU, the EI certificates relating to those meters must specify the same exemption proportion and be in the same GSP group.
- iii. The BSC would require suppliers to put in place the appropriate metering arrangements within either 90 days (if a new A.BMU is required for the EI Asset(s)) or 30 days (if the supplier has a suitable existing A.BMU) of commencing supply to an eligible EI, or the effective date stated on an EI certificate (if later).
- iv. When an EI's exemption certificate is revoked or expires, suppliers would be required to amend the metering arrangements from the date that the EI Asset ceases to be eligible for the exemption.

b. Using Half-Hourly Data Aggregators to flag EI meters

- i. Under this alternative option, suppliers would need to instruct their half-hourly data aggregators (HHDAs) to 'flag' meters in respect of which an EI certificate is in force. The HHDAs would then send the metered volumes directly to the EMR Settlement Service Provider (EMRS) who would apply the appropriate exemption. This would make use of the same processes implemented for identification of embedded capacity providers within the Capacity Market (CM).

- ii. We propose amending the BSC to:
- Require suppliers to instruct their HHDA to 'flag' EII meters within the later of 30 days of receiving the EII certificate or commencing supply to the EII, or the effective date stated on the EII certificate.
 - Require suppliers to instruct their HHDA to 'unflag' EII meters within 30 days of the EII's exemption certificate expiring, or being revoked, or, under a change of supply scenario, by the date at which the supplier no longer supplies the EII.

We believe that, on balance, the second approach whereby HHDA's 'flag' EII meters offers a faster, simpler and more transparent solution for metering EIIs, and would be the more effective solution for BSC parties.

Detailed information on these proposals is set out in Chapters 2, and the draft BSC changes for both options are attached in annexes¹.

¹ Annexes published with this consultation contain the proposed BSC amendments. Changes to the text relating to EIIs are red-lined. Green-lined changes relate to the approved Capacity Market amendments which are due to come into force in February 2015.

Glossary

A.BMU	Additional Balancing Mechanism Unit
BSC	Balancing and Settlement Code
CFD	Contracts for Difference
CMRS	Central Meter Registration Service
EII	Electricity Intensive Industry
EMR	Electricity Market Reform
EMRS	EMR Settlement Ltd
GSP	Grid Supply Point
HHDA	Half Hourly Data Aggregator
HHDC	Half Hourly Data Collector
LCCC	Low Carbon Contracts Company (the CFD Counterparty)
MSID	Metering System Identifier
SMRS	Supplier Meter Registration Service
SO	Supplier Obligation

Chapter 1: Introduction

Background

- 1.1. In the Autumn Statement in 2011, the Chancellor announced the Government's intention to reduce the impact of Government policy on the costs of electricity for the most electricity intensive industries (EIIs). This included the costs of supporting renewable deployment through the Renewables Obligation, small-scale Feed-in Tariff, and Contracts for Difference (CfDs). This consultation assesses how the exemption from the costs of the CfD Supplier Obligation can be implemented through changes to the Balancing and Settlement Code (BSC).
- 1.2. This consultation is preceded by three EII consultations:
 - In July 2013, the Department of Business, Innovation and Skills (BIS) consulted on eligibility for the exemption (Electricity market reform: 'Contracts for Difference' costs - exemption eligibility consultation²).
 - In July 2014, BIS and DECC re-consulted on eligibility for the exemption following a change in state aid guidelines (Electricity intensive industries - relief from the indirect costs of renewables³).
 - In September 2014, DECC consulted on proposals for how the exemption would be implemented (EMR: Changes to the CFD supplier obligation⁴).
- 1.3. These consultations have now closed. The Government aims to publish the response to the July and September consultations in early 2015 alongside laying the amended regulations in Parliament.
- 1.4. The earliest suppliers of eligible EIIs will be able to receive the exemption is October 2015, subject to State Aid approval and Parliamentary process.

