

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

On 15 October 2018 we issued a consultation on how to [align BSC reporting with EMR Regulations](#), with responses invited by 30 October 2018. Seventeen responses were received from the following organisations (including a late response from EDF Energy):

Respondent	No. of Parties/Non-Parties Represented	Role(s) Represented
Centrica	10/0	Supplier and Generator
EDF Energy	4/0	Generator, Supplier, Non-Physical Trader
E.ON	3/0	Supplier and Generator
Gazprom Marketing and Trading	1/0	Non Physical Trader
Hartree Partners Supply (UK) Limited	1/0	Supplier and Generator
IMServ Europe Ltd	0/1	Half Hourly Data Aggregator (HHDA)
Limejump	1/0	Supplier
Our Power Energy Supply Ltd & Hitachi Europe Ltd	1/1	Supplier Technology/Control Systems Provider
Renewable Energy Association	<i>(Response attached separately)</i>	
RWE	2/0	Generator
ScottishPower	3/0	Supplier and Generator
SmartestEnergy	1/0	Supplier
Statera Energy Limited	0/2	Licensed Generator (Storage)
Swanbarton Limited	0/1	Storage Consultancy Local Energy Trading System
TMA Data Management Ltd	0/1	Half Hourly Data Aggregator (HHDA)
VPI Immingham LLP	1/2	Battery storage owner and operator
Zenobe Energy Limited	0/1	Licensed Generator (Storage)

This document collates the responses (with the exception of that from the Renewable Energy Association, which was not structured as a response to the specific questions we asked, and is therefore provided as a separate attachment).

This is version 2.0 of the document, updated to include the response from EDF Energy.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 1: Do you agree with the principle that ELEXON should provide the EMR SSP with gross demand values that exclude any electricity provided to Licensed Generators for the purpose of licensed generation (in order to facilitate the approach to EMR charging specified in the BEIS/Ofgem SSFP)?

