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DRAFT STATUTORY INSTRUMENTS

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**2015 No.**

**The Electricity Supplier Obligations (Amendment  
& Excluded Electricity) Regulations 2015**

**PART 3**

**Amendment of the ESO Regulations**

**Amendment of the ESO Regulations (Regulation 2)**

**15.**—(1) Regulation 2 of the ESO Regulations is amended as follows.

(2) In paragraph (1)—

(a) in the definition of “CFD counterparty payment”, for paragraph (c) substitute—

“(c) to a CFD party for the purpose of compensating that person in respect of any breach of any duty (however that duty arises) owed to that person by the CFD counterparty which is connected to a CFD or a connected agreement,”;

(b) omit the definition of “electricity supply”;

(c) in the definition of “quarterly obligation period” omit the words “in any period of 12 months”;

(d) at the appropriate place insert—

““excluded electricity”, “EII excluded electricity” and “green excluded electricity” are to be construed in accordance with the Excluded Electricity Regulations;

“Excluded Electricity Regulations” means the Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015;”.

(3) After paragraph (2) insert—

“(2A) Any reference in these Regulations to a supply of electricity is a reference to its supply in Great Britain, and “supply” is to be construed in accordance with section 4(4) of the Electricity Act 1989(1).”.

(4) Omit paragraph (5).

**Amendment of the ESO Regulations (Regulation 4)**

**16.**—(1) Regulation 4 of the ESO Regulations is amended as follows.

(2) In paragraph (1)—

(a) for the formula substitute—

$$\left( GP - CP \right) \times \left[ \frac{SDS - (XE + GE)}{TDS - (TE + GT)} \right],$$

(b) after the definition of SDS insert—

“XE is the amount of EII excluded electricity supplied by that supplier on that day;  
GE is the amount of green excluded electricity supplied by that supplier in that quarterly obligation period divided by the number of days in that period;”

(c) after the definition of TDS insert—

“TE is the total amount of EII excluded electricity supplied by all suppliers on that day;

GT is the total amount of green excluded electricity supplied by all suppliers in that quarterly obligation period divided by the number of days in that period.”

#### **Amendment of the ESO Regulations (Regulation 5)**

17.—(1) Regulation 5 of the ESO Regulations is amended as follows.

(2) For the formula substitute—

$$\left[ NDS - (NGS + DI) \right] \times \left( \frac{SQS - XEP}{TQS - AXP} \right),$$

(3) After the definition of SQS insert—

“XEP is the amount of excluded electricity supplied by that supplier in that period;”;

(4) After the definition of TQS insert—

“AXP is the total amount of excluded electricity supplied by all suppliers in that period.”

#### **Amendment of the ESO Regulations (Regulation 7)**

18.—(1) Regulation 7 of the ESO Regulations is amended as follows.

(2) In paragraph (4) after “suppliers in the rate period” insert “less the amount of EII excluded electricity which it estimates will be supplied by all suppliers in that period”.

#### **Amendment of the ESO Regulations (Regulation 8)**

19.—(1) Regulation 8 of the ESO Regulations is amended as follows.

(2) In paragraph (2) after “on that day” insert “, less any amount of EII excluded electricity supplied by that supplier on that day,”.

#### **Amendment of the ESO Regulations (Regulation 9)**

20.—(1) Regulation 9 of the ESO Regulations is amended as follows.

(2) In paragraph (7) for “the 5th working day after the day referred to in paragraph (5)” substitute “the day on which that payment should have been made”.

(3) In paragraph (8)(a) after “on that day” insert “, less any amount of EII excluded electricity supplied by that supplier on that day,”.

#### **Amendment of the ESO Regulations (Regulation 10)**

21.—(1) Regulation 10 of the ESO Regulations is amended as follows.

(2) In paragraph (5)(c) for “estimated quarterly period cost” substitute “estimated quarterly obligation period payment cost”.

### **Amendment of the ESO Regulations (Regulation 11)**

22.—(1) Regulation 11 of the ESO Regulations is amended as follows.

