



Department for
Business & Trade

British Industrial Competitiveness Scheme (BICS): consultation on regulatory changes and scheme delivery

16 April 2026

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General information

Why are we consulting

This consultation seeks feedback on the proposed regulatory changes being made to give effect to the British Industrial Competitiveness Scheme (BICS) and how we propose the scheme be delivered. The scheme will exempt BICS eligible businesses from the indirect costs of the Renewables Obligation (RO), Feed-in Tariffs (FIT) the Capacity Market (CM), from 2027.

Consultation details

Opening date: 16 April 2026

Closing date: 14 May 2026

How to respond

You can respond to the consultation:

- online
- by emailing: bics.correspondence@businessandtrade.gov.uk

Audiences

We are seeking the views of Ofgem, electricity suppliers, Citizens Advice, Consumer Scotland, consumer groups, generators and any bodies who represent them, other electricity consumers (including households), businesses and other interested parties.

Territorial extent

This consultation covers Great Britain (England, Scotland and Wales) and does not apply to Northern Ireland. The Scottish Government are responsible for the Renewable Obligations legislation in Scotland and will be consulting separately on changes to their legislation.

Confidentiality and publishing responses

The Department for Business and Trade (DBT) may be required to publish responses to this consultation in response to Freedom of Information requests under the Freedom of Information Act 2000.

A summary of responses and Government response to this consultation will be published within 12 weeks of the end of the consultation period.

For more information, see the Department for Business and Trade's [public consultations privacy notice](#).

Introduction

The Government is committed to maintaining a competitive and resilient industrial base, but persistently high electricity prices have increasingly undermined investment, productivity and employment, particularly in manufacturing. While the long-term solution to energy security and affordability lies in the transition to clean power, as set out in the Clean Power 2030 Action Plan, there is a clear need to address the immediate cost pressures facing industry and stifling growth.

Last June, the Modern Industrial Strategy announced the new BICS designed to bring British electricity costs more in line with other economies in Europe. BICS will support eligible manufacturing frontier industries within 'IS-8' manufacturing sectors, and manufacturing foundational industries which provide key inputs to the frontier industries, who meet a certain threshold of electricity intensity. It will do this by exempting them from paying the indirect costs of three schemes:

- The Renewables Obligation and Feed-in Tariffs (which require electricity suppliers to make payments to support generation of electricity from renewable sources) from April 2027; and
- The Capacity Market (which requires electricity suppliers to make payments to ensure the UK has adequate electricity capacity) from October 2027.

The Government also recognises the need to act swiftly to provide investment certainty for our eligible manufacturing frontier industries and foundational businesses. As such, we have taken the decision to provide an additional payment for eligible firms upon launch of the scheme in April 2027. The amount of this payment will be determined by reference to the amount of support businesses would have been entitled to had BICS been in operation from April 2026. This will be funded by the Exchequer and will not lead to any increases in electricity bills for non-eligible consumers. Further details on the delivery of the payment will be published separately.

The Government previously consulted on the proposed approach to identifying eligible businesses for the scheme and published a Government response on the 16 April 2026. This consultation seeks feedback on the proposed regulatory changes being made to give effect to BICS and how we propose the scheme is delivered.

BICS Eligibility

The Government previously consulted on the proposed approach to identifying eligible businesses for the scheme and published a Government response on 16 April 2026.

In summary, BICS is intended to support manufacturing frontier industries within the Industrial Strategy's growth sectors (the 'IS-8') and manufacturing foundational industries which provide them with critical inputs. These industries are defined using SIC2007 and HS codes, as initially proposed in the consultation. The list of eligible codes has been updated following consultation feedback. Only businesses registered in Great Britain will be able to apply, and only manufacturing activity within Great Britain is eligible.

To ensure that BICS support is targeted to businesses who will be responsive to a change in the electricity price, an electricity test will be applied to these sectors. For the purposes of this test, electricity intensity will be calculated as [electricity expenditure ÷ GVA]. The thresholds for the test will be as follows:

- For manufacturing frontier industries, only SIC codes with electricity intensity over **0.9%** will be eligible.
- For manufacturing foundational industries, only SIC codes with electricity intensity over **2.7%** will be eligible.

To ensure that the support is targeted to those businesses that operate within the manufacturing frontier and foundational industries we will implement a form of pro rating. If a business wishes to claim BICS support for a manufacturing site, they will need to provide details of all Metering Point Administration Numbers (MPANs) related to the site, and evidence of the proportion of electricity consumed at the site which relates to eligible production processes. The ratio of these two figures will determine the value of the exemption received, as follows:

- If less than 25% of electricity usage at the site relates to eligible manufacturing, no exemption is awarded.
- If between 25% and 50% of electricity usage at the site relates to eligible manufacturing, a 50% exemption from the relevant levy costs is applied to all MPANs on the site.
- If 50% or more of electricity usage at the site relates to eligible manufacturing, a 100% exemption from the relevant levy costs is applied to all MPANs on the site.

Some manufacturers do not contract directly with energy suppliers, and instead have electricity supplied by a third party, such as a landlord. They may also share a single electricity meter with other businesses or third parties and use submeters or other arrangements to determine how much electricity each party pays for. For the purposes of BICS, only electricity that is consumed by the applicant can be eligible.

Guidance will accompany the implementing legislation, with details on how a manufacturing site is defined; how to deal with sites with shared meters (including those meters owned by third parties), how to calculate the pro-rating percentage; and evidence requirements.

To ensure the scheme reaches its intended audience of industrial manufacturers, we are considering limiting the scheme to businesses which have an electricity usage over 3.5 MWh (equivalent to the average domestic electricity use)¹.

