

ELEEXON

P449 'Energy Bill Relief Scheme for non-domestic customers'

331A/01 – Jenny Sarsfield

1 November 2022

P449: Background and Issue

- The current energy price increases have caused concerns over the number of businesses who may not be able to afford energy costs, resulting in potential insolvencies and job losses
- As a result, the Government has proposed the [Energy Bill Relief Scheme \(EBRS\)](#)
- Intention of the scheme is to secure reductions in the electricity bills of non-domestic customers
- It is proposed that Elexon (BSCCo) undertake a role in the EBRS as delegated by BEIS
- The activities that Elexon are permitted to undertake are outlined in BSC Section C, which currently do not include provisions for administering such a scheme

P449: Proposed solution

- The proposed solution would require changes to BSC Section C to extend the vires for Elexon, and BSC Section H to add the scheme as a 'Nominated Agreement'
- The proposed legal text makes reference to:
 - Energy Bill Relief Scheme Regulations 2022 – rules for claims and payments, functions and obligations of Secretary of State, and obligation and entitlements of Suppliers;
 - Discount Recovery Rules 2022 – detail and processes for making claims and payments;
 - Energy Bill Relief Scheme Functions Agreement - specific functions and obligations of Elexon in respect of the Scheme.
- BSC Panel and Panel Committees will not have any responsibilities in respect of Elexon's functions as Scheme Administrator
- Scheme payments will be accounted for separately from other BSC Costs and Trading Charges
- Elexon's administrative and operational costs in undertaking the role of Scheme Administrator will be included as BSC Costs

P449: Applicable BSC Objectives

Applicable BSC Objective (c) - Promoting effective competition

- Increasing energy prices mean an increased risk of consumers being unable to pay electricity bills, which could in turn result in Supplier failure
- The EBRS intends to protect Suppliers from a systemic risk that could result in all Suppliers failing, and thus will facilitate more robust competition when market conditions return closer to normal
- P449 would aim to reduce the number of Supplier failures, by facilitating a scheme intended to reduce consumer bills while compensating Suppliers so that they are not making a significant loss on the energy they sell

Applicable BSC Objective (d) - Promoting efficiency

- The Proposer anticipates that there would be a reduced number of Supplier failures as a result of the EBRS
- Supplier defaults are resource intensive for the BSC Panel and for BSCCo, and therefore reduce the efficiency of the balancing and settlement arrangements
- If the payment scheme results in fewer defaults then there will be an administrative benefit and lower levels of mutualised costs for other Parties

P449: Urgency

- P449 will have a significant commercial impact upon Parties and consumers and is related to a current issue
- The predicted future energy costs mean that many businesses may be unable to afford their energy bills, which could result in insolvencies, loss of jobs, and subsequent hardships for those newly unemployed, as well as negative impacts on the economy as a whole
- Failure of consumers to pay bills could result in Supplier failure and significantly disrupt the market
- The EBR Scheme intends to support non-domestic consumers and Suppliers during the wholesale energy price increase, and would also ensure that Suppliers have money to make payments to Generators, ensuring the continued efficient operation of the energy market
- Elexon has a unique position within the electricity industry that means it is best placed to provide necessary consumption data to BEIS for the assurance of the scheme and to facilitate payments to Suppliers, with existing systems and contacts necessary for the first payments to be made on time
- The government intent for the EBR Scheme to cover non-domestic bills from 1 October 2022 to 31 March 2023, which would require the first payments for the scheme to be made in mid-November

P449: Requested Urgent Timetable and Procedure

- The Proposer has requested that this Modification be treated as Urgent.

Event	Date
Modification presented to Panel	1 November 2022
Submitted to Authority for decision on urgency	1 November 2022
Ofgem decision on urgency	2 November 2022*
Urgent Modification Consultation (5WD)	2/3 November 2022 to 8 November 2022
Draft Urgent Modification Report presented to Panel	9 November 2022 (Urgent meeting)
Final Urgent Modification Report submitted to Authority	9 November 2022
Implementation	+1WD after Authority decision**

Note:

- *The industry consultation will be issued as soon as we receive a decision from Ofgem on urgency
- **We kindly request an Ofgem decision on 10 November 2022 in order that the Modification can be implemented on 11 November 2022 so that the data under P449 can start to be passed to BEIS

P449: Impacts

- P449 is expected to impact:
 - Suppliers
 - Elexon (BSCCo)
 - Trading Parties
- No EBGL impact is anticipated
- No existing BSC Central System impacts
- No expected costs for market participants, other than the increased BSC costs to cover Elexon's costs for the EBRS
- Elexon's implementation costs will include:
 - Document changes
 - Payment system configuration
 - Potential data flow amendments to allow Elexon to send required data to BEIS
 - Potential set up of a secure pipeline for data
- Elexon's ongoing costs will include:
 - Payment system operation
 - Data transformation
 - Data transfer

P449: Recommendations

We invite the Panel to:

- a) **RECOMMEND** to the Authority that this Modification should be treated as an Urgent Modification Proposal;
- b) **AGREE** the Urgent progression timetable and procedure for recommendation to the Authority;
- c) **AGREE** that P449:
 - i. **DOES** better facilitate Applicable BSC Objective (c);
 - ii. **DOES** better facilitate Applicable BSC Objective (d);
- d) **AGREE** that P449 **DOES NOT** impact the EBGL Article 18 Terms and Conditions related to balancing held within the BSC;
- e) **AGREE** an initial recommendation that P449 should be approved;
- f) **AGREE** an initial Implementation Date of:
 - i. +1 Working Day after Authority Decision;
- g) **AGREE** the draft legal text;
- h) **AGREE** an initial view that this Modification should not be treated as a Self-Governance Modification; and
- i) **NOTE** that Elexon will issue the Urgent Draft Modification Report for a consultation of 5 Working Days and will present the results to the Panel at an urgent panel meeting 1WD following the closure of the consultation