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DRAFT STATUTORY INSTRUMENTS

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**2023 No.**

The Nuclear Regulated Asset Base Model  
(Revenue Collection) Regulations 2023

PART 2

Supplier obligation

CHAPTER 6

Mutualisation

**Mutualisation**

17.—(1) Where an electricity supplier (“the defaulting supplier”) fails to make a relevant payment the revenue collection counterparty may, subject to paragraph (5), require non-defaulting suppliers to pay a share of an amount equal to the amount which was not paid by issuing a notice (“a mutualisation notice”) to each non-defaulting supplier who supplied electricity during the reference period.

(2) For the purposes of this regulation a “non-defaulting supplier” in relation to a mutualisation notice means an electricity supplier who has—

- (a) not failed to make any relevant payment within the time limit for making the payment under these Regulations;
  - (b) failed to make one or more relevant payments all of which have subsequently been paid to the revenue collection counterparty by the time the defaulting supplier was required to make the relevant payment referred to in paragraph (1); or
  - (c) failed to make one or more relevant payments not all of which have subsequently been paid to the revenue collection counterparty by the time the defaulting supplier was required to make the relevant payment referred to in paragraph (1), but the revenue collection counterparty is of the opinion that it will hold some collateral provided by that supplier by the 5th working day after the day on which the revenue collection counterparty intends to issue that mutualisation notice.
- (3) A mutualisation notice must state—
- (a) the amount which the defaulting supplier failed to pay;
  - (b) the date by which the defaulting supplier should have paid that amount;
  - (c) the amount (“the mutualisation amount”) which the non-defaulting supplier to whom the notice is issued must pay, calculated in accordance with paragraph (7);
  - (d) 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 7(1) or 8(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.

(4) 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.

(5) A mutualisation notice may only be issued where the revenue collection counterparty is of the opinion that it will not hold any collateral provided by the defaulting supplier by the 5th working day after the day on which the revenue collection counterparty intends to issue that notice.

(6) Where the revenue collection counterparty has issued a mutualisation notice to an electricity supplier, that supplier must pay the mutualisation amount specified in the notice by the date specified in the notice.

(7) Where an electricity supplier fails to pay all or part of a mutualisation payment in accordance with paragraph (6), that supplier must pay the revenue collection counterparty simple interest on any unpaid amount at the rate specified in regulation 36(1) from the day after the day on which the payment should have been made.

(8) The mutualisation amount to be stated in a mutualisation notice to be issued to a non-defaulting supplier is the amount given by—

$$DA \times \left( \frac{SRES - EXE}{NDPE - AXE} \right)$$

where—

DA is the amount which the defaulting supplier failed to pay;

SRES is the amount of electricity supplied by the non-defaulting supplier in the reference period as determined immediately before the notice is issued;

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;

NDPE is the total amount of electricity supplied by all non-defaulting suppliers in the reference period as determined immediately before the notice is issued; and

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.

(9) In this regulation—

(a) “collateral” is to be construed in accordance with regulation 19(7);

(b) “relevant payment” means any payment which an electricity supplier is required to make by virtue of regulation 7(1), 8(2), 10(1), 13(3), 16(3)(a) or 17(6);

(c) the reference period is the most recent period, occurring before the mutualisation notice (to which the reference period relates) has been issued, of 30 consecutive days in respect of which the BSCCo has carried out an Initial Volume Allocation Run; and

(d) the amount of electricity supplied by an electricity supplier in a reference period is the amount of electricity which the BSCCo determines, on the basis of the most recent BSC volume allocation run which the BSCCo has carried out in relation to each day in that period, as the amount of electricity supplied by that supplier in that reference period.