

G26 – EII Excluded Electricity “Relevant Arrangements”

Public

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Change Amendment Record

Version	Date	Description
1.0	14 September 2023	Go Live Version.
2.0	28 March 2024	Updates for CM EII and percentage cap changes
3.0	22 October 2024	Annual Review
4.0	2 July 2025	Updates to reflect new LCCC and EMRS visual identities
5.0	28 May 2026	Annual Review and temporary arrangements added to Section 4

1. Introduction

This guidance note is published by:

- 1) Low Carbon Contracts Company Ltd (“LCCC”) in its capacity as:
 - i) the designated CfD Counterparty pursuant to the Contracts for Difference (Counterparty Designation) Order 2014¹; and
 - ii) the designated Revenue Collection Counterparty² for the Nuclear Regulated Asset Base Model (“Nuclear RAB”)
- 2) Electricity Settlements Company (“ESC”) in its capacity as the Settlement Body³ for the Capacity Market.

This guidance note provides guidance on the “relevant arrangements” which are defined in the Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015⁴ (as amended) (“the 2015 Excluded Electricity Regulations”) and the Electricity Capacity (Supplier Payment etc.) (Amendment and Excluded Electricity) Regulations 2024⁵ (“the CM Regulations”). These relevant arrangements will apply to all licensed electricity suppliers (“Suppliers”).

The relevant arrangements⁶ allow LCCC and ESC to identify the volume of electricity supplied to an Energy Intensive Industry (“EII”) performing certain electricity intensive processes or “specified activities”, using data from meters covered by EII certificates. This enables LCCC and ESC to exempt the percentage of the volume of electricity, which is EII excluded electricity, supplied to the EII from the calculation of the Supplier’s payment that would have been due under:

- i) the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014⁷ (“the ESO Regulations”);
- ii) the Nuclear Regulated Asset Base Model (Revenue Collection) Regulations 2023⁸; and
- iii) the Electricity Capacity (Supplier Payment etc.) Regulations 2014⁹.

2. Background

Several policies have been developed to increase electricity generation from renewable and low carbon sources, including the Contracts for Difference (“CfD”), Capacity Market (“CM”), and the Nuclear Regulated Asset Base (“RAB”) schemes.

The costs of funding these schemes are recovered through levies on electricity suppliers, which are ultimately passed on to domestic and non-domestic electricity consumers through their electricity bills.

Some industries use large amounts of electricity, and higher electricity prices can therefore put these electricity-intensive industries at a competitive disadvantage in global markets. To address this, the government introduced the EII exemption scheme, which reduces the impact of these policy costs on eligible EIIs.

3. Overview of the EII excluded electricity process

This section provides an overview of the EII excluded electricity process. For further information on the process, please see the [Suggested Reading](#) section of this document.

- i) An EII that uses electricity for a “specified activity”, listed in the Schedule to the 2015 Excluded Electricity Regulations, may apply for an EII certificate for the electricity meter that measures that electricity use.

¹ <http://www.legislation.gov.uk/ukxi/2014/1709>

² <https://www.gov.uk/government/publications/low-carbon-contracts-company-designated-as-revenue-collection-counterparty-for-nuclear-regulated-asset-base-rab-model>

³ <https://www.legislation.gov.uk/ukxi/2014/3354>

⁴ <http://www.legislation.gov.uk/ukxi/2015/721>

⁵ <https://www.legislation.gov.uk/ukxi/2024/434>

⁶ Regulation 7 of the 2015 Excluded Electricity Regulations and Regulation 4 of the CM Regulations

⁷ <http://www.legislation.gov.uk/ukxi/2014/2014>

⁸ <https://www.legislation.gov.uk/ukxi/2023/254>

⁹ <https://www.legislation.gov.uk/ukxi/2014/3354>

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Applications are submitted to the Department for Business and Trade (“DBT”) and must include the information listed under regulation 10 of the 2015 Excluded Electricity Regulations.