Responses

Respondent	Response
Centrica	<p>Yes, we support this principle. This will ensure that generation and storage do not pay the policy costs of CfD and CM on imported electricity, which is in with the SSFP. We encourage there to be a clear process from Ofgem to ensure that RO, FIT and CCL costs are also not paid on imported electricity at generation and storage.</p> <p>Whilst it is not Elexon's place – it is a policy decision from BEIS and Ofgem - it feels odd that the asset should be required to have a licence, even if <50 MW. This does not appropriately consider licence-exempt and the additional administration for smaller assets.</p> <p>Elexon states: "Exemptable Licensed Generators may be able to avoid this issue by ensuring that their Import Metering System is registered by a BSC Party who does not hold a Supply Licence, as such parties are not required to pay CFD or CM charges."</p> <p>Elexon should provide clarity on its calculation of FCLs payments and whether the current processes will include metered volumes that are moved from a BSC party that does not hold a Supply Licence, to a BSC party that it is a supplier, via the Metered Volume Reallocation Notification (MVRN) process. These volumes should also be exempt if it meets the requirements.</p>
EDF Energy	<p>Yes, we agree that charges for Licensed Generators should be consistently applied. We support facilitation under the BSC of changes to allow this.</p>
E.ON	<p>This response is intended to give E.ON's support to the proposals to bring reporting of gross demand data in line with the objectives and policies of Electricity Market Reform (EMR). In particular, we support the implications of these changes for new battery storage projects, which are important for providing security of supply for customers and mitigating the intermittency of the UK's growing renewable energy generation. However, due to the short (2 week) turnaround for this consultation we regret that we are unable to provide specific quantities of generation sites and electricity supply that would be impacted by these changes.</p> <p>We agree with this principle. In general, this is in line with the 1989 Electricity Act ("the Act"), as clarified by the SSFP consultation. Electricity provided for the purposes of licensed generation does not qualify as supply under the Act and therefore should not be subject to final consumption levies through the inclusion in gross demand values.</p> <p>We welcome the support that this change would bring for new and existing battery projects, which consume electricity to store chemical energy which is later used for generation purposes. This proposal would avoid leaving battery power at a competitive disadvantage when it is behind the same supply meter as other generation plant or onsite demand. Battery storage solutions in future are more likely to be decentralized and share settlement metering systems with final energy users or associated generators, so this proposal would better facilitate their provision of grid services by avoiding unnecessary costs being passed on to them by the supplier.</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
Gazprom Marketing and Trading	Yes, we agree. This will be consistent with the Smart and flexibility Plan, where Ofgem and BEIS made clear that holders of generation licence (or new storage licence) are not liable for Final consumption levies, which include RO, FiT, CfD and CM levies.
Hartree Partners Supply (UK) Limited	Yes and should also include small generators with license exemptions. This will maintain competition between small and large generating companies.
Limejump	In our view, when ELEXON provides the Gross Demand values it should exclude electricity provided to a Licensed Generator for generator-related purposes as they do not meet the definition of supply.
RWE	<p>We agree that Elexon should facilitate the presentation of relevant EMR information as specified in the BEIS/Ofgem SSFP.</p> <p>However, the issues raised in the consultation document are wide ranging and touch on the interpretation of the Electricity Act (1989), the Electricity Act exemptions regime, the EMR regulations and the BSC provisions with regard to settlement metering.</p> <p>We would welcome further discussion in an issues group or some form of working group to develop solutions to the problems identified, which may be wider than the BSC arrangements alone (for example, the Grid Code provisions, the CUSC and European Regulations). In addition to the supplier levy arrangements processes such as balancing service provision, smart metering, supplier agents, and transmission and distribution charging for embedded generation are all connected to the issues with metering and settlement arrangements identified in the consultation paper.</p> <p>Any move towards resolving the EMR-related issues for generation (including storage) on sites associated with demand will require consideration of the wider implications of such changes.</p>
ScottishPower	Yes. Providing the EMR SSP with gross demand values that exclude any electricity provided to Licensed Generators for the purpose of licensed generation will deliver the intent of the July 2017 Smart Systems and Flexibility Plan. It will also ensure that CM and CFD levies fall upon "final consumption".
SmartestEnergy	Yes
Statera Energy Limited	We strongly support the proposal to create an interim solution for Licensed Generators to exclude the CM and CFD final consumption levies. These costs are impacting the efficient operation of storage in the wholesale market and conflict with the policy objectives of BEIS as stated in the Smart Systems and Flexibility Plan.
Swanbarton Limited	<p>Yes.</p> <p>Generators are not end-use demand.</p> <p>Levy costs applied simply get passed onto Wholesale, BM or Ancillary markets, but this is opaque.</p> <p>Storage, which provides a valuable balancing service to the system, is disadvantaged through levies on its inherently high import volumes. Storage is not end-use demand. These levies create a pricing distortion, favouring fossil fuel 'peaking' generation (low import) over</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
	storage.
VPI Immingham LLP	<p>VPI Immingham LLP (VPI) welcomes the opportunity to respond on behalf of two of our joint-venture battery storage businesses.</p> <p>Cleator Battery Storage (10MW) and Glassenbury Battery Storage (40MW) – both licensed SVA generators connected to the distribution network – strongly support the principle described.</p> <p>The practical approach proposed would (1) facilitate the very clear BEIS/ Ofgem policy intent set out in the Smart Systems and Flexibility Plan (2) ensure storage is consistently being treated across the industry as “generation”, rather than supply/ a final end consumer (3) deliver a much needed interim solution in the near term (4) respect timescales of important governance processes required for the long term.</p>
Zenobe Energy Limited	<p>We agree.</p> <p>According to the Smart Systems and Flexibility Plan, published by Ofgem and BEIS, Licensed Generation (Including Storage) should not pay final consumption levies including CFD and CM charges.</p> <p>We noted that the ‘A Smart, Flexible Energy System Plan - Call for Evidence question summaries and response from the Government and Ofgem ’ urged that:</p> <p>“As is already the case for holders of a generation licence, electricity supplied to holders of this new storage licence will not be considered leviable under four FCLs: the RO, FITs, CFD, and CM gross auction costs.”</p> <p>The Supplier payments that fund the CM and CFD schemes are calculated by the EMR Settlement Services Provider (SSP), these calculations rely on gross demand data. Gross demand data should exclude any electricity provided to licensed generators for the purpose of licensed generation.</p> <p>It should exclude electricity provided by them to a Licensed Generator for generator-related purposes (on the basis that this falls outside the definition of ‘supply’ in the Act); but</p> <p>And include electricity provided by them to a Licensed Generator for purposes that are not generation-related (on the basis that this falls inside the definition of ‘supply’ in the Act)”</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 2: Do you agree that continuing to levy CFD and CM charges on any electricity supplied to a company holding a Generation Licence for purposes that are not generation-related is appropriate (and remains consistent with the requirements of the Act)? Please provide any supporting evidence.

