

# WP7 – CFD Green Excluded Electricity

EMRS Working Practice

Public

**Version:** 5.0  
**Date:** 11 July 2019



## Table of Contents

<b>Change Amendment Record</b>	<b>3</b>
<b>1. Introduction</b>	<b>4</b>
1.1 <i>Scope and Purpose</i>	4
1.2 <i>Main Users of this Document and Responsibilities</i>	4
1.3 <i>Associated Documents</i>	5
<b>2. Green Excluded Electricity</b>	<b>5</b>
2.1 <i>How GEE is included in CFD obligations</i>	6
2.2 <i>What information does a Supplier have to provide?</i>	6
<b>3. Interface and timetable information</b>	<b>7</b>
3.1 <i>Registering GEE volumes</i>	7
3.2 <i>Re-determining effective GEE volumes after the 3<sup>rd</sup> quarter reconciliation</i>	8
<b>4. Contact Information</b>	<b>10</b>
<b>5. Acronyms and Definitions</b>	<b>10</b>

## Change Amendment Record

Version	Date	Description
1.0	19 January 2016	Go-Live Version
2.0	09 June 2017	Updates to align to Ofgem processes.
3.0	13 October 2017	Document transfer to new template
4.0	18 June 2018	Updated link to the new Ofgem spreadsheet
5.0	11 July 2019	Updated to provide clarification on Ofgem re-determination process.

# 1. Introduction

The Contracts for Difference (CFD) scheme includes two mechanisms. The first is to lessen the burden of the Supplier Obligation for high energy users. The second is to not disadvantage green energy generation in other European Union countries (i.e. imported renewable energy).

Both of these mechanisms are directed towards Suppliers as they are responsible for funding the CFD scheme through Interim Levy Rate contributions. These mechanisms work by excluding specific amounts of electricity from a Supplier’s total supply when determining market share.

These electricity amounts are referred to as Energy Intensive Industries (EII) excluded electricity, and Green Excluded Electricity (GEE).

EII is a daily metered value, and it is calculated as a percentage of the Supplier’s gross daily demand (where the percentage can be up to a maximum of 85%). The resulting EII metered value is then subtracted from the gross metered value to give a net metered value. And this net metered value is used to calculate the Supplier’s daily Interim Levy Rate contribution on the daily Supplier invoice<sup>1</sup>.

GEE is also a daily metered value, but it is not determined until after the end of the quarter (when Suppliers apply for exclusion based on their metered data for the entire quarter), so it can only be applied retrospectively when the quarter is reconciled. Each Supplier applies for their own GEE exemption amount, and this value is then adjusted in proportion to the total GEE amounts for all Suppliers, then capped in line with an overall total GEE maximum. The Supplier’s resulting GEE exemption is then divided by the number of calendar days in the quarter to give a daily GEE figure. That figure is subsequently taking into account during the reconciliation of the Interim Levy Rate payments on the Quarterly Supplier Reconciliation invoice.

## 1.1 Scope and Purpose

This working practice details how Suppliers can submit a request for an amount of green electricity to be excluded. It also details how EMRS will use this request, and provides details on how EMRS will cap overall excluded volumes. It covers all Suppliers and applies to the CFD scheme only.

## 1.2 Main Users of this Document and Responsibilities

Table 1: Main Users and Responsibilities.

Name	Responsibilities
Ofgem	The responsibility of Ofgem is to ensure that the source and consumption of identified electricity are suitable to consider as GEE volumes
EMRS	The responsibility of EMRS is to collate the validated submissions, determine and implement caps on total GEE and adjust calculated charges based on the effective GEE volumes
Supplier	The responsibility of the Supplier is to determine any GEE volumes they have purchased and submit these to EMRS within 6 months of the quarter to which they apply

<sup>1</sup> EII is not covered by this document.

### 1.3 Associated Documents

This working practice is based upon, but does not replace the regulations overseeing CFD and should be read in conjunction with the following:

- The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014<sup>2</sup> and all subsequent amendments
- LCCC guidance for Green Excluded Electricity<sup>3</sup>
- Ofgem’s guidance on Green Excluded Electricity<sup>4</sup>
- Ofgem’s guidance for Organisations on presenting Guarantees of Origin (GoOs) for use in GB Fuel Mix Disclosure (FMD) and Feed-in Tariffs (FIT) annual levelisation<sup>5</sup>

## 2. Green Excluded Electricity

GEE is defined in the CFD scheme as energy produced by qualifying renewable generation plant in the European Union (EU) that commenced generation on or after April 2015 – no exemptions are available for electricity that does not meet these criteria. Suppliers have to demonstrate that such electricity has been procured and supplied in the UK.