To ensure that BICS can effectively identify eligible manufacturing frontier and foundational industries, we are considering limiting eligibility to businesses registered with Companies House. Registration with Companies House requires businesses to provide SIC codes, which would support efficient identification of eligible sectors.

Questions

1. Should eligibility for BICS be limited to industrial manufactures by implementing a minimum electricity threshold of 3.5MWh per year? Please provide reasons for your response.
 - a. Yes
 - b. No
 - c. Do not know

2. Should eligibility for BICS be limited to those who are registered on Companies House? Please provide reasons for your response.
 - a. Yes
 - b. No
 - c. Do not know

¹ [Quarterly Energy Prices March 2026](#)

The Renewables Obligation Exemption

This section sets out and seeks views on the proposed approach to implement a Renewables Obligation (RO) exemption for BICS eligible businesses. It sets out the proposed approach to modifying the scope and methodology for setting the RO to account for the proportion of electricity supplied to BICS eligible businesses in England and Wales. It also sets out proposed arrangements for publishing the final obligation level for the 2027 to 2028 obligation period.

How the Renewables Obligation works

The RO scheme has incentivised UK renewable electricity generation since 2002 through a system of tradable green certificates called Renewables Obligation Certificates (ROCs).

The scheme places an annual obligation on UK electricity suppliers to present to Ofgem (the scheme's administrator) a specified number of ROCs per megawatt hour of electricity supplied to their customers during each obligation period (which runs from 1 April to 31 March). This is the "obligation level".

Ofgem issues ROCs to accredited generators based on the amount of renewable electricity they produce, the type of technology used, and their year of accreditation. Generators can sell these ROCs to electricity suppliers or traders, either with the electricity generated or separately, as tradable commodities. The price of a ROC is negotiated between the generator and the buyer.

Electricity suppliers then submit ROCs to Ofgem to meet their renewables obligation. A supplier may, instead of presenting ROCs to Ofgem, discharge its renewables obligation by making a payment to Ofgem. Ofgem then distributes the money collected in this fund back to electricity suppliers who did submit ROCs, in proportion to the number they presented, after deducting Ofgem's administration costs.

The RO is covered by three separate but complementary schemes in the UK:

- The Renewables Obligation (RO), for England and Wales, was introduced in 2002.
- The Renewables Obligation Scotland (ROS) was introduced in 2002.
- The Northern Ireland Renewables Obligation (NIRO) was introduced in 2005.

The UK Government is responsible for RO legislation in England and Wales which this consultation covers. The Scottish Government and the Northern Ireland Executive are responsible for the legislation of their respective schemes. Ofgem administers all RO schemes across the UK.

Implementing an RO exemption for BICS eligible businesses

The methodology for setting the obligation level in respect of electricity supplied in England and Wales is set out in the Renewables Obligation Order 2015 (the RO Order 2015). This requires the Department for Energy Security and Net Zero (DESNZ) to carry out two specified calculations (referred to as Calculation A and Calculation B) to determine the total obligation (in terms of the number of ROCs likely to be issued) and then carry out a further calculation to determine the obligation level that applies to electricity supplied in England and Wales (in terms of ROCs per MWh supplied).

To implement the RO exemption for BICS eligible businesses, the Government propose to:

- i) maintain the current rules for using either Calculation A or Calculation B to set the total obligation.
- ii) amend the estimate of total electricity supplied used to calculate the obligation level in England and Wales by removing the amount of electricity we estimate will be supplied to exempt BICS exempt businesses and Energy Intensive Industries (EII) exempt businesses.

This would result in a proportionately higher obligation for other bill payers (including non BICS exempt businesses, non EII exempt businesses and domestic bill payers) to counterbalance the exemption for eligible BICS businesses. However, this redistributed cost will be offset through a combination of changes within the energy system (such as those recently made to inflation indexation of RO/FITs), removal of Carbon Price Support from April 2028 and Exchequer funding. This will ensure domestic and nondomestic electricity consumers do not see an increase in their electricity bills from this scheme. Exchequer funding arrangements for the scheme and bill impacts will be provided in the Impact Assessment that will be published alongside the legislation in the Autumn.

This should ensure that demand for ROCs will continue to exceed supply and therefore should not affect the value of the ROC.

In addition to amending the calculation of the obligation level as set out above, we propose to adjust the scope of the renewables obligation in the RO Order 2015 so that the obligation level (ROCs/MWh rate) would be applied to:

- 100% of electricity provided to non-BICS exempt businesses and non-EII exempt businesses.
- 0% of the electricity supplied to BICS exempt businesses as covered by the BICS exemption (subject to pro-rating) in addition to EII exempt businesses.

Calculating the total number of ROCs required for a supplier to discharge its annual renewables obligation

Under the RO, electricity suppliers must provide Ofgem with the following:

- estimates of the amount of electricity supplied to customers in England and Wales during each month of the obligation period by 1 June following that period.
- figures showing the amount of electricity it has actually supplied to customers in England and Wales during each month of an obligation period by 1 July following that obligation period.

The total number of ROCs that a supplier will need to produce to Ofgem to discharge its renewables obligation is calculated after the end of the obligation period and would be based on the amount of non-BICS excluded electricity and non-EII excluded electricity it has supplied to customers in England and Wales (and Scotland and Northern Ireland) during that obligation period multiplied by the obligation level for that country. 'BICS excluded electricity' refers to up to 100% (subject to pro-rating) of electricity supplied to eligible BICS businesses in England and Wales.

Ofgem's process for calculating each supplier's obligation and how electricity suppliers must comply with their obligations is set out in Ofgem's Renewables Obligation: guidance for electricity suppliers.²

To enable Ofgem to calculate electricity suppliers' individual obligations with account of the RO exemption for BICS eligible businesses, electricity suppliers are likely to need to provide Ofgem with information on (i) total electricity supplied and (ii) BICS excluded electricity supplied in addition to EII excluded electricity. Ofgem's guidance does not currently take account of the exemption for BICS eligible businesses and will be updated in due course.