Responses

Respondent	Response
Centrica	We agree that for sites where there are multiple uses of the electricity on the site, there needs to be clear differentiation on which volumes these FCL costs should be paid. The use of submetering should be encouraged and this will provide the evidence as to which metered volumes should be exempt from FCLs and on which they should be paid.
EDF Energy	We agree that continuing to levy CFD and CM charges on any electricity supplied to a company holding a Generation Licence for purposes that are not generation-related is appropriate, except where there are other reasons why the provision of electricity does not constitute supply under the Act, or is made by an exempt supplier.
E.ON	<p>Yes, again this is consistent with the Act and the SSFP. However, we recognize the difficulty in forming a clear industry wide distinction between electricity consumption for generation purposes and electricity consumption which is surplus to those requirements. E.ON anticipates that a working solution to this issue will require a longer term consultation for BSC modification rather than the interim solution, involving analysing electricity usage data from a range of companies and technologies involved in electricity generation.</p> <p>In the meantime, we recommend that EMRS does not try to disaggregate electricity supplied to a generation site between 'generation purposes' and 'non-generation purposes' using any arbitrary methodology. It is also worth noting that this is a less challenging issue for battery storage based generation, which has no extra associated electricity demands beyond what is consumed to be stored as chemical energy and which is therefore used for generation purposes EMRS can thus be confident that any exemption from Contract for Difference (CfD) and Capacity Market (CM) payments to a battery storage site with a generation license is congruent with the aims and intentions of the Act and the Smart Systems and Flexibility Plan.</p>
Gazprom Marketing and Trading	Yes, this is sensible.
Hartree Partners Supply (UK) Limited	Yes
Limejump	Yes we agree.
RWE	<p>This question relates to the nature of the supply under the Electricity Act.</p> <p>The metered volume for the electricity supply to a person (company) holding a Generation Licence for purposes that are generation-related will relate to meters that are registered by the generator.</p> <p>However, at certain sites there may be electricity supply to customer premises as well as generation facilities. At these sites the meters may be registered by the generator. When the generator is exporting the "on site supply" will net off the settlement metered output. However, when such a site is importing the imports may relate to supply to customer</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
	<p>premises. In these circumstances the “supply” (imports) may be fulfilled by a person (company) holding a Supply Licence (even though the settlement meters volume remain registered by a generator). The person (company) holding a Supply Licence may be responsible for CFD and CM charges on any electricity supplied under the terms of its licence when the supply relates imports to customer premises on sites occupied by a generator.</p> <p>Given the complicated relationships between parties undertaking differing roles (generation or supply) on particular sites, the issue raised in the consultation paper will require further investigation.</p>
ScottishPower	Yes. Energy supplied to a Generation Licence holder which is not for the purposes of operating the Licensable generating Plant will constitute a “Supply” under the electricity act and should be subject to Final Consumption Levies. This will reduce the scope for levy avoidance through the siting of generation facilities at a demand site purely to avoid such levies.
SmartestEnergy	Yes
Statera Energy Limited	Yes – though given the vagueness of the wording within the Electricity Act 1989 (specifically “purpose of carrying on activities”) we believe some guidance on what is, or is not included should be given. However, this guidance does not need to be in place for the interim solution.
Swanbarton Limited	Seems reasonable to avoid sites ‘gaming’ the levy exemption by installing some generation, but implementation will probably require sub-metering on sites with demand/generation mix.
VPI Immingham LLP	Community energy projects and behind the meter licensed generation would be best placed to provide evidence why CfD and CM FCLs should not be charged.
Zenobe Energy Limited	<p>We agree, only companies holding a Generation Licence for purposes that are not generation-related should continue to be levied on CFD and CM.</p> <p>However, we believe there is a need to developing an appropriate definition of “generation-related”.</p> <p>More complex systems should be developed to ensure the correct apportionment of generation subject to levies.</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 3: Do you agree with our proposed approach of developing a solution in two stages:

- **An enduring solution, developed through the BSC Modification process, that includes an agreed BSC definition of which activities should be treated as generation-related, and BSC processes (potentially similar to those proposed for Issue 70) for collecting and processing data from sub-metering; and**
- **An interim solution that is deliverable much earlier than the enduring solution, but relies on Suppliers to form their own view of which activities should be treated as generation-related, and cannot use data from sub-metering.**