Recognised EU Guarantees of Origin are used to identify Green Excluded Electricity in relation to the Contracts for Difference scheme. Ofgem have published guidance for Organisations on presenting Guarantees of Origin (GoOs) for use in GB Fuel Mix Disclosure (FMD) and Feed-in Tariffs (FIT) annual levelisation which outlines this process. LCCC determines whether given quantities of electricity are GEE, however the legislation allows for Ofgem E-Serve to advise LCCC. The data provided by Ofgem E-Serve to LCCC is based on that submitted for GB Fuel Mix Disclosure.

GEE claimants are advised to read the Ofgem guidance in order to ensure they meet compliance criteria.

GEE exemptions are valid from **April 2015 onwards** for any relevant charges<sup>6</sup> and therefore Suppliers should maintain records of any GEE volumes supplied from this date onwards.

An application for a GEE exemption should contain information on:

- That supply;
- The country where the electricity was generated;
- The name of the generating station which generated the electricity;
- The date on which that generating station first became operational;
- The quarterly obligation period in which the electricity was supplied;
- The energy source from which the electricity was produced; and
- The proportion of that electricity which constitutes energy from renewable sources.

<sup>2</sup> <http://www.legislation.gov.uk/ukxi/2014/2014/contents/made>

<sup>3</sup> <https://lowcarboncontracts.uk/publications>

<sup>4</sup> <https://www.ofgem.gov.uk/publications-and-updates/eu-guarantees-origin-goos-template-spreadsheet>

<sup>5</sup> <https://www.ofgem.gov.uk/publications-and-updates/eu-guarantees-origin-goos-template-spreadsheet>

<sup>6</sup> The exemption can only apply in the event of CFD Generation during the relevant quarterly period

## 2.1 How GEE is included in CFD obligations

GEE exemptions apply to reconciliation charges only. As GEE applications can be made up to 6 months after the quarter of the actual supply, GEE volumes will be taken into account as part of a retrospective calculation for Chargeable Demand through the quarterly reconciliation calculation. All submissions provided by the start of the 6th month will be taken into account during the 3<sup>rd</sup> quarterly reconciliation with any remaining submissions addressed during the 4<sup>th</sup> quarterly reconciliation.

Total allowable GEE volumes are capped across the scheme on a quarterly basis<sup>7</sup>. Where the overall GEE volumes submitted by all Suppliers is greater than the cap, EMRS will apportion an Effective GEE volume for the quarter to each Supplier, based on their proportion of the total GEE volumes submitted.

$$\text{Effective GEE volume} = \frac{\text{Submitted GEE volume}}{\text{Total Submitted GEE volume}} \times \text{GEE cap}$$

Effective GEE volumes will be excluded from Chargeable Demand for both the daily contributions (taken as an equal daily proportion of the overall effective GEE volume) and the quarterly contributions (total effective GEE volume excluded).

$$\text{Quarterly excluded GEE volume} = \text{Effective GEE volume}$$

$$\text{Daily excluded GEE volume} = \frac{\text{Effective GEE volume}}{\text{Number of days in quarter}}$$

In certain cases, subsequent determinations of GEE energy may lead to revisions to each Supplier's effective GEE volumes<sup>8</sup>. In these cases, all affected Suppliers will be notified and revised CFD charges will be determined in the following quarterly reconciliation.

It should be noted that GEE exemptions do not apply to other CFD obligations, including:

- Operational cost levies.
- Reserve amounts.
- Mutualisation amounts.

NB. If there is no CFD generation for a quarterly period, GEE requests will not be processed as they will not affect the scheme charges.

## 2.2 What information does a Supplier have to provide?

This information and template spreadsheet file for submission are all found on Ofgem's website<sup>9</sup>.

The minimum data requirement includes a submission of the duly completed spreadsheet form with all sections filled out. This needs to be sent to [contact@emrsettlement.co.uk](mailto:contact@emrsettlement.co.uk).

This has to be provided within 6 months of the last day of the quarter in which the GEE electricity was supplied (e.g. a submission for GEE electricity supplied on 16 January 2016 and 29 March 2016 has to be submitted by 30 September 2016). Any submissions made after this point will not be considered.

<sup>7</sup> Specified through the 2015 amendments to the Contracts for Difference (Electricity Supplier Obligations) regulations <http://www.legislation.gov.uk/ukxi/2015/721/contents/made>

<sup>8</sup> Can occur via Ofgem's dispute resolution and annual verification processes.