Publication of the obligation level

The Renewables Obligation Order 2015 (ROO 2015) requires the DESNZ Secretary of State to publish the obligation level (in ROCs per megawatt hour of electricity supplied) 6 months before the start of each obligation period, that is, by 1 October. The obligation levels for 2026 to 2027 were published on 29 September 2025.³

The obligation level for England and Wales (and with the consent of the Scottish Government, for Scotland) for 2027 to 2028 will be calculated using the current RO rules and published by 1 October 2026. It is unlikely that the legislative changes, which give effect to BICS, will be in place in time to be taken into account for the 2027 to 2028 obligation level.

We recognise that the RO can represent a significant cost for electricity suppliers and early notification of the obligation level is important to enable them to price the cost into domestic and non-domestic retail tariffs.

To minimise the impact that this uncertainty will have on electricity suppliers' ability to forecast costs, an estimate of how the obligation level for England and Wales (and Scotland) would be adjusted to account for the BICS exemption will be published alongside, or shortly after, the obligation level for England and Wales (and Scotland) for 2027 to 2028 is published. This estimate will provide an indication of what the obligation level is likely to be, once the BICS exemption is implemented.

The level of the obligation for England and Wales for 2027 to 2028 (and Scotland) will then be adjusted to account for the BICS exemption before 1 April 2027, through changes to the RO Order 2015. This will allow the Obligation level for 2027 to 2028 to be revised after the current 1 October deadline. If the necessary, state aid approval and/or parliamentary clearances have not been granted or are delayed beyond 31 March 2027 it will not be possible to implement the RO exemption for the 2027 to 2028 obligation year. In this case the obligation level based on the current methodology would remain the obligation level for 2027 to 2028.

It is expected that the following obligation level for 2028 to 2029 will revert to publication by 1 October 2027 and continue to follow this timetable going forward.

We recognise the importance of issuing certificates promptly to avoid knock on impacts to the effective functioning of the RO. Timely issuance will ensure exempt supplies are accurately reflected in supplier obligations, meaning electricity suppliers will be able to fully pass on the intended savings to consumers.

² Ofgem (2026) [Renewables Obligation: guidance for suppliers | Ofgem](#)

³ Department for Energy Security and Net Zero (2025) [Calculating the level of the Renewables Obligation for 2026 to 2027 - GOV.UK](#)

Questions

3. Do you agree with the proposal to amend the RO order to exempt BICS-eligible businesses from up to 100% (subject to pro-rating) of RO costs passed onto them by electricity suppliers? Please provide reasons for your response.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know

4. Do you agree with the proposed changes to the arrangements for setting the obligation level for England and Wales for 2027 to 2028, including the proposal to publish an adjusted obligation level? Please provide reasons for your response, including whether you consider the notice period to be sufficient.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know

The Capacity Market Exemption

This section sets out and seeks views on the proposed approach to implement a **Capacity Market (CM) exemption for BICS eligible businesses**.

How the Capacity Market works

The CM was introduced in 2014 to ensure that Great Britain maintains a secure and reliable electricity system, with sufficient capacity to deliver secure supplies of electricity to power our homes, businesses, and public services.

DESNZ has overall ownership of the CM and sets the direction of the policy. Ofgem's role is to ensure market arrangements are fit for purpose, monitor the CM and manage some rules changes and appeals processes. National Energy System Operator (NESO) provides annual advice on capacity requirements and administers key elements of the CM. The Electricity Settlements Company (ESC) controls payments related to the CM which are settled through EMR Settlement Ltd.

CM payments are funded by a charge on electricity suppliers who then recover costs from their customers. Total costs of the CM are made up of two elements:

- the costs of the CM itself which funds capacity provider payments (the 'Capacity Markets supplier charge'), and
- a settlements costs levy to fund the operational costs of ESC, the Settlement Body (the Settlements costs levy).

These costs are apportioned between each electricity supplier based on their market share. A supplier's market is calculated based on Chargeable Demand for periods of high demand, between 4pm and 7pm on working days from the start of November to the end of February.

The UK Government is responsible for CM legislation in Great Britain. Northern Ireland operates within a separate and distinct CM from the rest of GB and energy policy is a devolved matter for the NI Executive.

Implementing a CM exemption for BICS eligible businesses

The exemption will require amendments to the Electricity Capacity (Supplier Payment etc.) Regulations 2014, which calculate how CM costs are charged. We propose BICS eligible businesses are to be exempt from up to 100% (subject to pro-rating) of both the 'supplier charge' and the 'settlement costs levy' imposed from the CM, passed onto them by electricity suppliers.

This would result in a proportionately higher obligation for other bill payers (including non BICS exempt businesses, non EII exempt businesses and domestic bill payers) to counterbalance the exemption for eligible BICS businesses. However, this redistributed cost will be offset through a combination of changes within the energy system (such as those recently made to inflation indexation of RO/FITs), removal of Carbon Price Support from April 2028 and Exchequer funding. This will ensure domestic and nondomestic electricity consumers do not see an increase in their electricity bills from this scheme. Exchequer funding arrangements for the scheme and bill impacts will be provided in the Impact Assessment that will be published alongside the legislation in the Autumn.

Electricity suppliers will need to provide the ESC with the MPAN numbers of BICS eligible businesses and submit forecasts of their chargeable demand (adjusted for BICS excluded electricity in addition to EII exempt electricity) by 1 June ahead of commencement of the CM Delivery Year on 1 October. 'BICS excluded electricity' refers to up to 100% (subject to pro-rating) of electricity supplied to eligible BICS businesses in Great Britain. EMRS, on behalf of

ESC, will then issue and send electricity suppliers a notice of the monthly payment schedule for the Delivery Year (October-September), at least two months ahead of the beginning of the Delivery Year.

