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Future of Small-Scale Support Team
Department for Business, Energy & Industrial Strategy,
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BEIS consultation on a Smart Export Guarantee (SEG): Part B

We welcome the opportunity to comment on your proposed Supply Licence Conditions for the SEG.

As you are aware, ELEXON (as the 'BSCCo') is the Code Manager for the Balancing and Settlement Code (BSC). We are responsible for managing and delivering the end-to-end services set out in the BSC as well as supporting policy delivery. In addition, through our subsidiary EMR Settlements Ltd, we are the EMR Settlement Services Provider, acting as Settlement Agent for Contracts for Difference and the Capacity Market.

We, with the ELEXON-led Design Working Group (DWG), are currently leading the design of the Target Operating Model (TOM) for Market-wide Half Hourly Settlement (MHHS). This work is a key output of Ofgem's Significant Code Review (SCR) on Electricity Settlement Reform. Ofgem's Design Principles state that the TOM design should consider the potential benefits of including export settlement in MHHS. Specifically:

- At a minimum, there should be improvements to the process for settlement of export which enables more elective take-up of energy suppliers settling export;
- Any settlement arrangements should facilitate accurate measurement and allocation of electricity volumes, both export and import onto the grid;
- The solutions to the settlement of import and export should align in the long term to realise the full benefits of settlement reform. This will improve the accuracy of balancing at distribution network level into the mid-2020s to support increased uptake of micro-generation; and
- The enduring settlement arrangements for export should facilitate the implementation of future policy on small-scale low-carbon generation.

In our previous response we highlighted that, while the TOM will settle all BSC-registered export, there is currently no licence requirement to register export metering under the BSC. Having reviewed the proposed Supply Licence changes, we believe that these do not go far enough in introducing such a requirement. Please find our answer to a specific consultation question below.

The views expressed in this response are those of ELEXON alone, and do not seek to represent those of the BSC Panel or BSC Parties. If you would like to discuss any aspects of our response, please do not hesitate to contact me at kevin.spencer@elexon.co.uk, or on 0207 380 4115.

Yours sincerely,

Kevin Spencer
Design Authority

Question 1: The government welcomes any comments on the proposed new licence conditions attached at the end of this consultation, which are required to implement the Smart Export Guarantee.

We do not believe that the proposed changes deliver a clear requirement on SEG Licensees to register Eligible Installations for settlement under the BSC. The definition of Export is defined as follows:

*"Export" means the flow of electricity from an Eligible Installation onto a distribution system or transmission system and which **is** accounted for in settlement in accordance with the Balancing and Settlement Code and Export as a verb shall be construed accordingly;*

The 'is' implies that the Export Meter is already registered for settlement under the BSC, which is not currently the case for most installations. It therefore does not ensure that SEG Licensees register the Metering for the Eligible Installations. The proposed definition of an Export Meter below also appears at odds with the above definition of Export:

*"Export Meter" means a meter or meters complying with the requirements set out in the SEG Order, which measures the quantity of Export and the registration of which, **if** registered pursuant to the Balancing and Settlement Code, is to be the responsibility of the SEG Licensee;*

The 'if' implies that the Export Meter may not be registered for settlement under the BSC. Again, it does not place any obligation on SEG Licensees to register Export Meters for settlement.

We believe a specific condition is needed to explicitly state that, where the SEG Licensee is obliged to accept a request for and make SEG Payments as regards an Eligible Installation, the SEG Licensee shall register an Export Meter for settlement under the BSC.