

*Draft modifications to the standard conditions of Electricity Supply Licences laid before Parliament under section 42(3) of the Energy Act 2008; draft to lie for forty days pursuant to section 42(4) of that Act, during which period either House of Parliament may resolve that the licence modifications not be made.*

## **DRAFT MODIFICATIONS TO THE STANDARD CONDITIONS OF ELECTRICITY SUPPLY LICENCES 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 1st January 2020.

57.2. The licensee shall comply with Clause 8 of Schedule A (information required from all licensees) with effect on and after 1st January 2020.

#### **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.

# 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;

“AD Reporting Start Date” means the date on which the Authority formally acknowledges the SEG Generator’s intent to request SEG Payments and confirmation that it intends to comply with the criteria set down in the Schedule to the SEG Order;

“Anaerobic digestion” means the bacterial fermentation of organic material in the absence of free oxygen (excluding anaerobic digestion of sewage and material in a landfill);

“Brown Export” means electricity which was:

- (a) supplied to a SEG Generator from a person who is a holder of a licence under section 6(1)(d) of the Electricity Act 1989 Act; or
- (b) generated by that SEG generator from an installation which is not an Eligible Installation;

“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 installation which complies with clause 2 of this Schedule;

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

- (a) anaerobic digestion;
- (b) hydro generation station;
- (c) combined heat and power systems with an electricity capacity of 50 kilowatts or less;
- (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 must be accounted for in settlement in accordance with the Balancing and Settlement Code regardless of capacity and Export as a verb shall be construed accordingly;

“Export Meter” means a meter or meters complying with the requirements set out in clause 2 of this Schedule, which measures the quantity of Export and the compulsory registration of which, under the Balancing and Settlement Code, regardless of capacity, 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;

“Extension” means a modification to an Eligible 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;

“Green Export” means electricity which was generated from an Eligible Installation solely from anaerobic digestion, hydro generation station, combined heat and power, solar voltaic or wind;

“Hydro generation station” means an installation driven by water, except for such an installation—

- (a) driven by waves, ocean currents or geothermal sources;
- (b) driven by tidal flows, unless also driven partly by non-tidal flows from a water course; or
- (c) where the hydrostatic head of the water has been increased by pumping;

“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 person who is a holder of a licence under section 6(1)(d) of the Electricity Act 1989 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);

“MPAN” means meter point administration number;

“Plant” means any equipment, apparatus or appliance;

“SEG” means smart export guarantee;

“SEG Generator” means a person—

- (a) entitled to seek payment in respect of an Eligible Installation from a SEG Licensee and
- (b) who has accepted the SEG Licensee’s offer of an Export Tariff offered in accordance with the SEG arrangements;

“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 payable 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 1st January 2020, and in the first year following 1st January 2020 (“the first SEG Year”), 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 Plant 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 person who is a holder of a licence under section 6(1)(d) of the Electricity Act 1989 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 and its rates such that this information is easily accessible to the public.

### **2. Eligible Installation**

2.1 An Eligible Installation is Plant which is capable of Small-scale Low-carbon Generation with the specified maximum capacity set out in the SEG Order and meets the following conditions:

2.1.1 In relation to installations which have a capacity of 50 kilowatts or less and which generates electricity from combined heat and power, solar voltaic or wind sources, the installation is certified under MCS or an Equivalent Scheme, and have been installed by an MCS or equivalent installer;

2.1.2 In relation to all other installations, the installation has equivalent certification to that required by MCS; and

2.1.3 The meter used to measure the Export from the Eligible Installation is compliant with the metering legislation, and

- (a) be capable of taking measurements at half-hourly intervals in relation to the exported electricity volumes for which the SEG generator seeks payment; and
- (b) have an export MPAN to manage exported electricity volumes to the SEG licensee, and, where an installation has both an export and an import meter, the import and export meters must have separate MPANs.

### **3. SEG Payments**

3.1 The SEG Licensee shall be obliged to accept a request for SEG Payments and must offer an above-zero Export Tariff as regards an Eligible Installation only in the event the following conditions are satisfied:

3.1.1 the prospective 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; and

3.1.2 the SEG Licensee must have access to, or have received from the prospective SEG Generator, the Export Meter Readings required in order to calculate the SEG Payments.

3.2 The SEG Licensee shall make SEG Payments as determined by that Licensee to all SEG Generators whose request for SEG Payments it has accepted.

3.3 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 from the SEG Generator.

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

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

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

3.5 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.

3.6 A SEG Licensee which does not wish to include any payment for Brown Export in the SEG Tariff shall not be obliged to make any SEG Payment where it is not satisfied that the SEG Generator is able to sufficiently isolate Green Export from Brown Export.

## **B TREATMENT OF SEG GENERATORS AND AD INSTALLATIONS**

### **4. Additional arrangements for AD Installations**

4.1 A SEG Licensee which is obliged to make payments to a SEG Generator in accordance with clause 3.2 shall not be obliged to make SEG Payments in relation to Export from an AD Installation until it has received confirmation from the SEG Generator of its AD Reporting Start Date.

4.2 A SEG Licensee may request information at any time from a SEG Generator—

4.2.1 about the evidence that the SEG Generator has provided to the Authority about the sustainability and feedstock requirements for the AD Installation (including confirmation that it has provided that information); and

4.2.2 to demonstrate that the Authority has confirmed that the requirements have been met or not.

4.3 The SEG Licensee shall not be obliged to make SEG Payments for any period that the SEG Generator cannot demonstrate to the satisfaction of the Authority that the requirements detailed in the Schedule to the SEG Order have been met.

## **5. Payment rates and contractual terms**

5.1 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.

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

5.2.1 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;

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

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

5.2.4 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;

5.2.5 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;

5.2.6 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;

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

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

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

5.3.1 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);

5.3.2 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;

5.3.3 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;

5.3.4 the SEG Licensee shall notify SEG Generators to which it makes SEG Payments within 6 weeks of it ceasing to be either a Mandatory or a Voluntary SEG Licensee.

5.4 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.

## **C ADMINISTRATION**

### **6. Administration**

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

### **7. Modifications to a SEG Installation**

7.1 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**

### **8. Change of status**

8.1 This clause shall apply to all licensees.

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

8.3 The notification referred to in clause 8.1 shall state whether, in the following SEG Year, the Licensee is to be:

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

8.3.2 a Voluntary SEG Licensee; or

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

8.4 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.

8.5 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 8.4.

## **9. Provision of information to Authority**

9.1 A SEG 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.

## **10. Modification**

10.1 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.

## **11. In the event of inconsistency**

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

11.2 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.