Overview of the exemption

- 1.5. The exemption is intended to operate as follows (see the above consultations for more detail).
 - i. Electricity intensive businesses that wish to claim an exemption will need to apply to BIS for an exemption certificate. BIS will assess their application based on the final eligibility criteria, and – if assessed as eligible – issue that business with an exemption certificate(s).
 - ii. One exemption certificate will be issued in respect of each eligible meter, and the certificate will specify the identification number for the meter and the proportion of electricity supplied to that meter which will be exempt from CfD costs. A copy of the certificate will also be issued to the business's electricity supplier, the CFD Counterparty, and the BSC Company (BSCCo).

² <https://www.gov.uk/government/consultations/electricity-market-reform-contracts-for-difference-costs-exemption-eligibility>

³ <https://www.gov.uk/government/consultations/electricity-intensive-industries-relief-from-the-indirect-costs-of-renewables>

⁴ <https://www.gov.uk/government/consultations/emr-changes-to-the-cfd-supplier-obligation>

- iii. The eligible business will need to ask its electricity supplier to put in place appropriate metering arrangements to enable the CFD Counterparty (in practice, EMR Settlements Ltd (EMRS) who will be carrying out settlement on behalf of the CFD Counterparty) to identify the exempt electricity.
 - iv. When the LCCC is satisfied that the appropriate metering arrangements are in place and the exemption certificate is in force, it will update the formula used to calculate the supplier obligation charges that the supplier is liable for, ensuring that the charges are only levied on the non-exempt electricity.
- 1.6. This consultation is concerned with the metering arrangements that will be required to enable the CFD Counterparty to identify the exempt electricity, and the changes to the BSC that will be necessary to implement these.

Overview of proposed metering arrangements

- 1.7. Where the EII is registered in the Central Meter Registration Service (CMRS)⁵, the EII's supplier will not need to take further action (other than informing the LCCC of the identity of the BMU) as the EMRS will be able to directly use the BM Unit Identification Number to identify the amount of electricity supplied to exempt businesses. Changes to the BSC will not be necessary for CMRS registered EIIs.
- 1.8. Changes to the BSC are, however, needed to enable the LCCC to accurately identify the amount of electricity supplied to eligible Supplier Meter Registration Service (SMRS)⁶ registered EIIs. In our September consultation⁷ we outlined a proposal to use Additional Balancing Mechanism Units (A.BMUs) to identify metered volumes ('Option A' in this document). However, concerns raised by some respondents over the potential administrative complexity and impact on the market of the A.BMU approach have led us to consider an alternative mechanism.
- 1.9. Under this alternative ('Option B' in this document), Half Hourly Data Aggregators (HHDA)s would 'flag' meters belonging to exempt EIIs, would apply the distribution losses, and provide the metered data directly to the EMRS, utilising processes and data-flows set up for the Capacity Market.
- 1.10. In Chapter 2 we describe in more detail how these two mechanisms would work, and the BSC changes that we propose to implement them.
- 1.11. To support this consultation, ELEXON have identified the changes that will be needed to the Data Transfer Catalogue (DTC). These changes would be required to support the amendments to section BSCP503 of the BSC if we proceed with Option B. The proposed changes can be found on the ELEXON webpage. If Option B is progressed, the DTC changes will be made via the normal Master Registration Agreement Service Company DTC change process⁸.
- 1.12. We are seeking views from stakeholders both on the detail of the mechanisms and which would be the most appropriate to implement.

⁵ CMRS: The service for registering data relating to meters connected directly to the transmission system.

⁶ SMRS: The service for registering data relating to meters connected to the distribution network.