Responses

Respondent	Response
Centrica	<p>We support Elexon's approach on this.</p> <p>With an increasing battery storage capacity coming online, it is important that there is a swift solution to this issue. We welcome the proactive work that Elexon is doing to bring forward a solution to this by January 2019.</p> <p>The interim solution should also account for licensed CVA-registered asset, where the BSC lead party is a registered supplier and therefore will be paying FCLs on these imports as well. We believe that this should be done in the same way as the interim proposal for SVA-metered asset with their own MPAN.</p> <p>Elexon should also consider allowing an interim solution which would allow suppliers to provide data to Elexon from sub-meters which are clearly just relating to a generation and storage asset. However, we do accept this may be more challenging for the timescales.</p>
EDF Energy	<p>On balance we support moving to a more enduring (comprehensive) solution. Our main reason is that allowing self-determination could be cumbersome operationally and potentially lead to inaccuracies through limitations in simple guidance.</p> <p>We acknowledge that a very focussed interim solution would provide a step towards consistent charging of licensed generation ahead of a more enduring and more accurate solution for multi-use sites.</p> <p>However, we believe the industry is gearing up to facilitate improved data and metering which means that the enduring solution could be delivered within the next 24 months.</p>
E.ON	<p>We agree in principle that the BSC will require modification to adequately resolve this issue, particularly by developing methods to account for data from sub-metering in the CFD and CM charging process. It is important that any code modification remains compatible with the future result of the Ofgem consultation on the storage licensing conditions, as recognized in the consultation document.</p> <p>Further, we recognize that the existing gross demand reporting conditions means certain sites remain at a financial disadvantage which could be resolved under current regulatory conditions (i.e without requiring the timescale needed for a BSC modification). Therefore, E.ON also supports an interim solution to address this where possible. However, the ability for suppliers to unilaterally declare whether a metering systems' electricity consumption is exempt from CfD and CM levies could create perverse incentives. A significant addition to the system of suppliers declaring that their electricity provision did not qualify as 'supply' under</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
	the act would increase the proportion of costs for the CfD and CM being recuperated from the remaining end users. Whilst this risk is small, or negligible for suppliers to battery storage based generation (see Q2), we still advise that Elexon take the necessary steps to be able to recognize any quantities of levy exempt supplies to licensed generation that appear significantly different from the industry average.
Gazprom Marketing and Trading	<p>Yes, we agree. Licenced generators should be exempted from CM and CfD levies as soon as possible. We understand that the EMR SSP doesn't currently have a system in place that can differentiate the electricity supplied to sites associated with licenced generators. Therefore, an interim solution is the most practical solution as this can be implemented quickly, while a more complex solution will be developed within a longer timescale.</p> <p>In addition to the above, we suggest to consider whether licenced generators should be able to claim back the FCLs payments which they were not supposed to pay this year.</p>
Hartree Partners Supply (UK) Limited	Yes, an immediate solution is needed followed up by an enduring solution.
IMServ Europe Ltd	<p>Yes</p> <p>We agree that the solution developed for P344 in regards to SVAA notifying HHDA's of appointments via the D354 will help support an enduring solution.</p> <p>In terms of the interim solution, as a HHDA we are happy to extend the D0354/D0357 process to cover these types of sites. As this is an extension of an existing process, we foresee no issue with implementing this in January 2019.</p>
Limejump	We believe that the change is best implemented via an interim solution and that solution may include sub-meters assuming they meet the required standards. This interim solution is likely to provide learnings which can inform the enduring solution.
RWE	We agree that a pragmatic interim solution may be required as a first stage, though we note that a wider discussion associated with the issues raised is also required.
ScottishPower	<p>Yes. Any interim steps which can be taken to improve the accuracy of the data reported in the BM Unit Gross Demand Report should be progressed as soon as practicable.</p> <p>A potentially more complex enduring solution which covers all the issues should be developed through the normal BSC change process.</p>
SmartestEnergy	Yes. However, as ever, we are uncomfortable with an interim solution which could be open to abuse. "Suppliers to form their own view of which activities should be treated as generation-related" does not sound ideal. Some rules-based principles will be required as a minimum.
Statera Energy Limited	Yes - The decision to implement an interim solution for straightforward cases, as opposed to behind-the-meter, is welcomed. Whilst operators of storage assets behind-the-meter will not immediately receive the benefit of an interim solution, it should be noted many behind-the-meter assets continue to access significant benefits as recent changes to gross charging (e.g. CMSC, and triads) have not impacted them – placing them at a substantial advantage relative to front-of-meter assets. Given these wider commercial implications we don't believe the proposed approach outlined in this consultation will significantly outweigh the other benefits

