

ELEXION

**P452 'Replacement of the Energy Bill
Relief Scheme for non-domestic customer
with the Energy Bill Discount Scheme'**

336A/01 – Cecilia Portabales

28 March 2023

P452: Background

- As a result of the high energy prices, the Government introduced the Energy Bill Relief (EBR) Scheme for non-domestic customers to run between 1 October 2022 and 31 March 2023
- Modification P449 'Non-domestic Energy Bill Relief Scheme' was then implemented on 11 November 2023 to enable Elexon to act as the EBRS electricity payment provider
- Since the economic challenges continue, the Government announced the programme to run for another 12 months from 1 April 2023 to 31 March 2024, but under a replacement scheme, the **Energy Bill Discount (EBD) Scheme**
- The Department of Energy Security and Net Zero (DESNZ) is to keep Elexon as the electricity payment provider

P452: Issue and Proposed solution

Issue

- To enable Elexon (BSCCo) to act as the payment provider for the Government's Energy Bill Discount Scheme for non-domestic electricity customers

Proposed solution

- As in P449, the solution for P452 is to allow Elexon to undertake a role for EBD Scheme, as delegated by DESNZ
 - This role would involve BSCCo continuing to process Supplier requested payments approved by DESNZ and providing necessary consumption data reporting for the assurance of the scheme
 - Calculations and validation of the claims for the EBDS will continue to be carried out by DESNZ
- BSC Panel and Panel Committees will not have any responsibilities in respect of Elexon's functions as Scheme Administrator
- Scheme payments will be accounted for separately from other BSC Costs and Trading Charges

P452: Applicable BSC Objectives

Applicable BSC Objective (c) - Promoting effective competition

- P452 will support the continued operation of Suppliers through the current economic and by extension, industry challenges by helping non-domestic consumers to pay their electricity bills
- This will facilitate more robust competition, as it will protect Suppliers from a systemic risk that could result in Suppliers failing. This could be in part due to business customers not being able to pay their energy bills

Applicable BSC Objective (d) - Promoting efficiency

- Elexon has a unique position within the electricity industry that means it is best placed and most efficient to provide necessary consumption data to DESNZ for the assurance of the scheme and to facilitate payments to Suppliers
- Elexon has existing systems and contacts for banking from the EBR Scheme that will be necessary for the first payments to be made on time under the new arrangements as well as established relationships with all licenced Suppliers under the BSC

P452: Urgency

- The DESNZ intends EBD Scheme to cover non-domestic bills from 1 April 2023 to 31 March 2024, which would require the first payments for the scheme to be made in mid-May
- The EBR Scheme will continue for a short period to allow for reconciliation claims to take place, but all new claims will be made under the EBD Scheme and a new set of regulations
- P452 will have a significant commercial impact upon Parties and consumers and is related to the current economic and industry challenges
- Failure of consumers to pay bills could result in Supplier failure and significantly disrupt the market

P452: Proposed Progression

- The Proposer has requested that this Modification should be treated as Urgent

Event	Date
Modification presented to Panel	28 March 2023 (Urgent meeting)
Submitted to Authority for decision on urgency	28 March 2023
Ofgem decision on urgency	29 March 2023
Urgent Modification Consultation (5WD)	30 March 2023 – 05 April 2023
Draft Urgent Modification Report presented to Panel	13 April
Final Urgent Modification Report submitted to Authority	18 April
Implementation	+1WD after Authority decision, and we kindly request a decision by 27 April 2023

P452: Impacts

- P452 is expected to impact:
 - Suppliers
 - Elexon (BSCCo)
- No EBGL impact is anticipated
- No existing BSC Central System impacts
- No additional costs for EBD Scheme as Elexon's costs are covered under existing resources.

P452: Recommendations

We invite the Panel to:

- a) **RECOMMEND** to the Authority that this Modification should be treated as an Urgent Modification Proposal;
- b) **AGREE** the Urgent progression timetable and procedure for recommendation to the Authority;
- c) **AGREE** that P452:
 - i. **DOES** better facilitate Applicable BSC Objective (c);
 - ii. **DOES** better facilitate Applicable BSC Objective (d);
- d) **AGREE** that P452 **DOES NOT** impact the EBGL Article 18 Terms and Conditions related to balancing held within the BSC;
- e) **AGREE** an initial recommendation that P452 should be approved;
- f) **AGREE** an initial Implementation Date of:
 - i. +1 Working Day after Authority Decision;
- g) **AGREE** the draft legal text;
- h) **AGREE** an initial view that this Modification should not be treated as a Self-Governance Modification; and
- i) **NOTE** that Elexon will issue the Urgent Draft Modification Report for a consultation of 5 Working Days and will present the results to the Panel at the April's meeting, following the closure of the consultation