⁷ <https://www.gov.uk/government/consultations/emr-changes-to-the-cfd-supplier-obligation>

⁸ Elexon will publish the changes in a news article: <http://www.elexon.co.uk/news-events/news/>

Chapter 2: Options for identifying exempt supply volumes

- 2.1. As set out in Chapter 1, we are seeking views on two different approaches for identifying electricity supplied to exempt EIs in order to enable the CFD Counterparty to calculate suppliers' liabilities under the supplier obligation regulations. Option A would utilise A.BMUs to identify exempt electricity, whilst Option B would involve suppliers instructing their HHDA to send the metered volumes from exempt EIs directly to the EMRS.
- 2.2. For both options, we propose introducing the concept of an 'EI Asset' into the BSC, which refers to "Plant and Apparatus associated with Metering Systems in respect of which an EI Certificate is in force".

Option A: Identifying exempt electricity using A.BMUs

- 2.3. In the *EMR: Changes to the CFD supplier obligation* consultation which closed on 5 November 2014, we outlined an approach to identifying exempt electricity whereby a supplier would be required to set up Additional Balancing Mechanism Units (A.BMUs) for exempt EIs they supplied within a Grid Supply Point (GSP) group. In this section we describe this approach in more detail.
- 2.4. Additional Balancing Mechanism Units (A.BMUs) already exist under the BSC and are used to separate supplier volumes from their central BMU. They will also be used to identify the volume of electricity supplied to SMRS-registered CfD generators. Under this option we propose that A.BMUs would be used to also identify electricity supplied to exempt EIs.

Identifying Exempt Electricity

- 2.5. Under this option, supplier would need to register a special type of A.BMU to identify exempt electricity supplied to eligible EIs ('EI A.BMUs'). These will be the same as a standard A.BMU except for the following characteristics:
 - Only EI Assets can be allocated to an EI A.BMU;
 - The £100/month per A.BMU charge will be waived; suppliers would instead be charged a cost reflective set-up fee for each EI A.BMU that the supplier registers. This fee would be subject to consultation by the Secretary of State and then published by the BSCCo. However, we anticipate that it will be in the region of £70-£100 per EI A.BMU registration;
 - Where more than one EI Asset is allocated to an A.BMU, the EI certificates relating to those EI Assets must all specify the same exemption proportion and the assets must be in the same GSP group.
- 2.6. Figure 1 sets out the process for identifying EI volumes using A.BMUs.