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
	<p>these assets currently receive, and therefore the proposed implementation should not result in any changes to the wider competitive landscape.</p> <p>In addition, it is our expectation that the volumes of non-generation-related activities will be small. Whilst it is important to capture these we believe the focus should be on allowing the vast majority of the total import (the generation related import) a route to exclude CM and CFD chargeable volumes.</p> <p>Finally, whilst the immediate focus should be on implementing an interim solution, it is important to acknowledge the retrospective charges storage have incorrectly been paying since the July 2017 SSFP release. We would ask the "hybrid" group also consider possible means of reimbursing affected parties.</p>
Swanbarton Limited	<p>Yes, try to provide an interim solution.</p> <p>However, parties that are not able to benefit from the interim solution may object to other parties, which they compete against in energy markets, gaining an advantage through lower costs.</p>
TMA Data Management Ltd	<p>As a HHDA, TMA is supportive of the proposed interim solution. The use of existing DTC flows ensures minimal impact on HHDAs systems and procedures.</p>
VPI Immingham LLP	<p>VPI has actively engaged with Elexon, LCCC, BEIS and Ofgem around this issue.</p> <p>We strongly support the proposed interim solution being implemented as soon as possible. Given the next BSC panel is being held on the 8th November, we believe the January 2019 implementation date provides enough lead time for Suppliers to do the necessary due diligence and request evidence of a "generation licence" from their customers.</p> <p>First mover, front of the meter battery storage operators should no longer be penalised for delays in implementing BEIS/ Ofgem policy. Both our JV sites currently incur CFD/CM charges as part of final consumption levies. This is despite securing necessary generation licences in March 2018 in line with Ofgem guidance.</p> <p>A stated, we have been very active in trying to deliver solutions around the FCL charging issue. Elexon's interim solution proposed is in line with approach being taken to exempt storage from RO/ FiTs. The latter process was developed in conjunction with both our Supplier and Ofgem and involves our Supplier highlighting energy volumes as being RO/ FIT exempt. From a contractual perspective, a "generation licence self-certification" amendment was agreed in our contract. Although we appreciate that CFD/ CM and RO/FIT charges are collected differently - this example demonstrates how Suppliers and their customers are capable of delivering workable interim solutions (to deliver BEIS/ Ofgem policy) whilst longer term, necessary regulatory and industry governance takes place.</p>
Zenobe Energy Limited	<p>We agree, an interim solution that is deliverable much earlier would be beneficial.</p> <p>This will clarify the charging regime and resolve a number of current issues.</p> <p>Sub-metering provides a solution for processing and collecting data. Systems should be developed to prevent distortions. We believe the "main activity" approach could lead to an unfair charging regime and unfair competition. This can be illustrated by the following example:</p> <p>Site A "mainly activity" is self-consumption and its generation profile is: 51 % self-</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
	<p>consumption and 49% generation licenced activities.</p> <p>Site B "mainly activity" is self-consumption and its generation profile is: 49 % generation licensed activities, 51% self-consumption.</p> <p>Under the "mainly activity" approach these sites will be charged as follow:</p> <p>100% of Site A generation will be subject to EMR Levies</p> <p>0% of Site B generation will be subject to EMR Levies</p> <p>Additional to this issue, Site A and Site B can change their "mainly activity" on a monthly basis adding more complexity to the data processes.</p> <p>Sub-metering would provide a more suitable solutions if the necessary systems to support this are put in place.</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 4: Do you have any suggestions on controls that should be included in the interim or enduring solutions, to provide parties with assurance that the correct energy is being treated as non-chargeable?

Responses

Respondent	Response
Centrica	As noted above, we believe that there should be an additional Interim Solution (no. 1) for CVA metered assets as well.
EDF Energy	Whilst we support an enduring solution we note that Supplier RO and FIT volume declarations involve some self-determination, sometimes in consultation with Ofgem. There are possible lessons to be learnt from this process.
E.ON	<p>Controls are more likely to be required during the interim solution period, as proposals rely on suppliers self-reporting which electricity should be exempt from CfD and CM levy charges. Monitoring electricity consumption quantities at generating plant level would allow for the creation of industry benchmarks, which sites using the same technology could be compared against. This would be useful for facilitating a monitoring process to reveal anomalies in usage and ensure that reasonable quantities of electricity are being treated as non-chargeable for any particular site. Of course, this method could not apply to plant 'behind the settlement meter', which will in future require a sub-metering solution to deliver reliable electricity usage data.</p> <p>In an enduring solution, sub-metering could also provide data on generation output. This information could be used to measure what quantity of electricity supplied varies with generation in comparison to the quantity which remains fixed. To carry the examples used in the consultation document, supply that varies with output is likely to be more closely related to generation activities (e.g operating a conveyor belt used to deliver fuel) as opposed to supply that is not directly related and remains fixed (e.g operating a sports and social club for power station employees). Significantly different proportions of fixed or variable electricity usage at plant of a similar technology could therefore raise questions over whether the correct energy is being treated as non-chargeable.</p> <p>However, we recommend that these measures reflect different technologies' characteristics, rather than prescribe them. Both the quantity and variability aspects will differ significantly between different technologies and it is important that the implementation of controls does not unfairly burden new innovative solutions in the energy system.</p>
Hartree Partners Supply (UK) Limited	No
IMServ Europe Ltd	We are happy with the conclusions reached by the Issue 70 group is in line with our thoughts.
Limejump	All sites which are generation only should be automatically exempt from the paying the CM and CFD programmes.
ScottishPower	In the interim solution, self-declaration of eligibility for exemption should be sufficient as erroneous declaration would place the Generation Licence Holder in breach of their Licence and liable to the appropriate penalties.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
	For the enduring solution it may be appropriate to bring the registration process under the BSC Performance Assurance regime.
SmartestEnergy	Audit checks are an absolute must from day one. The right of the Panel to suspend use of "excluded" electricity values and refuse further submissions to any party providing false information should be incorporated into the arrangements.
Statera Energy Limited	For the interim solution, our only suggestion would be whether there can be any alignment with Ofgem to check the submitted data against Ofgem's records for their own RO and FIT settlement volumes.
Swanbarton Limited	This will rely on sub-metering data. It may be necessary to have a scheme where an independent sub-meter installer warrants that only a generation asset is metered and audits can be performed on sites, if there is a concern that the sub-meter is not associated with only a qualifying generation asset.
VPI Immingham LLP	We believe it is reasonable to expect suppliers to hold evidence that the necessary generation licence is in place.
Zenobe Energy Limited	The sites declared as providing generation related activities ONLY, and fall inside the definition of "in front of the meter" generation should be excluded by default.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 5: Do you agree with the principle of the interim solution being delivered using a 'hybrid' approach i.e. established under BSC governance but implemented in collaboration with LCCC/ESC/EMRS?