(2) In paragraph (3)—

(a) for the formula substitute—

$$\text{“ } TRA \times \left( \frac{SRE - SXE}{RE - XE} \right) \text{”}$$

(b) after the definition of SRE—

(i) omit “and”;

(ii) insert—

“SXE is the amount of EII excluded electricity supplied by that supplier in the reference period as determined on the date on which that total reserve amount is determined.”;

(c) after the definition of RE insert—

“XE is the total amount of EII excluded electricity supplied by all suppliers in the reference period as determined on the date on which that total reserve amount is determined.”.

(3) In paragraph (4) omit the words “before the commencement of the quarterly obligation period immediately prior to the relevant period”.

(4) In paragraph (5) for “BSC reconciliation run” substitute “BSC volume allocation run”.

### **Amendment of the ESO Regulations (Regulation 13)**

23.—(1) Regulation 13 of the ESO Regulations is amended as follows.

(2) In paragraph (1) in the definition of EPS, after “will be supplied by all electricity suppliers” insert “, less the amount of EII excluded electricity which it estimates will be supplied by all suppliers, in the period”.

### **Amendment of the ESO Regulations (Regulation 14)**

24.—(1) Regulation 14 of the ESO Regulations is amended as follows.

(2) In paragraph (4)—

(a) for the formula substitute—

$$\text{“ } TAA \times \left( \frac{SRE - SXE}{RE - XE} \right) \text{”}$$

(b) after the definition of SRE insert—

“SXE is the amount of EII excluded electricity supplied by that supplier in the adjusted reference period as determined on the date on which that additional total reserve amount is determined.”;

(c) after the definition of RE insert—

“XE is the total amount of EII excluded electricity supplied by all suppliers in the adjusted reference period as determined on the date on which that additional total reserve amount is determined.”.

(3) In paragraph (5) for “BSSCo” substitute “BSCCo”.

### **Amendment of the ESO Regulations (Regulation 16)**

- 25.—(1) Regulation 16 of the ESO Regulations is amended as follows.  
 (2) In paragraph (2) for “BSC reconciliation run” substitute “BSC volume allocation run”.

### **Amendment of the ESO Regulations (Regulation 17)**

- 26.—(1) Regulation 17 of the ESO Regulations is amended as follows.  
 (2) For paragraph (2)(f) substitute—  
 “(f) the date (“the mutualisation date”) by which the mutualisation amount must be paid which must be—  
 (i) in the case of a mutualisation notice issued in respect of a relevant payment which the defaulting supplier was required to make by virtue of regulation 8(1) or 9(2), no earlier than 5 working days after the date on which the notice was issued; or  
 (ii) in the case of a mutualisation notice issued in respect of any other relevant payment which the defaulting supplier was required to make, no earlier than 30 days after the date on which the notice was issued.”.  
 (3) After paragraph (2) insert—  
 “(2A) A mutualisation date must be the same for each mutualisation notice issued in respect of a relevant payment which a defaulting supplier failed to pay.”.  
 (4) In paragraph (7)—  
 (a) for the formula substitute—  

$$DA \times \left( \frac{SRES - EXE}{NDPE - AXE} \right),$$
  
 (b) after the definition of SRES—  
 (i) omit “and”;  
 (ii) insert—  
 “EXE is the amount of EII excluded electricity supplied by the non-defaulting supplier in the reference period as determined immediately before the notice is issued.”;  
 (c) after the definition of NDPE insert—  
 “AXE is the total amount of EII excluded electricity supplied by all non-defaulting suppliers in the reference period as determined immediately before the notice is issued.”.  
 (5) In paragraph (8)(a)(ii) for “BSSCo” substitute “BSCCo”.  
 (6) In paragraph (8)(b) for “BSC reconciliation run” substitute “BSC volume allocation run”.