- ii) DBT will issue an EII certificate if the applicant meets the ‘tests’ in regulation 8 of the 2015 Excluded Electricity Regulations. Each certificate states the percentage of electricity measured by the meter that qualifies as EII excluded electricity.
- iii) Under regulation 13 of the 2015 Excluded Electricity Regulations, an EII certificate comes into force on the day after it is issued. If an EII certificate already exists for that meter, the new one take effect on the day after the existing certificate expires. The duration of the certificate will depend on when it is issued and the type of business granted a certificate.
- iv) When an EII business receives its certificate, it must notify its electricity Supplier. Once notified, the Supplier is responsible to ensure the relevant arrangements are in place for the EII exemption to be applied.
- v) The process a Supplier must follow depends on how the electricity meter is registered:
 - Supplier Meter Registration Service (“SMRS”)¹⁰
 - Central Meter Registration Service (“CMRS”)¹¹
 - Self-certifying Suppliers will need to self-certify any EII certificates to Ofgem directly (see below). Approved ‘relevant arrangements’ for each are set out in the next section.
- vi) EMR Settlement Limited¹² (“EMRS”), acting on behalf of LCCC, receives metered data from the:
 - Half Hourly Data Aggregator(s) (“HHDA”), for SMRS-registered meters
 - Balancing Settlement Code Company (“BSCCo”), for CMRS-registered meters
- vii) EMRS will use this metered data to exclude any exempt electricity when calculating Suppliers’ market shares for the purpose of determining their liabilities under their supplier obligations. This means a Supplier only pays on the non-exempt portion of electricity for that meter. The exemption cannot exceed 100% of the electricity measured for the specified activity.
- viii) The Government expects that “*competitive market conditions will ensure that suppliers pass on the value of the exemption*” to EII through their electricity bills¹³.

4. Relevant arrangements

Under regulation 7 of the 2015 Excluded Electricity Regulations, LCCC (as the designated CfD counterparty), and under regulation 4 of the CM Regulations, ESC (as the CM Settlement Body), must approve the ‘relevant arrangements’ that enable it to receive information on the amount of electricity measured by meters covered by EII certificates. This section sets out the relevant arrangements for EII excluded electricity, approved by LCCC for the purposes of the ESO Regulations and by ESC for CM EII excluded electricity.

The Balancing and Settlement Code (“BSC”) provides two different systems through which Suppliers can register meters. The 2015 Excluded Electricity Regulations make provision for this (regulations 10(2)(c)(i) and (ii)) and the relevant arrangements depend on which of those systems was used to register the meter to which the EII certificate relates.

For the period until 31 May 2027, any Supplier that supplies premises but does not own the BSC registered meter and so is out of scope of LCCC and ESC schemes will need to submit any applicable EII certificates directly to Ofgem as part of its self-certification process. Note, LCCC will not receive, process or verify any meter data or EII exemptions for such meters.

¹⁰ “SMRS” means the service provided or to be provided by a Licensed Distribution System Operator for the registration of Metering Systems at Boundary Points on its Distribution System(s) and its Associated Distribution System(s) (if any), in accordance with the Master Registration Agreement.

¹¹ “CMRS” means the service for registration of data relating to CVA Metering Systems maintained (for the purposes of the Balancing and Settlement Code) by the Central Data Collection Agent.

¹² EMRS is a wholly owned subsidiary of ELEXON Ltd and is the EMR Settlement Services Provider. EMRS delivers settlement services on behalf of LCCC and ESC.

¹³ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/370825/Supplier_Obligation_Consultation_September_FINAL.pdf

4.1. Central Meter Registration Service (“CMRS”) registered meters

CMRS is typically used for transmission-connected sites, although the BSC Panel can permit its use for distribution-connected sites.