Electricity suppliers' 'supplier charge' are subsequently revised once actual data is available for the periods of high demand over the Delivery Year. The revised charges are applied from May to September and a notice of the revised payment schedule, using actual data, is sent to electricity suppliers in March. This revised payment schedule will also be adjusted to account for actual BICS eligible businesses electricity usage.

Reconciliation

Reconciliation occurs in the CM charging model based on actual data once the Delivery Year has started. Calculations are designed to ensure there is enough to pay capacity providers and therefore any shortfalls may be mitigated.

The CM scheme mitigates the risk of a funding shortfall through the provision of Credit Cover. Electricity suppliers are required to lodge Credit Cover with ESC so that they can cover their CM Supplier Charge for one month in the event of payment default, mitigating the risk of non-payment of charges to the Capacity Providers during a Delivery Year.

All electricity suppliers' market share shifts with exemptions applied, so some will have lower credit cover, and some will have higher. We propose that electricity suppliers will remain subject to existing credit cover requirements and the amount of credit cover required will take into account BICS demand, and so may increase or decrease accordingly.

We intend for this to have a minor impact, and we intend to implement a repayment mechanism whereby electricity suppliers automatically recover any identified over-exemption in a firm's future electricity bills.

Mutualisation

The Settlement Body can mutualise defaults on supplier obligation payments when the defaulting supplier's collateral is exhausted. Defaults will be mutualised across all non-defaulting electricity suppliers and amounts recovered from a defaulting supplier will be passed through to electricity suppliers who contributed to the mutualisation event.

The CM exemption will require amendments to the Electricity Capacity (Supplier Payment etc.) Regulations 2014 which calculate how CM costs are charged. We will look to include mutualisation calculations in these changes to ensure the eligible businesses are exempt from all associated payments.

Questions

5. Do you agree with the proposal to amend the CM regulations to exempt BICS-eligible businesses from up to 100% (subject to pro-rating) of CM costs passed onto them by electricity suppliers? Please provide reasons for your response.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know

6. What unintended consequences, if any, do you foresee from the proposed changes to the Capacity Market? Please provide reasons for your response.

The Feed-in Tariffs Exemption

This section sets out and seeks views on the proposed approach to implement a Feed-in Tariffs exemption for BICS eligible businesses.

How the Feed-in Tariffs works

The Feed-in Tariffs (FIT) scheme was launched in 2010 with the aim of supporting small-scale electricity generation (up to 5MW), particularly by organisations, businesses, communities and individuals that had not traditionally engaged in the electricity market.

The technologies supported are limited to solar PV, onshore wind, hydropower, anaerobic digestion, and micro combined heat and power (<2Kw). It provides fixed payments to households, businesses and communities for the electricity they generate and export to the grid. The scheme operates across Great Britain. The scheme was closed to new applicants in April 2019, with existing installations continuing to receive payments under their agreed terms (10-25 years).

The FIT scheme requires electricity suppliers to make payments to micro and small renewable and micro-CHP generators for electricity generated and exported to the National Grid. The FIT scheme policy and tariff rates are set by DESNZ, and the scheme is administered by FIT Licensees and Ofgem.

The costs of making payments to generators and administering the scheme are apportioned to electricity suppliers in accordance with market share. The market share of a supplier is determined by calculating the amount of electricity it supplies to customers in Great Britain.

The process for apportioning FIT scheme costs to electricity suppliers in accordance with market share is known as levelisation. Any electricity suppliers whose FIT payments are less than their market share are required to make payments into a levelisation fund and Ofgem is required to undertake the levelisation process on a periodic basis. Further guidance on the levelisation process is set out in Ofgem's Feed-in Tariffs: guidance for electricity suppliers.⁴

Implementing a FIT exemption for BICS eligible businesses

Proposed approach to apportioning FIT costs between Electricity Suppliers

To implement the FIT exemption, we propose that BICS eligible businesses are exempted from up to 100% of FIT charges passed onto them by electricity suppliers. The exemption will require amendments to the relevant provisions in the Feed-in-Tariffs Order 2012.

We propose for levelisations for FIT periods starting from the first quarter in which the exemption is in place, in addition to the deduction for EII exempt electricity, Ofgem will deduct BICS exempt electricity, from the calculation of each supplier's market share and the calculation of overall supply.

We propose to amend the manner in which overall supply and individual electricity suppliers' market shares are calculated to account for BICS exempt electricity, in addition to EII exempt electricity. 'BICS exempt electricity' refers to up to 100% (subject to pro-rating) of electricity supplied to eligible BICS businesses in Great Britain. This may impact on the level of the payments that individual electricity suppliers are required to make into the levelisation fund.

⁴ Ofgem (2026) [Feed-in Tariffs: guidance for suppliers | Ofgem](#)

This would result in a proportionately higher obligation for other bill payers (including non BICS exempt businesses, non EII exempt businesses and domestic bill payers) to counterbalance the exemption for eligible BICS businesses. However, this redistributed cost will be offset through a combination of changes within the energy system (such as those recently made to inflation indexation of RO/FITs), removal of Carbon Price Support from April 2028 and Exchequer funding. This will ensure domestic and nondomestic electricity consumers do not see an increase in their electricity bills from this scheme. Exchequer funding arrangements for the scheme and bill impacts will be provided in the Impact Assessment that will be published alongside the legislation in the Autumn.

Ofgem will continue to administer the levelisation process and will be responsible for validating the information on BICS exempt electricity provided to them by electricity suppliers.

