

## Improvement to SVG Interim Process for Exempt Supply Applications

### SVG

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Purpose of paper **Decision**

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**Summary** At its September 2021 meeting, BSC Panel agreed the improvements to the interim exempt supply process described in paper SVG247/05, and agreed that the SVG should resume processing applications that meet the new requirements from October. This paper invites the SVG to agree the detail of the process that will be followed for future applications.

### 1. Background

- 1.1 The Interim Solution currently operated by the SVG assesses applications from parties to have a supply considered as exempt and therefore the volume associated with that Metering System Identifier (MSID) removed from reporting for the purposes of EMR charging.
- 1.2 Any application made to the SVG to treat volumes recorded on an SVA Metering System as exempt supply (for purposes of Contracts for Difference (CFD) and Capacity Market (CM) charges should not be based on ex post analysis of metered data in each Settlement Period. The application must be based on historic metered data and other evidence provided by the exempt supplier and/or licensed supplier that, under normal circumstances, all metered data recorded on the Metering System is supplied under a supply licence exemption.
- 1.3 The interim process operates on the basis that an application to SVG can only be approved if it relates 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, SVG members made it clear that they would not accept further applications due to the concerns over the process, and requested that Elexon raise their issues with the BSC Panel. 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 is keen to see an enduring solution in place.

## 2. BSC Panel Decision

- 2.1 We presented a proposed approach to addressing these issues to the SVG on 7 September (paper [SVG247/05](#)), and to the BSC Panel on 9 September (paper [318/07](#)). The Panel agreed to further improvements to the interim process until an enduring solution is implemented, as follows:
- For exempt supply applications to include actual data in a standardised spreadsheet format with confirmation by the Licenced Supplier that this data is sourced from the appointed HHDC(s)
  - A clear explanation of what analysis has been done on the data provided in each application and to ensure that data is collated on one spreadsheet
  - The director's declaration to include confirmation that any material changes to sites provided in the application will be notified to Elexon as soon as reasonably practicable and Elexon will inform EMRS
- 2.2 The BSC Panel also agreed that the SVG should resume processing applications that meet the above criteria from October.

## 3. Standardised Application Process

- 3.1 To support the BSC Panel's decision, we have drafted some standardised documentation for future exempt supply applications (see attachments), which includes:
- A guidance document explaining the process to potential applicants;
  - Standardised HH data template which will provide data for both generation and demand volumes by each HH Settlement Period for 12 months minimum.
  - Standardised SVG Exempt Application (to be completed by applicants)
  - Director's declaration which will include the additional confirmation by the exempt supplier to notify Elexon of any changes or cancellations following approval of any exempt application. This declaration has been reviewed by Elexon's legal team.
- 3.2 We invite SVG to agree these documents for use with future applications. Any subsequent changes that are needed as the interim process is improved and operationalised will be brought back to SVG for approval.
- 3.3 Depending on the volume of applications received (and the progress made on enduring solutions by [Issue 96](#)) it may be appropriate to formalise these documents as BSC Configurable Items. This would require a Change Proposal to be progressed in accordance with BSC Procedure BSCP40 ('[Change Management](#)').

## 4. Recommendations

- 4.1 We invite the SVG to:
- a) **NOTE** that the BSC Panel agreed that the SVG should resume processing applications that meet the new criteria (outlined in SVG247/05) October; and
  - b) **AGREE** that applicants will use the standardised spreadsheet, SVG exempt application, and the director's declaration templates for future exempt applications (section 3); and

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## Attachments

- Attachment A - Guidance for SVG Application to Treat SVA Metering Systems as Recording Exempt Supply
- Attachment B - Standardised HH Data Exempt Supply Template

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**For more information, please contact:**

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