If a Supplier has an EII customer with a CMRS-registered meter, they must:

- 3) Provide the EII customer with the information needed for their EII certificate application, such as the:
 - Balancing Mechanism (“BM”) Unit Identification Number;
 - Metering System Identifier (“MSID”); and
 - Any required historic metered data.
- 4) Register BM Units and allocate the relevant meters to those BM Units to allow metered volumes associated with its customers to be accurately captured.

The BM Unit registration process and Central Volume Allocation (“CVA”) Metering System allocation process remain unchanged. However, the BSC has been amended¹⁴ to ensure that meters with an EII certificate and meters without an EII certificate cannot sit in the same BM Unit.

For example, if a BM Unit contains two meters and only one has an EII certificate, the Supplier must register a new BM Unit and allocate one of the meters into it to ensure that eligible and non-eligible meters are separated. Suppliers may therefore need to move non-eligible meters into a different BM Unit.

Because of this, Suppliers may also need to update:

- EMR Aggregation Rules for CfD, CM and Nuclear RAB; and
- Metered Volume Reallocation Notifications (“MVRN”) that are in place.

Suppliers with CMRS-registered meters do not need to notify EMRS that they have a business with an EII certificate. However, EMRS may contact the Supplier to confirm and discuss the metering set-up and Aggregation Rules.

4.2. Supplier Meter Registration Service (“SMRS”) registered meters

SMRS is typically used for distribution-connected sites.

If a Supplier has an EII customer with a SMRS-registered meter, they must provide the EII customer with the information needed for their EII certificate application, such as the:

- MSID; and
- Any required historic metered data.

Once an EII customer notifies the Supplier that it holds a valid EII certificate, the Supplier must instruct its HHDA to send half hourly, distribution loss adjusted metered data to EMRS, in line with:

- BSC section S, paragraph 2.10.1¹⁵; and
- BSCP503 section 3.6¹⁶.

The Supplier must provide this instruction within 30 days of receiving the notification or by the effective-from date on the EII certificate - whichever is the later.

After the HHDA confirms that it will submit the metered data (equivalent to D0355 data items) to EMRS, the Supplier must notify EMRS the confirmation details that the HHDA will submit the metered data, to comply with BSCP503, section 3.6.5¹⁷.

Where a Supplier gains or loses a customer with an EII certificate, they must comply with the timings in BSCP503, section 3.6.1:

- If a Supplier gains an EII customer, then they must ensure the relevant arrangements are in place within 30 days of notification or by the EII certificate’s effective-from date.
- If a Supplier loses an EII customer, or the EII certificate expires or is revoked, then they must instruct their HHDA to stop sending metered data to EMRS within 30 days of notification.

¹⁴ See [ORD006](#) for further information.

¹⁵ <https://bscdocs.elexon.co.uk/bsc/bsc-section-s-supplier-volume-allocation>

¹⁶ <https://bscdocs.elexon.co.uk/bsc-procedures/bscp503-half-hourly-data-aggregation-for-sva-metering-systems-registered-in-smrs>

¹⁷ Further guidance is available in the [BSC Guidance Notes](#) document called [HHDA Metering Solution for EMR](#).

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Suppliers may be contacted by EMRS to confirm and discuss Aggregation Rules.

4.3. When does the exemption apply from?

For CMRS-registered meters, the exemption is applied from the later of:

- the date the relevant BM Unit is compliant with the BSC; or
- the date the EII certificate came into force.

For SMRS-registered meters, the exemption is applied from the

- the “Effective from Settlement Date” contained in the D0355 data item (reference J1869); or
- the date the EII certificate came into force.

4.4. How do EII excluded electricity volumes get excluded from a Supplier’s chargeable demand?

Supplier payments to fund the CfD, CM and Nuclear RAB schemes are based on the amount of electricity they supply - i.e. their market share.

