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## Exempt Supply Interim Process

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### Supplier Volume Allocation Group

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Owner/author **Lorna Lewin**

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Summary **This paper sets out the interim process for exempt supply applications, which was requested by SVG members at the November 2021 SVG meeting.**

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### 1. Background

- 1.1 On 8 November 2018 ([paper 284/07](#)) the BSC Panel delegated power to the SVG to agree which SVA Metering systems should be treated as recording exempt supply volumes and will be treated as non-chargeable for Contract for Difference and Capacity Market purposes.
- 1.2 In January 2019 ([paper 215/02](#)), the SVG agreed that, for the interim process, any decision to treat volumes recorded on an SVA Metering System as exempt supply (for the purposes of CFD and CM charges) would 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 Requests to the SVG can 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 The SVG also agreed that a pro forma for applications is not required, but interested parties would be supported by Elexon in presenting applications to the SVG in the form of a paper with supporting evidence.

### 2. Director Declaration

- 2.1 In November 2020 following discussion of paper [308/06](#), the BSC Panel agreed that the interim process should:
- 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.

### 3. Improvements to the Interim Process

- 3.1 At the August 2021 SVG meeting, members raised concerns around the interim process, which were:
- The use of profiled data in applications
  - The reliability of data and the lack of confirmation from a genuine source

- The lack of monitoring following approval of applications to identify changes or cancellations to contract or company difficulties.

3.2 Changes to the interim process to address the SVG concerns were presented and approved by the BSC Panel in [September 2021](#). The changes to the interim process included:

- Applications for exempt supply to include actual data provided by the HHDC(s) and confirmation provided by the licensed Supplier
- The director 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;
- Elexon to clearly explain what analysis has been done on the data provided in each application and ensure data provided by the applicant is on one spreadsheet.

#### 4. **Standardised Application Process**

4.1 Further improvements to the interim process to standardise documentation for exempt applications were presented and approved at the [October 2021](#) SVG meeting. This included:

- A guidance document for exempt supply applications
- A standardised Half Hourly data template for generation and demand volumes by each HH Settlement Period for 12 months minimum
- A standardised SVG Exempt Application template (to be completed by applicants)
- A standardised director declaration template

4.2 The first application to use the new standardised documentation was presented at the November 2021 SVG meeting.

#### 5. **Update On Enduring Solution**

5.1 [Issue 96](#) was raised to explore enduring solutions which allow correct reporting to EMRS of chargeable volumes for Supplier Volume Allocation (SVA) Metering Systems that record both exempt supply and licensed supply. The first meeting was held on the 10 September and four potential solutions were presented to the workgroup:

- i Option 1 - Using existing BSCP550 arrangements;
- ii Option 2A - Modification to amend the definition of Shared SVA Meter Arrangement;
- iii Option 2B - Change proposal to amend BSCP550 to add a new type of Allocation Schedule; and
- iv Option 3 - Modification to allow allocation carried out ex-post by a third party.

5.2 Workgroup members agreed that options 1 and 2B were not viable options, and to progress further with the remaining two options. Elexon took an action to develop detailed strawman proposals for options 2B and 3 and to liaise with Half Hourly Data Collector's (HHDC) to understanding the complexities, costs, and timescales associated option 2B.

5.3 We discussed the strawman proposals with the HHDC's that attended the first Issue 96 workgroup in December 2021, which were supported by the attendees. These proposals will be presented at the second Issue 96 workgroup meeting which will take place in March (date to be confirmed).

#### 6. **Recommendations**

6.1 The SVG is invited to:

- a) **NOTE** the proposed interim process for exempt supply applications.

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#### **For more information, please contact:**

Lorna Lewin, Design Authority

Lorna.lewin@elexon.co.uk

020 7380 4305