

# ELEXON

**01 November 2022**

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**RE: Request to treat BSC Modification [P449 'Energy Bill Relief Scheme for non-domestic customers'](#) as an Urgent Modification Proposal'**

**Dear David,**

The BSC Panel, at an Urgent Meeting on 1 November 2022, agreed unanimously to recommend to Ofgem that P449 should be treated as an Urgent Modification Proposal. The Proposal Form details the Modification Proposal, including the case for urgency. We detail the proposed urgent procedure and timetable below. We also summarise the key requests and rationale in this letter.

## **Modification Background**

P449 was raised by NGENSO on 31 October 2022, who requested that the Modification Proposal be treated as urgent.

European energy prices have increased dramatically, following the ending of lockdown and the gas crisis initiated by Russia's invasion of Ukraine. Further rises are expected in the future and, as we approach winter, there are concerns over the number of businesses who may not be able to afford energy costs, resulting in potential for insolvencies and loss of jobs. The increase in wholesale energy costs could also have wider economic impacts, such as the impact on inflation. It is also possible that the increased energy costs could cause further Supplier failures.

As a result of these concerns the Government has proposed the Energy Bill Relief Scheme (EBRS) for non-domestic customers, with discounts applied to energy usage, initially between 1 October 2022 and 31 March 2023. The intention is for Elexon to act as the EBRS electricity payment provider.

The activities that Elexon is permitted to undertake are outlined in BSC Section C 'BSCCo and its Subsidiaries'. Currently, the activities stipulated in BSC Section C do not include provisions for the EBRS scheme.

The proposed solution is to make changes to BSC Section C to extend the vires for Elexon. The amendment would have to allow Elexon to undertake a new non-settlement related function as payment provider for the scheme. The proposed BSC Modification will describe and limit Elexon's role and functions by reference to the Energy Bill Relief Scheme Functions Agreement, the Energy Bill Relief Scheme Regulations 2022, and the Discount Recovery Rules 2022.

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. Elexon has existing systems and contacts for banking that will be valuable in setting up the payment processes at speed, necessary for the first payments to be made on time, as well as established relationships with all licenced Suppliers under the BSC.

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. This is so that the savings can be included in customers October bills, which would usually be received in November.

### **Justification for Urgency**

The Proposer's case for urgency is set out in the Modification Proposal Form, and is outlined below.

In seeking urgency, the Proposer is mindful of [Ofgem's Urgency Criteria](#) and believes that this Modification Proposal is linked to an imminent or current issue that if not urgently addressed may cause a significant commercial impact on Parties, Consumers or stakeholders.

This Modification is seeking to facilitate the Energy Bill Relief Scheme that will support non-domestic consumers and Suppliers during the wholesale energy price increase and associated cost of living crisis. The predicted future energy costs mean that many businesses may be unable to afford their energy bills, which could result in businesses failing, loss of jobs, and subsequent hardships for those newly unemployed, as well as negative impacts on the economy as a whole. Additionally, failure of consumers to pay bills could result in Supplier failure and significantly disrupt the market. The scheme would also ensure that Suppliers have money to enable them to make payments to Generators, ensuring the continued efficient operation of the energy market. Given that the Government needs the first payments to Suppliers to be made in mid-November, there is an urgent need to progress P449. Without P449, Elexon will be unable to make payments to Suppliers under the EBRS which would have the significant impacts on consumers described above. The P449 Proposer and the BSC Panel therefore believe P449 should be treated urgently.

## Proposed Urgent Progression Timetable and Procedure

The Panel recommend the following timetable and procedure, and would like to kindly request an Ofgem decision on urgency as soon as possible, ideally by 2 November 2022.

Proposed Urgent Progression Timetable and Procedure	
Event	Date
Modification presented to Panel	1 November 2022
Modification submitted to Authority for decision on urgency	1 November 2022
Requested return of urgency decision	2 November 2022
Urgent Modification Consultation (4/5WD)*	2/3* November 2022 to 8 November 2022
Draft Urgent Modification Report presented to Panel	9 November 2022
Final Modification Report submitted to Authority	9 November 2022
Proposed Implementation Date	+1WD after Authority decision, (we would ideally receive an Ofgem decision on 10 November 2022)

\*depending on when the Ofgem decision is received on Wednesday 2 November.

Please do not hesitate to contact us if you have any questions about this letter, and I thank you in advance for your timely response.

Yours sincerely, and on behalf of the BSC Panel,



Elliott Harper  
Head of Governance Services & BSC Panel Secretary

### List of enclosures

Attachment 1: P449 Proposal Form

Attachment 2: P449 BSC Panel Slides (constituting the P449 Initial Written Assessment)