### **Amendment of the ESO Regulations (Regulation 19)**

- 27.—(1) Regulation 19 of the ESO Regulations is amended as follows.  
 (2) For paragraph (3) substitute—  
 “(3) The supplier’s collateral requirement for a day (“the relevant day”) is determined by reference to the most recent period (“the relevant period”) of 21 consecutive days in respect of which the BSCCo had carried out a BSC volume allocation run prior to the last working day before the relevant day.”.  
 (3) For paragraph (4) substitute—

“(4) For each day in the relevant period, the amount of electricity supplied by the supplier on that day, less any amount of EII excluded electricity supplied by that supplier on that day, (both as determined on the last working day before the relevant day) multiplied by the interim levy rate which applies in relation to the relevant day gives a relevant amount.”.

(4) In paragraph (8)(b) for “BSC reconciliation run” substitute “BSC volume allocation run”.

#### **Amendment of the ESO Regulations (Regulation 23)**

**28.**—(1) Regulation 23 of the ESO Regulations is amended as follows.

(2) In paragraph (2) after “on that day” insert “, less any amount of EII excluded electricity supplied by that supplier on that day,”.

(3) In paragraph (7)(a) for “£0.079” substitute “£0.0397”.

#### **Amendment of the ESO Regulations (Regulation 24)**

**29.**—(1) Regulation 24 of the ESO Regulations is amended as follows.

(2) In paragraph (3)—

(a) for the formula substitute—

$$\left( AR - CO \right) \times \left( \frac{SE - EX}{ST - XT} \right)$$

(b) after the definition of SE insert—

“EX is the amount of EII excluded electricity supplied by that supplier in that period;”;

(c) after the definition of ST insert—

“XT is the total amount of EII excluded electricity supplied by all suppliers in that period.”.

#### **Amendment of the ESO Regulations (Regulation 25)**

**30.**—(1) Regulation 25 of the ESO Regulations is amended as follows.

(2) For paragraph (3) substitute—

“(3) Where the CFD counterparty determines that an electricity supplier has not complied with a requirement to ensure that the CFD counterparty holds sufficient collateral under regulation 19(2) it may issue a notice to that supplier which specifies the amount of collateral which the supplier would have to provide to meet that supplier’s collateral requirement for the day on which the notice is issued.”.

(3) Omit paragraph (5).

#### **Amendment of the ESO Regulations (Regulation 26)**

**31.**—(1) Regulation 26 of the ESO Regulations is amended as follows.

(2) In paragraph (1)—

(a) after “under these Regulations” insert “or the Excluded Electricity Regulations”; and

(b) after “regulation 27” insert “of these Regulations”.

**Amendment of the ESO Regulations (Regulation 27)**

- 32.—(1) Regulation 27 of the ESO Regulations is amended as follows.  
(2) In paragraph (1) after “of these Regulations” insert “or the Excluded Electricity Regulations”.

**Amendment of the ESO Regulations (Regulation 29)**

- 33.—(1) Regulation 29 of the ESO Regulations is amended as follows.  
(2) In paragraph (2)(a)(ii) after “provided” insert “(and not withdrawn)”.  
(3) In paragraph (2)(b)(ii) after “provided” insert “(and not withdrawn)”.  
(4) In paragraph (2)(c) after “provided” insert “(and has not been withdrawn)”.

**Amendment of the ESO Regulations (Regulation 32)**

- 34.—(1) Regulation 32 of the ESO Regulations is amended as follows.  
(2) In paragraph (1) for “regulation 23(1) or by virtue of regulation 23(6),” substitute “regulation 23”.  
(3) In paragraph (2) for “regulation 23(1)” substitute “regulation 23”.

**Amendment of the ESO Regulations (Regulation 35)**

- 35.—(1) Regulation 35 of the ESO Regulations is amended as follows.  
(2) In paragraph (1) for “, 23(6) and 25(5)” substitute “and 23(6)”.

**Amendment of the ESO Regulations (Schedule)**

- 36.—(1) The Schedule to the ESO Regulations is amended as follows.  
(2) In paragraph 24 omit “, (5)”.