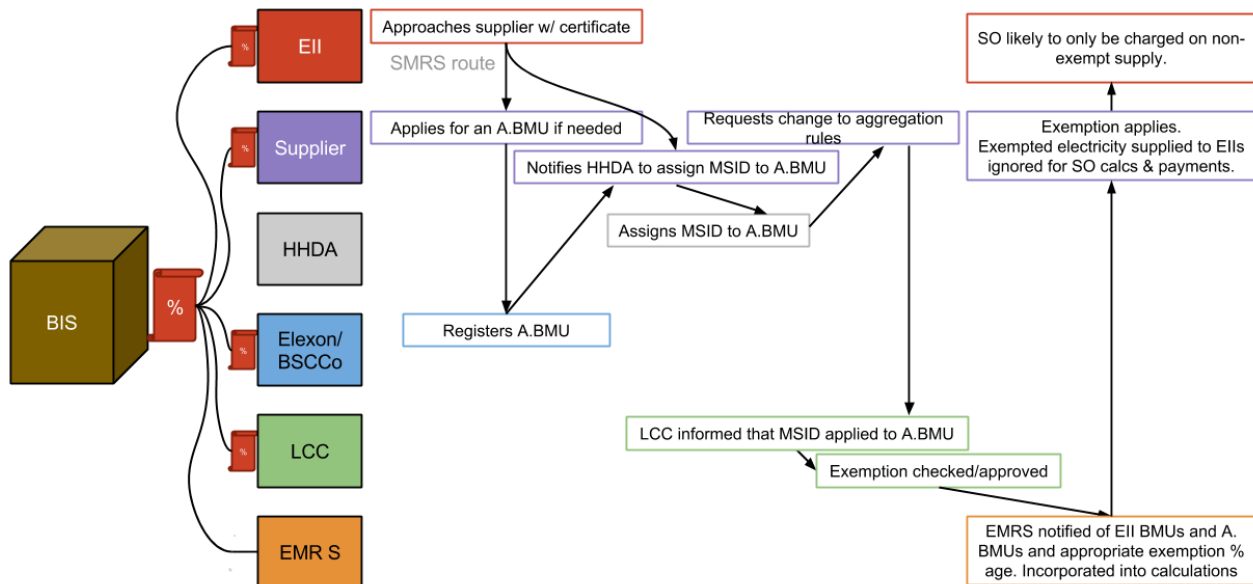


Figure 1 – Schematic of the A.BMU Metering Process

Registering EII A.BMUs

- 2.7. Registering a new A.BMU (including an EII A.BMU) can take between 28 and 62 calendar days as it is dependent on ELEXON's registration processes. To avoid delays in EIIs receiving an exemption and any adverse impact on the process for switching suppliers, we propose that suppliers should be able pre-register EII A.BMUs before they commence supplying an eligible EII.
- 2.8. We propose that the standard £100 per month charge levied on suppliers for ordinary A.BMUs will be waived for EII A.BMUs (as for CfD A.BMUs), with any cost incurred by Elexon associated with managing EII A.BMUs being met by the LCCC. However, allowing suppliers to pre-register any number of EII A.BMUs could expose the LCCC to high and unpredictable costs (for example, if every supplier chose to register several EII A.BMUs in every GSP group). We therefore propose that suppliers will be charged a cost-reflective one-off set-up fee for each EII A.BMU that they register. We anticipate that this cost will be in the region of £70-£100 per A.BMU registration. We believe this would provide suppliers with flexibility to pre-register EII A.BMUs, whilst protecting the LCCC from excessive and unpredictable costs.
- 2.9. If the A.BMU option is implemented, the cost of registering A.BMUs will be subject to consultation by the Secretary of State and then published by the BSCCo. The registration cost will be kept under review and revised from time to time, and any changes subject to further consultation.

Consultation Questions

1. Do you agree that suppliers should be able to pre-register EII A.BMUs?
2. Do you agree that suppliers should meet a cost-reflective set up fee for each EII A.BMU that they register?

Adding the EII MSID to an EII A.BMU

- 2.10. Once a supplier commences supply to an EII that holds a valid EII exemption certificate, it will need to assign the meters to which the exemption applies to the correct EII A.BMU. We propose placing a requirement on suppliers under the BSC to instruct their HHDA to assign MSIDs listed on the EII exemption certificates to an appropriate EII A.BMU within certain timescales. If no appropriate EII A.BMU exists, the supplier would also be required to register one. The BSC will specify that where more than one MSID is allocated to an EII A.BMU, the exemption proportion listed on the EII certificate applicable to each MSID must be identical.
- 2.11. The supplier will also need to notify the LCCC of the date that the meters will be assigned to the EII A.BMU and the exemption proportion that should apply to that A.BMU. The LCCC will check this information against LCCC records (collated from certificates provided by BIS), verifying the correct exemption percentage is being claimed for the correct meters. The LCCC should then be able to identify the exempt electricity such that the SO will only be charged on non-exempt supply.

Timing for implementing the A.BMU metering arrangements

- 2.12. We propose a change to the BSC to require suppliers to put in place the appropriate metering arrangements within specific timelines. We believe that this is necessary in order to assure EIIs that they will receive their exemption promptly after a certificate is issued or they switch supplier.
- 2.13. The proposed requirements are:
- Where a supplier needs to register a new EII A.BMU, they must put in place appropriate metering arrangements within the later of 90 days of the EII certificate being issued or the effective date stated on an EII certificate;
 - Where a supplier already has an appropriate existing EII A.BMU (i.e. one in the same GSP Group and, if it already contains EII Assets, with the same exemption proportion), they must put in place appropriate metering arrangements within the later of 30 days of receiving the certificate or the effective date stated on the certificate.