Impact on the mutualisation process

Under the FIT scheme, where a shortfall occurs in the levelisation fund, electricity suppliers are required to make additional payments through the mutualisation process, with contributions apportioned according to electricity suppliers' market shares.

As market shares used for mutualisation are derived from the same levelisation calculations, the approach set out above would also apply for the purposes of mutualisation. In particular, exempt electricity volumes would be reflected consistently in the calculation of market shares, ensuring that electricity suppliers' contributions to any mutualisation payment remain proportionate and that no supplier's share is distorted by the application of exemptions.

Questions

7. Do you agree with the proposal to amend the FIT regulations, to exempt BICS-eligible businesses from up to 100% (subject to pro-rating) of FIT costs passed onto them by electricity suppliers? Please provide reasons for your response.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know

Delivery of BICS

The Government intends for all eligible businesses to be exempt from paying the indirect costs of three schemes:

- The Renewables Obligation and Feed-in Tariffs (which require electricity suppliers to make payments to support generation of electricity from renewable sources) from April 2027; and
- The Capacity Market (which requires electricity suppliers to make payments to ensure the UK has adequate electricity capacity) from October 2027.

This section sets out and seeks views on the proposed approach to implementing and administering the RO, CM and FIT, exemptions which constitute the BICS scheme.

Responsibilities

A high-level overview of the proposed role of each party involved in operationally delivering BICS is outlined below:

DBT

As the policy owner and scheme authority for BICS, DBT is responsible for overall scheme design, as well as **eligibility, certification, monitoring and enforcement**. This includes:

- Determining business eligibility criteria for BICS.
- Issuing, amending, and revoking BICS eligibility certificates.
- Producing guidance for businesses and electricity suppliers on the scheme.
- Handling scheme queries and appeals.
- Monitoring and auditing scheme operations and enforcing non-compliance with regulations.
- Providing authoritative eligibility data to settlement bodies to support the administration of the RO, FIT and CM, exemptions.

Settlement Bodies

As BICS is exempting businesses from paying the indirect costs of the established RO, FIT and CM schemes, the Settlement Bodies administering these schemes will undertake the following functions:

- Ofgem will continue administering the RO and FIT schemes, integrating BICS exempted electricity into settlement processes as outlined in the previous section.
- ESC will continue administering the CM scheme, with EMRS acting as ESC's service provider. EMRS will apply BICS exemptions to supplier charge calculations and ensuring BICS exemptions are correctly reflected in settlement outcomes.
- Provide guidance and support to businesses and electricity suppliers in relation to BICS interactions with their levies.
- Provide necessary access to data DBT needs to support eligibility identification and processing.

Electricity Suppliers

Electricity suppliers will play a key role in delivering the BICS exemption to businesses. They will:

- Pass through BICS savings to eligible customers.
- Set up relevant metering and data arrangements for BICS exemptions.
- Integrate BICS exemptions into CM supplier forecasting and pay CM supplier charges adjusted for BICS exemptions.
- Integrate BICS exemptions into RO and FIT compliance processes, including in ringfencing and mutualisation processes and pay RO and FIT supplier charges adjusted for BICS exemptions.
- Submit accurate data into settlement processes.
- Retain evidence to support compliance, audit and monitoring requirements for DBT.
- Provide necessary access to data that DBT and businesses need to support eligibility identification and processing.

Businesses

Whilst eligible businesses will be the recipients of BICS, they will have a set of responsibilities both before and during its administration. They will:

- Provide information to support eligibility identification in an accurate and timely manner, following guidance provided by DBT.
- Provide electricity suppliers with timely information as necessary to enable exemption processing.
- Fulfil reporting and audit requirements as required by DBT, including mandatory declarations related to changes in business details and eligibility.

Some manufacturing businesses may receive grid electricity from a Third Party (such as landlord/site owner) and therefore do not pay their electricity bills directly to electricity suppliers. In this situation it will be the responsibility of the Third Party to engage with the electricity supplier. This is a more complex arrangement compared to a direct business to supplier relationship. We will set out this process in more detail in guidance.

Some manufacturing businesses may also receive electricity from a Third Party who supplies electricity via a private wire arrangement. In this situation it can be difficult for settlement bodies to confirm the levies paid and amount to reimburse if a business applies and is deemed eligible.

Information sharing

Information sharing and publication of certain information is intended with this exemption. Accordingly, we propose to ensure the scheme has appropriate channels for information to be shared and, in some instances, published. This includes:

- Between the Settlement Body and DBT: regarding how relevant supplier charges are calculated.
- Between DBT and the Settlement Body: regarding BICS exemptions.
- Between the Settlement Body and electricity suppliers: regarding the forward schedule of CM fees and which BICS businesses are exempt, ahead of the Delivery Year.

- Between electricity suppliers and the Settlement Body: this information flow already exists relating to forecast demand for all customers so the Settlement Body can stress test the overall forecast and provide a level of assurance that forecasts are accurate.
- Between DBT and businesses: regarding eligibility decisions and exemption details.
- Between Ofgem and EMRS: Ofgem may need access to data on exempt electricity supplied by electricity suppliers and from EMRS, as is the case for the British Industry Supercharger scheme, to integrate BICS exemptions into RO and FIT settlement compliance activities. If EMRS data flows are not utilised, a separate and duplicate data collection process may need to be established. We will continue to engage with Ofgem and EMRS on use of data to ensure efficient and robust use of data to implement BICS.

Identifying and confirming BICS eligibility

Our proposed approach to identifying and confirming BICS eligibility is as follows:

Identifying eligible businesses

DBT proposes a digital-first process which minimises the administrative burden for businesses when confirming their eligibility for BICS.

To support efficient scheme administration, DBT intends to publish an online eligibility checker to enable businesses to self-assess whether they are likely to be eligible for BICS.