Responses

Respondent	Response
Centrica	Yes, we agree. We would expect the LCCC guidance to be updated. At present, section 6.4 is incorrect.
EDF Energy	We agree on the delivery of an interim solution using a hybrid approach but clearly would not be required in our preferred enduring solution.
E.ON	Yes, E.ON recognizes the need for several organisations being involved in the interim solution. The fact that this solution would impact on the recovery of both CfD costs and CM costs would mandate the LCCC and ESC involvement
Gazprom Marketing and Trading	Yes, as this approach will allow a quicker implementation of the solution.
Hartree Partners Supply (UK) Limited	Yes
Limejump	We support a Hybrid approach so long as it can be introduced Promptly.
RWE	It would seem sensible to develop an interim solution under BSC governance where this is practical. However, the paper raises issues that go beyond the BSC into on site metering, the definition of the settlement boundary and the interpretation of the generation and supply licences. Consequently it may be difficult to define a solution under the BSC without considering wider implications.
ScottishPower	Yes
SmartestEnergy	Yes
Statera Energy Limited	Yes, so long as all parties involved, and the BSC panel strive towards the target implementation date of January 2019 being met.
VPI Immingham LLP	Yes, we strongly support enabling the interim solution as part of the overall solution proposed. We have confidence in our supplier to work collaboratively with LCCC/ ESC/ EMRS as described.
Zenobe Energy Limited	Having an "hybrid" approach as part of the ending solution will simplify the Levies exception regime. The interim solution main objective is to provide a quicker solution, if the "hybrid" approach slows down the process then it might be an effective solution.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Questions 6-9 have been grouped together in this document, because they all sought information on the specific SVA Metering Systems to which the issues described in the consultation apply:

Question 6: For Licensed Suppliers: Please provide an estimate of how many sites you supply electricity to at which a Licensed Generator is currently being charged CFD/CM charges?

For Licensed Generators: Please provide an estimate of how many sites you generate electricity at where you are currently being charged CFD/CM charges?

Question 7: Of the sites included in your response to Q6, please estimate how many would be eligible for the interim solution (i.e. Licensed Generation that has its own MPAN, rather than being 'behind the meter' with other on-site demand)?

Question 8: Of the sites included in your response to Q7, please estimate the average size (kW or MW) of each site?

Question 9: Of the sites included in your response to Q7, please provide a breakdown of the generation technologies involved (e.g. wind, diesel, PV, battery storage)?

Summary

The responses from two large Suppliers indicated that a two-week consultation was insufficient time to answer these questions.

Three of the responses included non-confidential answers to these questions, and these identified 15 sites where Licensed Generators are being charged.

In addition, one or more responses included confidential answers to these questions. These confidential responses identified an additional six battery storage sites where a Licensed Generator is currently paying CFD/CM charges.