Consultation Questions

3. Do you agree that suppliers should be required under the BSC to put the A.BMU metering solutions in place within a minimum amount of time?
4. Do you agree with the proposed timescales for implementing the A.BMU metering solutions?

Process on Revocation, Adjustment or Expiry of an EII Certificate

- 2.14. In our September consultation, it was proposed that EII Certificates would be valid until 31 December each year, and that the Secretary of State could revoke an eligible business's EII certificate before this date if they are of the opinion that:
- The certificate has been granted based on false or misleading information; or

- The business ceases to carry out the specified activity in respect of which the certificate was issued.
- 2.15. The consultation also proposed that the revocation would take effect from the sixth working day⁹ after BIS has issued their revocation notice. This date would be included in the revocation notice. It was proposed that the revocation notice would be sent to the EII, the supplier at the time the exemption was applied for, the BSCCo, the LCCC and Ofgem. As set out in the September consultation, the supplier would be required to remove the applicable MSIDs from the A.BMU by the date the revocation notice took effect (being six working days after issue).
- 2.16. We intend to amend the BSC to require suppliers to remove EII Assets from EII A.BMUs by the date that the EII ceases to be eligible for the exemption – either by the date its certificate expires, or when a revocation notice comes into effect.
- 2.17. We received some responses to the consultation that raised concerns with the requirement to remove EII Assets from EII A.BMUs within 6 working days of a revocation notice being issued, suggesting that in some circumstances it could prove too tight a deadline. However, the BSC already contains general provisions for a grace period of 14 working days for actions to be completed after deadlines specified in the BSC. In the event that a supplier failed to remove MSIDs from the EII A.BMU by the day the revocation notice came into effect, the supplier would be in breach of the BSC. However, provided the metering arrangements were amended within the 14 working day grace period, the supplier would not be referred to the BSC Panel or to Ofgem (although it would be required pay to the CFD Counterparty the full amount owed under the supplier obligation regulations for the period the exemption was incorrectly applied).
- 2.18. Following concerns raised by some respondents to previous consultations, we are also considering whether the regulations should make provision for an EII's exemption proportion to be adjusted after a certificate is issued. If we do implement such a mechanism, we propose that the requirements set out above for putting in place appropriate metering arrangements would also apply when an EII's exemption proportion is adjusted (i.e. suppliers would need to ensure that EII Assets were removed from an EII A.BMU containing other EII Assets by the date the adjustment took effect, and implement the appropriate new metering arrangements within 30 working days if they have an existing and appropriate EII A.BMU or within 90 working days if they need to register a new EII A.BMU).

Consultation Questions

5. Do you agree that suppliers should be required to remove the applicable MSIDs from EII A.BMUs when an exemption certificate is either revoked or expires?
6. Do you agree with the proposed timescales for suppliers removing MSIDs from their EII A.BMUs?

⁹ This may be amended subject to the outcome of the consultation.

When an EII changes supplier

- 2.19. In the event that an EII changes supplier whilst holding a valid EII certificate, we propose amending the BSC to require the new supplier to implement the appropriate metering arrangements within 30 working days if they have an existing EII A.BMU or within 90 working days if they need to register a new EII A.BMU. In each case, the exemption cannot be claimed until the correct metering arrangements are in place. We feel that suppliers will be incentivised to ensure the correct metering in place before these deadlines as otherwise they will not be able to claim the SO exemption.
- 2.20. We do not propose placing a requirement on the old supplier to move MSIDs into their base BMUs as metered amounts from the same MSID cannot be allocated to two suppliers under the A.BMU metering option.

Consultation Questions

7. Do you agree that an EII's new supplier should be required to put in place the A.BMU metering solutions by the deadlines proposed?
8. Are there any other amendments to the A.BMU proposal that would make the process more effective?