If a business determines that they are likely to be eligible, they will be asked to register their interest online. DBT may also pro-actively contact businesses that appear likely to meet the eligibility criteria.

Businesses that are expected to meet the eligibility requirements will then be required to provide further information and evidence of their business activity by manufacturing site, along with relevant electricity consumption data for the 6 months prior to applying. DBT will then assess this information alongside existing data to inform whether a business meets the criteria for BICS.

DBT will continue to improve and automate this process as the range and quality of data sources available to DBT improve. The level of evidence required from businesses may be reduced if highly trusted datasets become available. We are also considering whether forecasted data should be accepted for new manufacturing sites or for sites that are looking to electrify. Further work is required on what scenarios this should apply to and the evidence that would be required to allow for a robust assessment. If this is feasible, we will look to implement this from Year 2 of the scheme (for businesses looking to apply in 2027 for 2028 delivery).

To launch year 1 of BICS, DBT proposes a time-limited eligibility identification window from **1 October 2026 to 8 January 2027**:

- **1 October 2026 – 30 November 2026**: Businesses are invited to provide information to DBT to support identification of eligibility. Depending on system readiness, DBT may launch this process earlier than October.
- **1 October 2026 – 8 January 2027**: DBT will assess and (subject to parliamentary approval of secondary legislation which gives effect to BICS) grant eligibility for businesses. DBT intends for eligible business information to be available to electricity suppliers and settlement bodies from November onwards in a live database and will aim to confirm all eligible businesses by **8 January 2027** for Year 1 of the scheme. Depending on system readiness, DBT may also begin this process earlier than October.

- **November 2026 – 1 April 2027:** Once eligible businesses begin being confirmed, electricity suppliers will have until April to process exemptions for eligible businesses, including setting up relevant arrangements and data flows.

DBT will aim to confirm all eligible businesses by the 2nd week in January to allow electricity suppliers time to process their exemptions ahead of April, but in the event of outstanding complex cases there will be provision for this to run over into January. DBT will notify electricity suppliers and relevant businesses in advance of this occurring to allow for resource planning and processing adjustments.

If a business is unable to be identified in this window, they will be required to wait until the next identification window to be considered for the scheme. Businesses are encouraged to provide supporting information promptly and accurately to minimise the risk of delays or requests for corrections.

For subsequent years DBT proposes that businesses will be able to gain eligibility for BICS on a rolling basis with an annual cut-off to allow eligibility and exemption processing, rather than only during fixed application windows.

To ensure continued operational feasibility and minimise disruption to levy schemes, new exemptions will only begin from the start of the next scheme delivery year (April for RO, FIT, and October for CM), regardless of when a business registers interest or is confirmed as eligible. No mid-delivery-year introduction or backdating of exemptions is proposed.

Confirming eligibility for BICS

Eligible businesses will receive formal confirmation that they have met the criteria for BICS. It is intended that this will take the form of a structured data record held within DBT's data platform, rather than a stand-alone paper or PDF certificate. This data will also be shared with electricity suppliers and settlement bodies. The information may include:

- Basic business identifiers such as company name, company number and registered address.
- A clear eligibility status indicating whether the business meets the scheme criteria.
- MPAN-level information where relevant.
- The exemption amount that applies to the site, expressed as a percentage value of either 50% or 100% either as a full exemption or a pro-rated percentage.
- The period for which the certificate is valid, including any renewal or expiry dates.

This structured output will ensure consistency and accuracy across the scheme and will support both electricity suppliers and businesses in understanding and applying the exemption correctly.

Sharing eligibility information with electricity suppliers and settlement bodies

DBT proposes to hold all eligibility data centrally, developing appropriate interfaces that would allow access to this data.

Electricity suppliers and settlement bodies will be given access to the information they require to fulfil their responsibilities under the scheme. This access may take different forms depending on the organisation's role and the final technical design. Options will be provided, with settlement bodies encouraged to make use of API access to the relevant data, to allow visibility of relevant eligibility decisions without creating an administrative burden for all parties. Should API access not be feasible for some settlement bodies, DBT will provide

alternative mechanisms for confirming eligibility, including the option to download the data in a standardised format, at a time and frequency that suits them.

In all scenarios, DBT would remain responsible for maintaining accurate records and ensuring that settlement bodies can reliably determine details of a customer's eligibility.

Supplier processing and pass-through of exemptions

Once electricity suppliers have received confirmation of eligibility for its customers, they will use eligibility data to process identified businesses for exemptions, and integrate excluded electricity volumes into RO, FIT and CM, levy payments and settlement processes.

DBT does not at this point propose to regulate to require electricity suppliers to pass through the exemption to eligible businesses. We expect competitive market forces to ensure that electricity suppliers pass through the value of the exemption. We recognise that billing, pricing and contractual arrangements between electricity suppliers and non-domestic customers, including how electricity suppliers charge Government policy costs onto their customers will be different and how electricity suppliers choose to pass savings onto their customers will be down to supplier discretion and will differ across electricity suppliers.

To support electricity suppliers in passing on exemptions, DBT intends to publish supplier-specific guidance on BICS, including worked examples of how electricity suppliers may pass on exemptions to their customers. We will also utilise existing communication channels across the energy industry to make expectations clear. Additional measures such as reporting and transparency requirements will also be considered to ensure savings are passed on to customers.

Exemption validity periods and changes in circumstances

To balance administrative burden and certainty for industry and suppliers with the need to ensure BICS is supporting the right cohort at the right level, DBT proposes a **two-year** certificate validity period after which a full recertification process would take place. For the first cohort, exemptions are proposed to cover:

- 1 April 2027 to 31 March 2029 for RO and FIT.
- 1 October 2027 to 30 September 2029 for the CM.

These dates align with key levy processing and forecasting points for settlement bodies and electricity suppliers.