Responses

The non-confidential responses were as follows:

Respondent	Q6	Q7	Q8	Q9
Hartree Partners Supply (UK) Limited	5 5	5 and 5	150 kw of each site	Gas fired reciprocating engines
VPI Immingham LLP	We have two licensed battery storage sites	Two – our sites are connected to the distribution network	1 x10MW 1x40MW	Both sites are lithium-ion battery storage

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Q6	Q7	Q8	Q9
Zenobe Energy Limited	<ul style="list-style-type: none"> • Bess Hill Farm Limited- application for an electricity generation licence. <p>Electricity generation licence was granted to:</p> <ul style="list-style-type: none"> • Bess K Barn Limited • Bess Claredown Limited • Bess Aylesford Limited <p>We have not made an application for:</p> <ul style="list-style-type: none"> • Bess Willows limited • Bess Poplars Limited • Bess Leys Limited • Bess Oxcroft Limited <p>All of our sites (8) are currently being charged CFD/CM charges</p>	<ul style="list-style-type: none"> • Bess K Barn Limited • Bess Claredown Limited • Bess Aylesford Limited, and; • Bess Hill Farm Limited. <p>Would be eligible for the interim solution.</p>	<p>The average size of the sites is:</p> <ul style="list-style-type: none"> • Bess K Barn Limited – 9.60 MW • Bess Claredown Limited – 20MW • Bess Aylesford Limited – 29MW • Bess Hill Farm Limited – 10MW 	<p>All four sites are battery storage.</p>

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 10: Do you agree that ELEXON should seek to put in place interim solutions to ensure that – where possible - licensed suppliers are not charged CFD and CM levies on exempt supply that they facilitate?

Responses

Respondent	Response
Centrica	We support the interim solution being put in place.
EDF Energy	<p>No. The interim solution is attempting to address an issue by using historic approximations and unclear on-going governance to deliver a solution early.</p> <p>We accept that the interim solution is specifically trying to target exempt import supply that can be clearly identified and associated with a corresponding source of generation export operated by the exempt supplier. For example, an Enabling Agreement between the registering supplier and a Relevant Exempt Supplier for Exempt Supply Services, as described in the DCUSA, and confirmation that relevant import is met by associated registered export.</p> <p>An interim solution may also unintentionally preclude others from exemptions based on the assessments to determine their eligibility. i.e. historic volume approximations or on-going assessments</p>
E.ON	Yes, we support the proposals for an interim solution to the exempt supply issue.
Hartree Partners Supply (UK) Limited	Yes
Our Power & Hitachi	<p>Yes. We believe an interim solution will give innovators the ability to trial new solutions and commercial models before an enduring solution is in place.</p> <p>As a technology supplier, Hitachi works with communities and local authorities looking to leverage local renewable generators and smart grid control systems to alleviate fuel poverty and improve the business case for community owned generators in a post-subsidy world. For example, the Isles of Scilly, where Hitachi is currently implementing a £10.8 part ERDF funded Smart Energy Islands project, suffers from high levels of fuel poverty and yet uptake of renewable generation has been slow due to high cost of installations on the islands. Jointly with Our Power, Hitachi has developed a model that will allow to share the benefits of supplying electricity from community owned generators to local customers as licence exempt supply, contributing directly to fuel poverty reduction. The IoT system implemented by Hitachi and its partners will have the capability to monitor the generators and demand points and utilise demand response to match demand and generation on the islands.</p> <p>Given the timeframe of our project (until the end of 2019), we strongly support the introduction of an interim solution as soon as possible.</p>
RWE	We agree that ELEXON should seek to put in place interim solutions to ensure that – where possible - licensed suppliers are not charged CFD and CM levies on exempt supply that they facilitate.
ScottishPower	Yes, where practicable and not involving excessive effort. If providing an accurate interim solution is not practicable then it would be better to wait to develop the enduring processes and solution.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
SmartestEnergy	Yes
Swanbarton Limited	Yes. Worth seeking a commitment from BEIS/Ofgem that there are no plans to modify the associated supply exemptions.
TMA Data Management Ltd	As a HHDA, TMA is supportive of the proposed interim solution. The use of existing DTC flows ensures minimal impact on HHDA systems and procedures.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 11: Do you agree that – as an interim solution (until enduring processes for exempt supply can be put in place) – it is reasonable to treat Exports from a generation asset as non-chargeable (for CFD and CM purposes) if there is evidence that all (or almost all) of those Exports will be supplied to customers by an exempt supplier?