Option B: HHDAs flagging EII MSIDs

- 2.21. Following responses to and during our September consultation, we are considering an alternative approach for identifying exempt EII electricity. This would seek to replicate the approach being implemented for the Capacity Market which is due to come into effect on 26 February 2015. It would avoid the need for suppliers to register A.BMUs, and would instead require half hourly data aggregators (HHDAs) to flag EII meters and send the data to the EMRS directly.
- 2.22. The BSC requires suppliers to appoint both a Data Collector and a Data Aggregator for each Half Hourly Metering System. The Half Hourly Data Collector (HHDC) collects and validates data from the meter, and passes it to the Data Aggregator. HHDAs validate the HHDC's data against the distributor's registration database and apply distribution losses. Validated data is then used to submit loss-adjusted aggregated Half Hourly data to BSC settlement as required by the settlement timetable.
- 2.23. In order to meter volumes from embedded capacity providers under the Capacity Market, changes have been approved to the BSC. These require suppliers to instruct HHDAs to send the EMRS the loss-adjusted metered data for MSIDs that have been 'flagged' by suppliers¹⁰. An alternative to the A.BMU option would be to utilise this approach for EII metering.

¹⁰ BSC amendments for the Capacity Market (BSCP503) have been approved and will come into force in February 2015.

Overview of process

2.24. This alternative approach utilising HHDA 'flags' would work as follows:

- An EII would approach their supplier with their EII certificate;
- The supplier would instruct their HHDA to 'flag' the meters listed in the certificate as 'EMR meters' during the aggregation process. To reduce the burden on HHDA's we propose using the same flag as is being adopted for the Capacity Market;
- The HHDA would provide the flagged MSID data to the EMRS after applying loss adjustments;
- EMRS would match the MSIDs to the EII certificate, and apply the appropriate exemption percentage in its calculation of SO charges.

2.25. Figure 2 sets out the process for identifying EII volumes via the HHDA process.

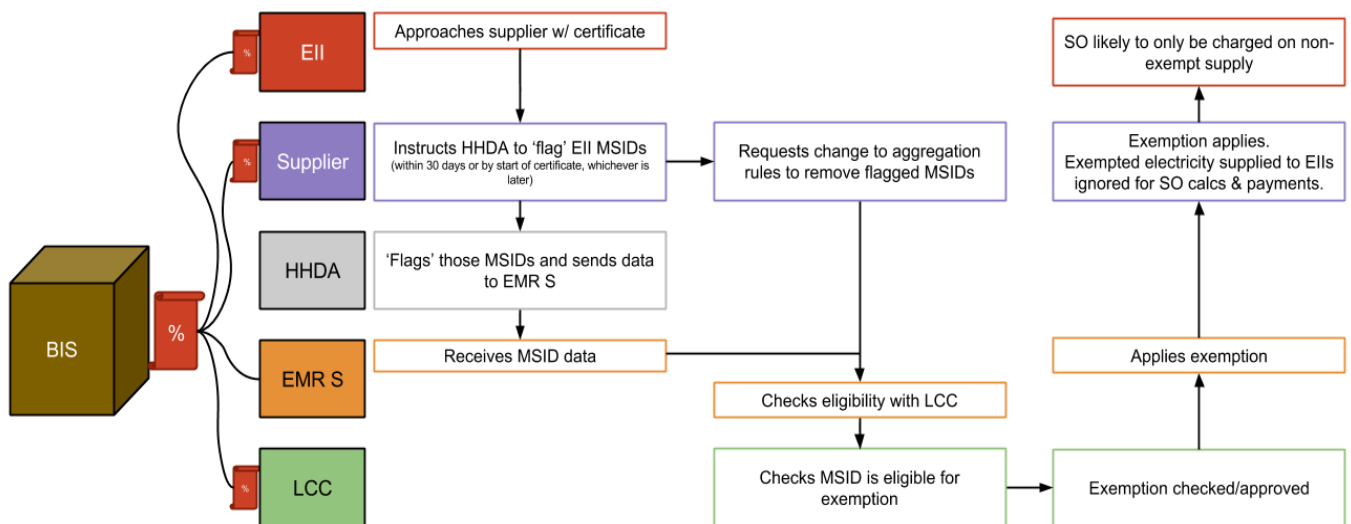


Figure 2 – Schematic of the HHDA Metering Process

2.26. To implement this process, we propose amendments to the BSC such that HHDA's can send EII MSID data to the EMRS directly.

