

CIRCULAR

TYPE & NUMBER EMR Circular 170

Date 22 November 2018

Purpose For information

Interim solution exempting electricity supplied to Licensed Generators or Storage Facilities from paying EMR levies and charges

On behalf of [Low Carbon Contracts Company](#) (LCCC) and [Electricity Settlements Company](#) (ESC), EMRS would like to inform **Suppliers** that the BSC Panel has approved LCCC's proposed interim solution that facilitates EMRS to exclude **electricity supplied to Licensed Generators or Storage Facilities** from Suppliers payments for both Contracts for Difference (CFD) and Capacity Market¹ (CM).

This circular covers the following:

- Background to why the interim solution is required
- Who is eligible to apply using the interim solution?
- How will EMRS exclude volumes from Suppliers payments?
- When will Suppliers be able to submit requests to EMRS?
- When will the volumes be excluded from Suppliers payments?
- What Supplier payments will this impact?
- What are the EMRS Working Practice and Guidance documents impacted?
- What are the next steps?

Background to why the interim solution is required

On 12 July 2018 [ELEXON](#) presented paper [280/11](#) to the BSC Panel. This paper explained that the gross demand data currently reported to EMRS includes certain volumes of electricity for which Suppliers are responsible (for the purpose of [Section K](#) of the BSC), but which are not 'supplying' (for purposes of the Electricity Act and EMR Regulations):

- Electricity provided to a Licensed Generator (for purposes of licensed generation); and
- Electricity supplied by an exempt Supplier across a licensed Distribution System, where the Licensed Supplier is facilitating the supply (by providing meter registration services).

To address the issues presented within the paper, on 15 October 2018 ELEXON published a '[Consultation on how to align BSC reporting with EMR Regulations](#)' to seek industry views on how ELEXON should progress an enduring solution and the acceptability of LCCC/ESC implementation of an interim solution.

On 8 November 2018, the responses from the consultation were presented in paper [284/07](#) to the BSC Panel, which sought approval of the LCCC/ESC proposed implementation of an interim solution and ELEXON's proposed enduring solution. The BSC Panel approved the interim solution being implemented by LCCC/ESC through EMRS (using existing EMR settlement systems and industry data flows), in order to enable timely implementation. The interim solution relies on self-declaration by Suppliers of eligible Metering Systems. This is confirmed within the [BSC Panel 284 – Headline Report](#).

¹ On 15 November 2018, [BEIS](#) announced that the Capacity Market is in a 'standstill period' until further notice. ESC notes that, during this 'standstill period' no Capacity Market Supplier Charge will be collected from **Suppliers**. More information on this can be found in [EMR Circular 169](#).

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Who is eligible to apply using the interim solution?

Those who are eligible to apply using the LCCC/ESC interim solution are sites that use Boundary Point Metering Systems that record only Imports provided to Licensed Generators for the purpose of licensed generation (and which therefore fall outside the Electricity Act definition of 'supply', and are not subject to EMR charges).

Exempt supply over a licensed Distribution System will be handled by the BSC (as set out in the [BSC Panel 284 – Headline Report](#)), and is outside the scope of this circular. Please contact [ELEXON Design Authority](#) for further information on this.

How will EMRS exclude volumes from Suppliers payments?

EMRS will exclude volumes from Suppliers payment using the following process:

- Generation Licence holder completes a Director's Certificate signed by the **licence holder's director** that the meter is solely recording imports for carrying out activities authorised by its licence;
- Supplier submits a PDF of the completed Director's Certificate to [EMRS Service Desk](#) on behalf of the licence holder;
- Supplier will be required to establish '[D0357 - Half Hourly Metered Data for EMR](#)' data flow with the appropriate Half Hourly Data Aggregator (HHDA) to submit metered data to EMRS.
- Supplier needs to send a copy of '[D0355 - EMR Reporting Confirmation](#)' data flow to the [EMRS Service Desk](#) to enable EMRS to validate that it will receive the metered data for the MPAN/s quoted within the Director's Certificate;
- EMRS will validate the receipt of both the Director's Certificate and D0355; and
- Upon successful validation, EMRS will update the Suppliers EMR Aggregation Rules and confirm back to the Supplier this has been applied.

This process and the specified Director's Certificate template to be utilised are available in [WP25 – EMR Aggregation Rules](#). The Director's Certificate template is Appendix 4. This interim solution will be operational from **4 February 2019**.

When will Suppliers be able submit to requests to EMRS?

From **22 November 2018**, Suppliers will be able to submit requests to [EMRS Service Desk](#) following the interim solution detailed within [WP25 – EMR Aggregation Rules](#).

Please note:

- Requests received from 22 November 2018 will not be processed until the interim solution is fully operational from **4 February 2019**.
- Suppliers will receive a case reference from the EMRS Service Desk, which confirms receipt of their request.
- EMRS will not facilitate any queries prior to the process being fully operational from **4 February 2019**.
- EMRS will commence processing requests from **4 February 2019** and confirm back to Suppliers once their request has been assessed and processed.

When will the volumes be excluded from Suppliers payments?

For requests received between **22 November 2018** and **3 February 2019**, EMRS shall apply the exemption from **8 November 2018** upon successful validation. Suppliers need to ensure that the effective from date in the [D0355](#) is **8 November 2018**.

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LCCC have confirmed that the exemptions cannot be retrospectively applied before 8 November 2018.

For requests received from **4 February 2019**, EMRS shall only apply the exemptions to the latter date (meaning the latest date) of the following dates:

- the date the applications have been received by EMRS; or
- the effective date on the Director’s Certificate (in the event of advance application) determined by either:
 - date in the optional field in the Director’s Certificate (per MPAN) or actual date in the Director’s Certificate letterhead.
- the date in the ‘effective from’ field on the D0355.

What Supplier payments will this impact?

This impacts both CFD and CM schemes. The following payments will be impacted if metered volumes are exempted from a Suppliers EMR Aggregation Rules.

Scheme	Payment
CFD	Interim Levy Rate Payment Operational Cost Levy and Excess Operational Cost Levy Quarterly Reconciliation Reserve Payment Mutualisation Payments
CM²	Settlement Costs Levy, Settlement Costs Levy Revision and Excess Settlement Costs Levy Monthly Supplier Charge Monthly and Annual Reconciliations Mutualisation Payments

What are the EMRS Working Practice and Guidance documents impacted?

The following [Working Practice](#) and [Guidance](#) documents are updated and now published on the EMRS website to reflect the changes summarised below:

EMRS Document	Summary of change
WP25 - EMR Aggregation Rules	Include new process steps to exempt supply to Licensed Generators or Storage Facilities from Supplier EMR Aggregation Rules for both CFD and CM. Include the required Director’s Certificate template.
G2 - Calculation of Supplier Demand for EMR Charging	Clarification in section 6.4

² This is the full list of Supplier payments which will be impacted though the Monthly Supplier Charge and Mutualisation Payments for the Delivery Year 2018/19 are currently not operational due to the notified ‘standstill period’.

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What are the next steps?

LCCC/ESC intends to continue to work together with ELEXON on further improvements to the interim solution, as required, particularly around data integrity.

The LCCC/ESC interim solution will not be able to address Licensed Generation that sits 'behind the Settlement meter', and therefore shares a Boundary Point Metering System with other demand. Please contact [ELEXON Design Authority](#) for further information on this and the development of the enduring solution.

More information

If you have any questions about this circular, please email contact@emrsettlement.co.uk or call 020 7380 4333.