

Improvement to SVG Interim Process for Exempt Supply Applications

BSC Panel

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Summary At the August SVG concerns were raised by SVG Members about the information provided in applications for exempt supply and the length of time the interim process has been in place. The purpose of this paper is to request that the BSC Panel agrees the process changes to address the concerns raised by SVG to enable applications to SVG to resume from October onwards.

1. Background

- 1.1 Since 8 November 2018 the BSC Panel has delegated power to the SVG to agree that SVA Metering Systems should be treated as recording exempt supply. Where the SVG makes such a decision, the SVA Metering System will be treated as non-chargeable for Contracts for Difference (CFD) and Capacity Market (CM) purposes using similar processes to those established by EMRS for SVA registered licensed Generation.
- 1.2 The current interim process requires an organisation to submit an application to the SVG for consideration; no specified format has been prescribed for these applications. Elexon works with organisations to assist them in understanding the application process and to understand the BSC and exemption rules to try to ensure the application is well thought out and includes an appropriate amount of evidence.
- 1.3 The applicant is responsible for providing credible evidence based on historic metered data and other relevant information needed to support their application. Such an application could relate to:
 - An Import Metering System (with accompanying evidence that, under normal circumstances, the exempt supplier would always be generating enough electricity to meet the demand); or
 - An Export Metering System (with accompanying evidence that, under normal circumstances, the exempt supplier would have enough customers to use the generation).
- 1.4 In November 2020, following discussion of paper [308/06](#) the BSC Panel agreed that the SVG should:
 - Continue to operate a process for identifying Metering Systems that record exempt supply;
 - Require a declaration from a director of the exempt supplier, identifying the class or individual exemption that applies, and confirming that its conditions are (or will be) met; and
 - Only treat a Metering System as exempt if the circumstances under which it may record licensed supply are genuinely unusual, i.e. not circumstances that would be expected to arise in the normal operation of business.
- 1.5 At the August 2021 SVG meeting, the SVG heard an application for an exempt supply, which was approved but the SVG made it clear that it would not accept further applications due to the concerns over the process, and requested we raise its concerns with the BSC Panel.
- 1.6 The concerns raised by the SVG covered the following areas:

- The use of profiled data being used in applications as opposed to actual data, and the lack of controls over how this is calculated and if appropriate profiles are used.
- The reliability of data with no guarantee or confirmations it is from a genuine source
- Lack of monitoring after an approval to identify a change or cancellation of contract or company difficulties
- The interim process has been in place for a number of years, and the SVG keen to see an enduring solution in place.

1.7 Since the August SVG meeting we have received questions about the current status of the process from a number of potential applicants (including some who had hoped to take applications to the September SVG meeting). We have advised them that it may be possible to take applications to the October SVG meeting, but this is subject to the BSC Panel being able to agree a way forward at its September meeting on the issues raised by SVG.

2. Data Issues

- 2.1 To address the concerns of profiled data being used in applications, we propose that we will only accept applications where actual data is provided for a period of 12 months, and where the data source is from the Half Hourly Data Collector (HHDC). Applicants will be required to include a confirmation statement from the Licensed Supplier that the data provided as part of the application is from the HHDC.
- 2.2 To date we have not received any applications that use Shared SVA Metering Arrangements to split metered data into exempt and licensed supply. If such an application is submitted, we will require the Supplier to provide details of the Allocation Schedule that would have been used over the period to which the historical metered data relates.
- 2.3 In order to facilitate viewing and assessing of the data by SVG Members, we propose that applicants should be required to submit their metered data in a standardised spreadsheet format, with data for both generation and customer demand consolidated into one spreadsheet. We will also make it clear in the covering paper accompanying each application what analysis we have conducted on the data provided in each application. This will include:
- Verifying that (according to the demand and generation data provided by the HHDC), all of the consumption recorded on the exempt Metering System(s) would have been exempt supply (had the exempt supply arrangement been in place) for every Settlement Period of the 12 month period; and
 - Verifying (using ECOES) that the registration details for the Metering Systems in the application are consistent with the data in the application.

3. Changes to contracts Issue

- 3.1 Elexon has been working on standardising the director's declaration included as part of the exempt supply applications.
- 3.2 To address the concerns around changes to contracts following approval, we will include confirmation from the Exempt Supplier within the Director's declaration that any material changes to the sites or contracts within the application will be notified to Elexon as soon as reasonably practicable. Elexon, upon receipt of any changes, will notify EMRS.

4. Enduring Solution

- 4.1 At the April 2021 SVG meeting ([242/03](#)) four enduring solutions were presented to allow correct reporting to EMRS of chargeable volumes for SVA Metering System that record both exempt supply and licensed supply.
- 4.2 The SVG recommended that these options should be explored further within an issues group. Issue 96 has been raised by PFP Energy and UrbanChain to explore these options further. The first meeting will be held on 10 September.

5. Recommendations

- 5.1 We invite the BSC Panel to:
- a) **AGREE** that applications for Exempt Supply should include actual data in a standardised spreadsheet format, with confirmation provided by the Licensed Supplier that this data is sourced from the appointed HHDC(s) (section 2.1);
 - b) **AGREE** that Elexon should clearly explain what analysis it has carried out on the data provided in each application and ensure data is collated on one spreadsheet (section 2.2);

- c) **AGREE** that the director's declaration will include confirmation that any material changes to the sites provided in the application will be notified to Elexon as soon as reasonably practicable and Elexon will inform EMRS (section 3.2);
- d) **NOTE** the that Issue 96 has been raised to develop the enduring solutions for exempt supply (section 4.3); and
- e) **AGREE** that SVG should resume processing applications that meet the above criteria from October.

For more information, please contact:

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