To further ensure that live BICS exemptions are accurately targeted, businesses will also be required to keep eligibility information up to date through a **mandatory yearly declaration** in non-re-certification years. There are various scenarios where a business may have a change of circumstances related to production which impacts their eligibility – this could result in a removal of their eligibility, a reduction in the level of exemption they receive, or an increase in the level of exemption they receive. These amendments would come into effect at the beginning of the next delivery year per levy.

Businesses may see other changes in circumstances, such as closure or changes in administrative details. Businesses will be required to report these immediately, via a route provided by DBT. DBT will retain the clear right to revoke or amend eligibility at any time.

Appeals

Businesses who have been excluded from the scheme or assessed as ineligible will be informed of the decision and, where specific criteria are met, given the right to appeal. Appeals must set out the grounds for the appeal and include supporting evidence. DBT will set out timescales by when an appeal must be raised along with timescales for providing

additional information required to support the appeal. Failure to provide sufficient information, or to meet deadlines, will result in the appeal being automatically rejected. A business may submit only one appeal per BICS inclusion request.

Business deemed ineligible from this process will be restricted from applying again until the start of the next BICS delivery year or a suitable point as determined by DBT.

DBT will publish further information on the appeals process, including the grounds on which appeals may be made, in upcoming guidance.

Fraud Controls

DBT will undertake checks to verify the accuracy of information provided at the certification stage and during annual declarations. These checks may include but are not limited to reviewing financial information, electricity consumption data, and documentary evidence for production activity and pro-rating claims.

Where fraud or error is identified, DBT may apply the following controls:

- Recovery of overpaid exemptions.
- Suspension or revocation of eligibility, including immediate suspension where fraud is suspected.

DBT will also undertake audits and spot checks. Businesses may be selected at random or based on risk criteria. Checks would be desk-based using publicly available information, alongside data held by HMRC or other Government departments where appropriate. DBT may also request further information from businesses.

DBT may carry out visits to companies to check activity, production and confirm eligibility and undertake further validation or investigation. This may include but is not limited to:

- Where a case is complex – for example, an installation manufacturing several products.
- Where the information being provided is significantly different from that declared with Companies House.
- Where a registrant is flagged as presenting a higher compliance risk — for example due to a history of non-compliance, previous enforcement action, or other risk indicators.
- A random check of a sample of applications by a DBT official. In some cases, an independent verifier may also be used.

Monitoring & Reporting

DBT intends to introduce a proportionate monitoring framework to track scheme delivery and assess progress against objectives. This will support transparency and provide a robust evidence base for evaluating effectiveness over time.

Monitoring is expected to focus on three areas:

- Scheme delivery
- Uptake among eligible firms
- Wider economic and behavioural outcomes

In the early stages, it is expected that monitoring will focus on delivery performance, including supplier participation and the operation of pass-through arrangements. This will draw on operational data from DBT's digital eligibility system, reporting from electricity suppliers, and data from the settlement bodies responsible for administering the RO, FIT, and CM levies, including EMRS, ESC, Elexon, and Ofgem. Settlement body data provides an authoritative and low-burden source of evidence on exemption volumes, pass-through performance, and electricity consumption at eligible sites, and DBT intends to establish formal data sharing arrangements with these bodies ahead of scheme launch.

As the scheme is implemented, monitoring will consider the extent to which eligible businesses are receiving support, how the scheme is operating across different sectors and regions, and whether it is contributing to its intended outcomes and impacts. Evidence will be drawn from a combination of administrative systems, settlement body data, electricity supplier reporting, business reporting at key interaction points with the scheme such as eligibility and onboarding, and existing statistical sources. Where information is collected directly from businesses, this will take place primarily at natural interaction points to minimise burden, with baseline data collected before exemptions go live to support evaluation activity.

DBT also intends to seek permission to link data collected from businesses through the scheme to official data on an anonymised basis, to facilitate non-operational monitoring and evaluation of the scheme's effectiveness.

Operational reporting from electricity suppliers is expected to take place on a regular basis, with more frequent reporting during the early stages of scheme rollout and a more periodic cycle once the scheme is fully operational. Where necessary, the Government may consider legislative measures to support data collection for monitoring and evaluation purposes, including from businesses and suppliers.

The monitoring framework will support a process evaluation in Year 1 and an impact evaluation in Year 3.

Transparency

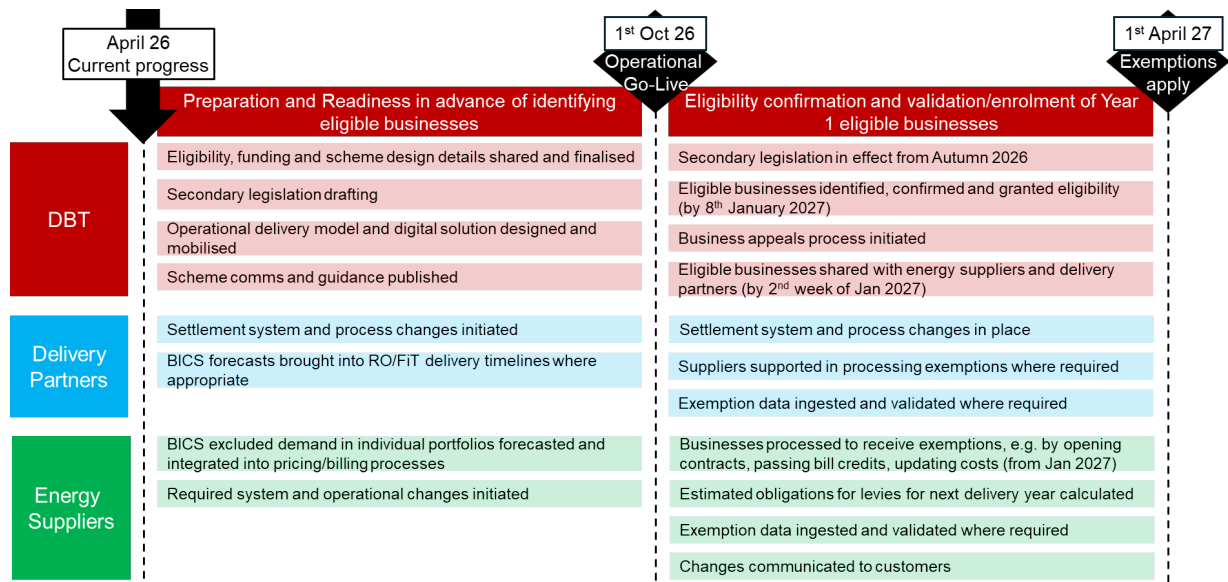
In line with the UK Subsidy Control Act 2022, DBT will carry out a subsidy control assessment for BICS. The scheme will be made publicly available on the UK Subsidy Transparency Database within three months of commencement with all mandatory data fields, such as the legal basis and policy objective for the scheme, and for individual awards, the identity of the beneficiary and the value of the support. In addition, individual awards made under BICS will be published where estimates show that they are likely meet the relevant reporting threshold (£100,000 or more), within three months of the award decision.