Timing for implementing the HHDA arrangements

2.27. As with the A.BMU approach, we propose that suppliers are required to put in place the appropriate metering arrangements within specific timelines to assure EIIs that they will receive their exemption promptly after an EII certificate is issued or they switch supplier.

2.28. For the HHDA option, we propose that the BSC would require suppliers to instruct their HHDA's to 'flag' EII meters within the later of 30 days of receiving the EII certificate or the effective date stated on the EII certificate. We expect that supplier both could and would implement this more quickly in order to claim the exemption at the earliest opportunity.

Consultation Question

9. Do you agree that suppliers should be required to instruct their HHDA to 'flag' EII meters to enable EII metered volumes to be received by EMRS?

10. Do you agree that suppliers should do this by the later of 30 days of receiving the EII certificate or the effective date stated on the EII certificate?

Process on Revocation, Adjustment or Expiry of an EII Certificate

2.29. Under the HHDA approach, EMRS will be applying the exemption to volumes supplied to individual MSIDs and so will have sight of the MSIDs being exempted from the SO costs. Therefore, on receipt of a revocation notice, adjustment notice, or expiry of the exemption, EMRS will be able to remove or adjust the exemption directly without the need for any action by suppliers. It is therefore less crucial that suppliers instruct their HHDA to 'unflag' MSIDs when the EII ceases to be eligible for the exemption or if the exempt proportion changes – we would expect that the LCCC and EMRS will remove or adjust the exemption automatically.

2.30. However, in order that EMRS are not receiving flagged MSID data unnecessarily, we propose that suppliers are required to instruct their HHDA to 'unflag' EII meters within 30 days of receiving a revocation notice or of the exemption certificate expiring, and inform EMRS when this has occurred.

Consultation Question

11. Do you agree that suppliers should be required to instruct their HHDA to 'unflag' EII meters within 30 days of receiving a revocation notice or the exemption certificate expiring?

When an EII changes supplier

2.31. If an EII changes supplier whilst in possession of an EII certificate currently in effect, we propose to amend the BSC to require the new supplier to instruct their HHDA to flag the appropriate MSIDs within 30 days of the supply commencement date.

2.32. The new supplier will be required to notify EMRS of the change in supplier, in order that EMRS can make the appropriate changes to their CfD aggregation rules. EMRS have suggested that they will check the Electricity Central Online Enquiry Service database to confirm a change of supply before updating the CfD aggregation rules.

2.33. To complete the change of supplier process, we propose to require the old supplier is also required to 'unflag' the MSIDs that have been allocated to the new supplier and notifies EMRS within 30 days of the change of supplier date.

Consultation Questions

12. Do you agree that upon a change of supplier, the new supplier should be required to instruct their HHDA to flag the appropriate MSIDs within 30 days of the supply commencement date or by the effective date on the certificate, whichever is later?

13. Are there any amendments to the proposal that would make the process of flagging MSIDs more effective? Please provide evidence to support any suggestion made.