Responses

Respondent	Response
Centrica	We agree
EDF Energy	<p>No. As alluded to in Q10, the auditing process of qualification can lead to acceptance of excessive export volumes.</p> <p>An interim process seems to pose some additional operational risk which can be alleviated by waiting for a more robust enduring solution. Note that meter registrations can transfer between licensed suppliers in short timescales, and it could be difficult for code processes to track changes in agreements between unlicensed suppliers, licensed suppliers and customers.</p>
E.ON	<p>Yes, as demonstrated by the community energy example in the consultation document. This can be resolved in an interim solution for cases where it relatively straightforward to confirm that customers are using all of the electricity generated through metering data. However, we anticipate potential issues related to the fair treatment of customers which do not currently have half-hourly meters. For this reason, should arrangements be possible with the BSC Panel, it may be more equitable to limit such an interim solution to a smaller scale until the physical capability to measure half hourly data is installed more widely in the system.</p>
Hartree Partners Supply (UK) Limited	Yes
Our Power & Hitachi	<p>Yes. We believe that such interim solution is reasonable where the licence exempt supplier and the customers benefitting from licence exempt supply are all registered with the same licenced supplier, who can reliably demonstrate that the expected demand of the licence exempt's supplier customers exceeds the expected generation. The level of evidence required should be set such as to provide a reasonable level of confidence, without disadvantaging customers without smart meters.</p> <p>For the purposes of the Isles of Scilly project described in Q10, Hitachi and Our Power are happy to provide the evidence required.</p>
RWE	<p>This issues raised in the paper relate to the nature of the obligations under the Electricity Act with respect to the supply of electricity under the relevant licence. More work is required to determine whether the metered supply is non-chargeable (for CFD and CM purposes) if there is evidence that all (or almost all) of those exports will be supplied to customers by an exempt supplier. New processes may be required in order to undertake such a determination</p>
ScottishPower	<p>The proposed interim solution appears very onerous for what may constitute a relatively volume of energy at present. In addition, it would only be possible to satisfy the test of historic consumption of generation output by the exempt supplier's customers where half-hourly metering was in place.</p> <p>The BSC Panel would need to agree an objective measure (MWh or settlement periods) that constituted "all or almost all".</p>
SmartestEnergy	No comment.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Respondent	Response
Swanbarton Limited	Yes. This is a pragmatic approach that reduces the administration effort.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Question 12: Do you have any comments on this process for applying to the BSC Panel, so as to implement an interim solution?

Responses

Respondent	Response
Centrica	We have no comments.
EDF Energy	There would need to be continuous confirmation data provided to ensure that particular import continues to qualify for exemption.
Hartree Partners Supply (UK) Limited	No
Our Power & Hitachi	Our Power agree that using a D0354 flow is operationally a suitable interim solution. The BSC Panel meeting schedule provides a timely route for agreement given the period of the interim solution.
ScottishPower	The Sandbox process introduced by Modification P362 would appear to be the best route for applications for exemption as the formal processes are already defined and implemented. This removes the need to develop an additional "informal" process
SmartestEnergy	No
Swanbarton Limited	A less formal route is attractive for small local supply schemes and trials of innovative technology or local trading. This keeps costs low for all parties. Longer-term, these schemes will consider the enduring solution to assess timescales, costs and level of confidence that codes and regulations will not be changed leaving stranded schemes/assets.

CONSULTATION RESPONSES: ALIGNING BSC REPORTING WITH EMR REGULATIONS

Questions 13-15 have been grouped together in this document, because they all sought information on the specific SVA Metering Systems to which an interim solution for exempt supply might apply:

Question 13: For exempt suppliers: Please provide an estimate of how many generating assets you might wish to be treated as non-chargeable (over the potential two-year lifespan of an interim solution)?

For Licensed Suppliers: Please provide any estimate of how many customers and/or generating assets you have registered Metering Systems for that might want to make use of an interim solution for exempt supply?

Question 14: Of the generating assets included in your response to Q13, please estimate the average size (kW) of each site?

Question 15: Of the generating assets included in your response to Q13, please provide a breakdown of the generation technologies involved (e.g. wind, diesel, PV, battery storage)?

Responses

Respondent	Q13	Q14	Q15
Centrica	0		
Hartree Partners Supply (UK) Limited	0 10	150 kW	Gas fired reciprocating engines
Our Power & Hitachi	The Isles of Scilly Community Venture intends to supply the local community on the Scillies as a licence exempt supplier. Initially, only one generator will be included in the scheme – an 80kWp PV installation. It is estimated that over the next two years the Venture will own a generation portfolio of up to 450 kWp of solar PV (6 installations), a gasifier with a capacity of approx. 125kWp and approx. 100 kW of batteries. Including all of these assets into the licence exempt supply scheme would create the right conditions to demonstrate the value of a smart grid system for a remote community. Our Power have approximately 20 customer registered metering systems on the Isles of Scilly. This number is expected to grow as the generation portfolio grows.	The average size of the PV installations on the Scillies is 33kW. The number of locations and size of the other assets listed in Q13 is subject to feasibility studies.	The Isles of Scilly Community Venture currently has a PV assets. In the future additional PV is expected along with a gasifier and batteries.