How this metered volume is received depends on whether the meter is registered in CMRS or SMRS:

- CMRS: recorded through BSC Settlement Metering Systems
- SMRS: metered by Data Collectors, which in turn are validated, aggregated and then sent by Data Providers

To calculate the Supplier’s chargeable demand for the CfD, CM and Nuclear RAB, metered data is required from two types of data providers:

- CMRS: BSCCo provides BM Units through the SAA-I042 data flow; and
- SMRS: HHDAs provides Meter Point Administration Number (“MPAN”) level data through the D0357 data flow.

Once a BM Unit or MPAN is identified as having an EII certificate, the EMR aggregation rules are updated to exclude the exempt percentage of electricity from the Supplier’s total chargeable demand. This ensures the Supplier only pays the non-exempt share of demand.

CMRS example

- An EII certificate applies to BM Unit T ASUPP01 with an exemption of 85%.
- The aggregation rule is updated so the Supplier’s chargeable demand includes only 15% of the BM Unit’s metered volume (rather than 100%).

SMRS example:

- An EII certificate applies to MPAN 1234567891234 with an exemption of 100%
- The aggregation rule is updated to subtract 100% of the MPAN volume from the Supplier’s chargeable demand. This is because 100% of that MPAN’s volume has already been aggregated and included in the Supplier’s Base BM Unit

5. Review of Relevant Arrangements

In accordance with regulation 7(3) of the 2015 Excluded Electricity Regulations and 4(3) of the CM Regulations, LCCC and ESC must keep the relevant arrangements under review.

LCCC and ESC welcome feedback on the whether the relevant arrangements are appropriate in enabling the provision of accurate metered electricity information for meters covered by EII certificates for the purposes of the ESO Regulations and the CM Regulations. Comments can be sent to: info@lowcarboncontracts.uk

6. Suggested Reading

Those with a particular interest in this guidance may also familiarise themselves with the following:

- Exemption from the indirect costs of funding Contracts for Difference (CFD), the Renewables Obligation (RO), the small-scale Feed in Tariff (FIT), and GB Capacity Market (CM): guidance (revised April 2025): <https://www.gov.uk/government/publications/renewables-obligation-and-small-scale-feed-in-tariffs-apply-for-compensation>
- WP25 – Aggregation Rules for Suppliers and CfD Generators: <https://www.emrsettlement.co.uk/document/working-practice/wp25-aggregation-rules-for-suppliers-and-cfd-generators/>
- G4 - EMR and Nuclear RAB Settlement Authorisations: <https://www.emrsettlement.co.uk/document/guidance/g4-emr-and-nuclear-rab-settlement-authorisations/>
- Contracts for Difference Metering Guidance: <https://www.lowcarboncontracts.uk/resources/guidance-and-publications/cfd-metering-guidance/>
- How to set up the D0357 flow: <https://www.emrsettlement.co.uk/how-to-setup-the-d0357-half-hourly-metered-data-for-emr-data-flow/>
- Elexon Other Regulatory Decisions ORD006: Electricity Market Reform – Energy Intensive Industries: <https://www.elexon.co.uk/ord/ord006-electricity-market-reform-energy-intensive-industries/>
Contact Information

Any queries in relation to this guidance should be sent to: info@lowcarboncontracts.uk

Relevant contact information for DBT and EMRS can be found on their respective webpages and/or guidance on EIIs, the links to which are included in the section above.

7. Acronyms

BM	Balancing Mechanism
BSC	Balancing and Settlement Code
BSCCo	BSC Company
CfD	Contract for Difference
CM	Capacity Market
CMRS	Central Meter Registration Service
CVA	Central Volume Allocation
DBT	Department for Business and Trade
ESC	Electricity Settlement Company
EMRS	EMR Settlement Limited
EII	Energy Intensive Industries
ESO	Electricity Supplier Obligations
HHDA	Half Hourly Data Aggregator
LCCC	Low Carbon Contracts Company
MPAN	Meter Point Administration Number
MSID	Metering System Identifier
MVRN	Metered Volume Reallocation Notifications

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RAB Regulated Asset Base

SMRS Supplier Meter Registration Service