<sup>9</sup> Template spreadsheet file for GEE notification to EMRS at bottom of page - <https://www.ofgem.gov.uk/publications-and-updates/eu-quarantees-origin-goos-template-spreadsheet>

### 3. Interface and timetable information

#### 3.1 Registering GEE volumes

Suppliers can register GEE volumes at any time after the end of the quarterly obligation period and up to 6 months, as long as they provide suitable evidence.

Table 2: Registering GEE Volumes

Ref	When	Action	From	To	Input Information Required	Method
3.1.1	Within 6 months of the end of the quarter.	Submit application for GEE volumes for the quarter.	Supplier	EMRS	GEE volumes supplied including. Evidence of applicable GEE.	Email
3.1.2	Following 3.1.1	Validate application.  If successful, go to 3.1.3 otherwise notify Supplier and END PROCESS.	EMRS	-	GEE application documents.	Internal process
3.1.3	Following 3.1.2	Check that total validated submissions do not breach the GEE cap.  If caps are breached then go to 3.1.4. If caps are not breached then go to 3.1.5.	EMRS	-	All validated GEE applications for the quarter. GEE scheme cap limits.	Internal process
3.1.4	Following 3.1.3	Determine each Supplier's Effective GEE volume.	EMRS	-	All validated GEE applications for the quarter.	Internal process
3.1.5	Following 3.1.3 or 3.1.4	Notify Supplier of validated application and effective GEE volumes.	EMRS	Supplier	Validated GEE application.	Email

Ref	When	Action	From	To	Input Information Required	Method
3.1.6	Following 3.1.5 and in line with EMR settlement calendar	Undertake quarterly reconciliation process, excluding effective GEE volumes from the calculation <sup>10</sup> . Suppliers subsequently notified of Total Effective GEE volumes applicable to quarter through Quarterly reconciliation invoice backing data.  <b>END PROCESS</b>	EMRS	-	As specified in WP1- Overview of EMR Settlement.	Internal Process

### 3.2 Re-determining effective GEE volumes after the 3<sup>rd</sup> quarter reconciliation

This process will be undertaken only where determinations are made by Ofgem, e.g. following an audit or outcome of a dispute.

Table 3: Re-determining GEE Volumes.

Ref	When	Action	From	To	Input Information Required	Method
3.2.1	Upon receipt of information from Ofgem	Apply deduction if Ofgem values are lower than GEE volume provided by the supplier.	Ofgem	EMRS	Direction Ofgem GEE data	Internal process
3.2.2	Following 3.2.1	Check that total validated submissions for the quarter do not breach the GEE cap.	EMRS	-	All validated GEE applications for the quarter. GEE scheme cap limits	Internal process
3.2.3	Following 3.2.2	Re-determine each Supplier's Effective GEE volume.	EMRS	-	All validated GEE applications for the quarter. GEE scheme cap limits.	Internal process

<sup>10</sup> Further detail of the quarterly reconciliation process is provided in WP1 - Overview of EMR Settlement, <https://emrsettlement.co.uk/publications/working-practices/>



Ref	When	Action	From	To	Input Information Required	Method
3.2.4	Following 3.2.3	For all Suppliers whose effective GEE volumes have been adjusted, issue notice of revised Effective GEE volumes.	EMRS	Affected Suppliers	Current effective GEE volumes. Revised effective GEE volumes.	Email
3.2.5	Following 3.2.4 and in line with EMR settlement calendar.	Undertake quarterly reconciliation process, excluding Effective GEE volumes from the calculation <sup>11</sup> . Suppliers subsequently notified of revised Total and Effective GEE volumes through Quarterly reconciliation invoice backing data. <b>END PROCESS</b>	EMRS	-	As specified in WP1- Overview of EMR Settlement.	Internal process

<sup>11</sup> Further detail of the quarterly reconciliation process is provided in WP1 - Overview of EMR Settlement, <https://emrsettlement.co.uk/publications/working-practices/>

## 4. Contact Information

For all Green Excluded Electricity queries please contact:

Contact Organisation	Contact
EMRS	Telephone: 020 7380 4333 Email: <a href="mailto:contact@emrsettlement.co.uk">contact@emrsettlement.co.uk</a>
LCCC	Email: <a href="mailto:cfpreparations@lowcarboncontracts.uk">cfpreparations@lowcarboncontracts.uk</a>
Ofgem	<a href="https://www.ofgem.gov.uk/contact-us">https://www.ofgem.gov.uk/contact-us</a> (Renewable electricity, CCL and REGO team) Email: <a href="mailto:cclandrego@ofgem.gov.uk">cclandrego@ofgem.gov.uk</a>

## 5. Acronyms and Definitions

A full list of acronyms and definitions included within this document can be found on the EMRS website<sup>12</sup>.

<sup>12</sup> <https://emrsettlement.co.uk/publications>