Timelines for delivery

To launch exemptions from April 2027, there are two main phases of activity required:

- Upfront lead time for DBT, electricity suppliers and settlement bodies to prepare for an **'Operational Go-Live'** (i.e. the point when the eligibility identification window opens).
- The time **between the 'Operational Go-Live' and 'Exemptions Go-Live'** for DBT to confirm eligible businesses, and electricity suppliers and settlement bodies to process eligible customers and ensure that businesses can see exemptions from 1 April 2027.

In advance of October 2026, DBT will continue to define scheme design, draft legislation and mobilise for delivery, and will continue to work with energy suppliers, businesses and settlement bodies to ensure all interested parties are ready for BICS. This will include the publication of formal guidance for businesses and for electricity suppliers to provide additional information on BICS.



Questions

8. Do you agree that the proposed information sharing channels are adequate to ensure the scheme functions as intended? Please provide reasons for your response.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know

9. Should manufacturers who receive their electricity through a third party's (such as landlord/site owner) private wire connection, be eligible for BICS?
 - a. Yes
 - b. No
 - c. Do not know

10. If manufacturers who receive their electricity from a third party (such as landlord/site owner) are to be eligible for BICS, who should be responsible for providing DBT with information to support eligibility identification?
 - a. The manufacturer only
 - b. The third party only
 - c. Both the manufacturer and the third party

11. Do you agree with the approach of a time-limited identification window for the first year of the scheme? Please provide reasons for your response.
- Agree
 - Disagree
 - Neither agree nor disagree
 - Do not know
12. Do you agree with the proposal to restrict the addition of new businesses to the start of each levy delivery year, rather than permitting mid-year entry? Please provide reasons for your response.
- Agree
 - Disagree
 - Neither agree nor disagree
 - Do not know
13. For electricity suppliers and settlement bodies: do you have any views on how DBT can ensure exemptions are passed through to businesses?
14. Do you agree with the proposed two-year eligibility period for exemptions? Please provide reasons for your response.
- Agree
 - Disagree
 - Neither agree nor disagree
 - Do not know
15. Do you agree that the proposed declarations on eligibility and other changes to circumstances provide an adequate basis for keeping the scheme accurately targeted while safeguarding against fraud and gaming?
- Agree
 - Disagree
 - Neither agree nor disagree
 - Do not know
16. One alternative method to ensure that live exemptions remain accurately targeted would be to require immediate or more frequent declarations relating to eligibility, with exemptions revoked or amended mid-year.
- Would it be operationally feasible to process a business's change in circumstance mid-year? Please provide reasons, including any conditions, dependencies, or process changes that would affect feasibility.
- Yes
 - No
 - Do not know
17. Do you agree that the use of forecasted data to determine whether a new manufacturing site is eligible should be explored?
- Agree
 - Disagree
 - Neither agree nor disagree
 - Do not know

Summary of Questions

1. Should eligibility for BICS be limited to industrial manufactures by implementing a minimum electricity threshold of 3.5MWh per year? Please provide reasons for your response.
 - a. Yes
 - b. No
 - c. Do not know
2. Should eligibility for BICS be limited to those who are registered on Companies House? Please provide reasons for your response.
 - a. Yes
 - b. No
 - c. Do not know
3. Do you agree with the proposal to amend the RO order to exempt BICS-eligible businesses from up to 100% (subject to pro-rating) of RO costs passed onto them by electricity suppliers? Please provide reasons for your response.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know
4. Do you agree with the proposed changes to the arrangements for setting the obligation level for England and Wales for 2027 to 2028, including the proposal to publish an adjusted obligation level? Please provide reasons for your response, including whether you consider the notice period to be sufficient.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know
5. Do you agree with the proposal to amend the CM regulations to exempt BICS-eligible businesses from up to 100% (subject to pro-rating) of CM costs passed onto them by electricity suppliers? Please provide reasons for your response.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know
6. What unintended consequences, if any, do you foresee from the proposed changes to the Capacity Market? Please provide reasons for your response.
7. Do you agree with the proposal to amend the FIT regulations, to exempt BICS-eligible businesses from up to 100% (subject to pro-rating) of FIT costs passed onto them by electricity suppliers? Please provide reasons for your response.
 - a. Agree
 - b. Disagree
 - c. Neither agree nor disagree
 - d. Do not know

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- a. Agree
- b. Disagree
- c. Neither agree nor disagree
- d. Do not know

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