

# CIRCULAR

**TYPE & NUMBER** EMRC141

**Date** 6 November 2017

**Purpose** For information

## Now in force: The Electricity Supplier Obligations (Amendment and Excluded Electricity) (Amendment) Regulations 2017

[The Electricity Supplier Obligations \(Amendment and Excluded Electricity\) \(Amendment\) Regulations 2017](#) are now in force for the Contracts for Difference (CFD) Supplier Obligations. This allows **Energy Intensive Industries** (EII) to apply for an EII certificate with the [Department for Business, Energy and Industrial Strategy](#) (BEIS). An EII certificate entitles the EII customer to be exempt for a proportion of CFD costs through their Supplier's Supplier Obligation liabilities.

BEIS have confirmed they will be issuing certificates confirming eligibility to eligible EIIs as soon as possible. BEIS plan to update the guidance<sup>1</sup> for EIIs on the CFD exemption this week.

EMRS, on behalf of the [Low Carbon Contracts Company](#) (LCCC) would like to highlight to **Suppliers** what steps will be followed upon receipt of the EII certificate from BEIS. This also captures actions Suppliers may be required to take on behalf of its EII customers.

This circular provides details on these steps and where to locate supporting information.

### What steps will EMRS follow in processing the EII certificates?

Once BEIS has issued these certificates, eligible EIIs have to notify their Supplier that they are eligible so that the relevant arrangements<sup>2</sup> can be implemented to allow the EII to obtain the benefit of the exemption. There are different arrangements, i.e. 'relevant arrangements' for Suppliers to follow depending on whether the meter which measures the supply of electricity used for a specified activity is registered in:

- Supplier Meter Registration Service ("SMRS")
- Central Meter Registration Service ("CMRS")

### EII registered in SMRS

The Suppliers are required to establish the setup of the Data Flows with their Half Hourly Data Aggregator (HHDA) as specified within BSCP503 - Half Hourly Data Aggregation for SVA Metering Systems Registered in SMRS<sup>3</sup>.

The next steps detail the activities that follow:

- Suppliers must email [EMRS](#) a copy of the D0355 - EMR Reporting Confirmation<sup>4</sup> file received from its HHDA for each Meter Point Administration Number (MPAN) that has an EII certificate.
- EMRS will validate the details provided.

<sup>1</sup> The current draft guidance is still available at <https://www.gov.uk/government/consultations/energy-intensive-industries-exemption-from-indirect-costs-of-the-contracts-for-difference-scheme>

<sup>2</sup> Low Carbon Contracts Company (LCCC) – Guidance on EII Excluded Electricity Relevant Arrangements: <https://lowcarboncontracts.uk/sites/default/files/publications/LCCC%20Guidance%20on%20EII%20Excluded%20Electricity%20-%20Relevant%20Arrangements.pdf>

<sup>3</sup> <https://www.elexon.co.uk/bsc-and-codes/bsc-related-documents/bscps/?show=all>

<sup>4</sup> <https://dtc.mrasco.com/DataFlow.aspx?FlowCounter=0355&FlowVers=1&searchMockFlows=False>

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- Following successful validation of the D0355, within one working day (WD) EMRS shall update a Suppliers Aggregation Rule in accordance with the notification of the EII certificate details received from BEIS.
- EMRS will provide confirmation that the Aggregation Rules have been updated. This will be issued to the Aggregation Rules Contact<sup>5</sup>. If no Aggregation Rules Contact has been established then the confirmation shall be issued to the registered Finance Authority.
- MPAN's with an EII certificate will have an effective from date equal to whichever is the latest of: the certificate start date specified by BEIS, the effective from settlement date (J1869) in D0355 received or the receipt date of the D0355.
- The updated Aggregation Rule will be applied to the next daily contribution.

**Please note:** the Supplier is responsible to ensure that its HHDA is submitting D0357 - Half Hourly Metered Data for EMR<sup>6</sup> to EMRS for each MPAN. The Market Participant ID for EMRS is ESSP and the Market Participant Role Code is 'Z'.

The [FAQs: HHDA Metering Solution for EMR](#) provides answers to questions on how to use and populate the D0354, D0355, D0356 and D0357 Data Flows.

## EII registered in CMRS

EMRS establish if the EII is registered within CMRS via checking the Balancing Mechanism (BM) Units reporting.

The next steps detail the activities that follow:

- Upon successful identification of the BM Unit, within one WD EMRS shall update a Suppliers Aggregation Rule in accordance with the notification of the EII certificate details received from BEIS.
- EMRS will provide confirmation the Aggregation Rules have been updated. This will be issued to the Aggregation Rules Contact<sup>7</sup>. If no Aggregation Rule established the confirmation shall be issued to the registered Finance Authority.
- Aggregation Rules will be effective from the certificate start date specified by BEIS.
- The updated Aggregation Rule will be applied to the next daily contribution.

## What is the impact on my Operational Cost and Interim Levy payments?

The amount will be exempted from a Supplier's daily and quarterly contribution. This will result in a reduction to your Operational Cost, Interim Levy and Reserve payments.

The high-level calculation being performed for your **daily chargeable demand** is:

- Your daily BM Unit Gross Demand less; and
- Sum of your daily EII exempt volumes;

The **quarterly chargeable demand** will now comprise of:

- Sum of your daily BM Unit Gross Demand less;
- Sum of daily your EII exempt volumes; and
- Your Quarterly GEE volumes.

<sup>5</sup> Further details on authorised contacts is available in G4 – EMR Settlement Authorisation: <https://www.emrsettlement.co.uk/documentstore/guidance/g4-emr-settlement-authorisations.pdf>

<sup>6</sup> <https://dtc.mrasco.com/DataFlow.aspx?FlowCounter=0357&FlowVers=1&searchMockFlows=False>

<sup>7</sup> Further details on authorised contacts is available in G4 – EMR Settlement Authorisation: <https://www.emrsettlement.co.uk/documentstore/guidance/g4-emr-settlement-authorisations.pdf>

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For those Suppliers who will have eligible EII customers the data items relating to EII in the **CFD Supplier Invoice Backing Data** ([D0362](#)) will be populated accordingly.

## Where can I locate further information on EMR Aggregation Rules?

You can locate further information in **WP25 - EMR Aggregation Rules** this is available on the [Working Practice](#) page on our website. This details the various scenarios for EII when your EMR Aggregation Rules will be updated:

- EII certificate is issued to apply the exemption;
- EII changes Supplier to apply the exemption to the new Supplier and end the exemption for the old Supplier;
- EII certificate expires to end the exemption for the Supplier;
- EII certificate is revoked to end the exemption for the Supplier; and
- EII proportion changes adjust the exemption for the Supplier.

## Where can I get more information?

If you have any questions about this circular, please email [contact@emrsettlement.co.uk](mailto:contact@emrsettlement.co.uk) or call us on 020 7380 4333.