Conclusions and Recommendation

2.34. We have set out two options for amending the BSC to allow for the LCCC/EMRS to identify exempt electricity supplied to EII. On balance, DECC's view is that Option B (HHDA's flagging EII MSIDs) is preferable for the following reasons:

i. Suppliers:

- A.BMUs (Option A) can take up to three months to register which has the potential to interfere with the process for switching suppliers. To mitigate this it is necessary to allow suppliers to pre-register EII A.BMUs, which in turn necessitates that suppliers are charged per registration. By contrast, HHDA's should be able to flag the appropriate meters and provide data to the EMRS within ten working days with no need for additional charges under the BSC.
- Adding EII Assets and set-up fees for EII A.BMUs introduces further complexity into the BSC through Option A. Some suppliers have indicated that the A.BMU process is unfamiliar to them and could present administrative challenges in its implementation. By contrast, Option B makes use of BSC changes that are already being implemented with only relatively minor additional changes required. This simplifies the process for suppliers when compared to the administrative complexity of setting up A.BMUs and charging suppliers a registration fee per A.BMU registered.
- Option A requires that suppliers remove invalid MSIDs within six working days of receiving a revocation notice, which some suppliers have indicated would be challenging. Under Option B, the revocation notice can be acted on by the LCCC and EMRS directly, giving suppliers more time to 'unflag' MSIDs.

ii. EII's:

- EII's can be assured that the exemption could be received more quickly under Option B as the registration of A.BMUs would not be required. This should therefore be a more favourable option for EII's than that proposed under Option A.

iii. Delivery partners:

- Option B simplifies administration and system processes for the EII delivery bodies. Elexon and the LCCC would not require substantial system amendments to facilitate this option.
- Under the Option A, each EII A.BMU would contain the aggregated data of all EII meters eligible for the same exemption with the same supplier in the same GSP group. EMRS would not have sight of each EII's consumption. By contrast,

under Option B, the LCCC and EMRS would have sight of both the EII certificates and the individual metered data. This would allow the LCCC or EMRS to directly remove the exemption from an EII meter if it is informed by BIS that it is no longer eligible, rather than requiring suppliers to take action. This would remove the risk that the exemption is claimed incorrectly for example if suppliers are unable to amend metering quickly.

iv. HHDA:

- HHDA will be required to act under both options. With Option A, they will need to act on their supplier's request to add and remove MSIDs. Under Option B, they will need to flag meters and send data to EMRS. By using the flag and data flows currently being implemented, we assess the additional impact of Option B on HHDA to be low.

2.35. We therefore propose, subject to views expressed in response to this consultation, to implement option B.

Consultation Questions

14. Do you agree with our recommendation that Option B would be the preferred method of metering EIIs?

Consultation Questions

Consultation Questions

1. Do you agree that suppliers should be able to pre-register EII A.BMUs?
2. Do you agree that suppliers should meet a cost-reflective set up fee for each EII A.BMU that they register?
3. Do you agree that suppliers should be required under the BSC to put the A.BMU metering solutions in place within a minimum amount of time?
4. Do you agree with the proposed timescales for implementing the A.BMU metering solutions?
5. Do you agree that suppliers should be required to remove the applicable MSIDs from EII A.BMUs when an exemption certificate is either revoked or expires?
6. Do you agree with the proposed timescales for suppliers removing MSIDs from their EII A.BMUs?
7. Do you agree that an EII's new supplier should be required to put in place the A.BMU metering solutions by the deadlines proposed?
8. Are there any other amendments to the A.BMU proposal that would make the process more effective?
9. Do you agree that suppliers should be required to instruct their HHDA to 'flag' EII meters to enable EII metered volumes to be received by EMRS?
10. Do you agree that suppliers should do this by the later of 30 days of receiving the EII certificate or the effective date stated on the EII certificate?
11. Do you agree that suppliers should be required to instruct their HHDA to 'unflag' EII meters within 30 days of receiving a revocation notice or the exemption certificate expiring?
12. Do you agree that upon a change of supplier, the new supplier should be required to instruct their HHDA to flag the appropriate MSIDs within 30 days of the supply commencement date or by the effective date on the certificate, whichever is later?
13. Are there any amendments to the proposal that would make the process of flagging MSIDs more effective? Please provide evidence to support any suggestion made.
14. Do you agree with our recommendation that Option B would be the preferred method of metering EIIs?

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