

## NCC Scheme – Supplier Webinar

### Q&A

No	Question	Answer
1.	Does this mean that there is an implicit requirement on Suppliers to itemize, TNUoS, BSUoS and DUoS charges for all-inclusive fixed term contracts?	DBT recognise the challenges of providing accurate network charging estimates for customers on fixed price contracts. In these instances, we ask Suppliers to develop for their customers a fair value estimate of that EII customer's network charges based on available data (i.e. supplier modelling, published charging frameworks etc).
2.	Would you be able to talk through a simplified worked example of how you would be calculating the ESL for a month, upon receipt of data from EIIs please, in a future webinar?	Yes, we can include this in a future webinar and also guidance we'll look to publish in the near future.
3.	Is it a Suppliers responsibility to advise EII's certificate holders on what they upload to the NCC portal and ensure the value's are correct or is that for Elexon to assist with?	Suppliers should help EII's by providing a breakdown of their network charges so EIIs have the relevant information to support their application.  It is the responsibility of the EIIs to make the application as guided via the Regulation and guidance provided. Links to this are all available on this webpage page: <a href="https://www.elexon.com/ncc-scheme">https://www.elexon.com/ncc-scheme</a> .
4.	Why is there no guidance for electricity Suppliers on how to pass this cost through to those paying when customer clarity and consistency is a focus for the industry?	DBT are not prescribing how Suppliers pass the costs through to their customer base, and this is left at the discretion of individual electricity Suppliers.  The sole exception to this statement applies to EIIs holding an EII Exemption Scheme certificate. Each Supplier's levy obligation will be based on a Supplier's Chargeable Demand (excluding any EII exemptible demand). Therefore, Suppliers are asked to exempt EIIs from the cost of the EII Support Levy.
5.	The first set of slides stated that 'losses in this context' are eligible for the claim. Does this mean only where losses are part of the DUoS, TUoS and BSUoS costs are calculated? Where losses are applied to other charges (such as uplifting the Energy	That's correct. Within the guidance published via DBT confirms the Network charges eligible for compensation include and are limited to:  a. Balancing Services Use of System (BSUoS) charges;

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	Consumption commodity charge to GSP or NBP) are these excluded from this scheme?	<p>b. Distribution Use of System (DUoS) charges (including annual connection charges and distribution losses in this context);</p> <p>c. Transmission Network Use of System (TNUoS) charges (including annual connection charges and transmission losses in this context).</p> <p>Government guidance; <a href="#">Contracts for Difference, renewables obligation and small scale feed-in tariffs: apply for an exemption or compensation.</a></p>
6.	Doesn't the use of CfD backing data for internal analysis assume that all EIs have applied for a discount (which a supplier has no control over)? Or do you not take account of that when you calculate market share?	Elexon cannot control if all EIs apply for the NCC scheme. When we will calculate Suppliers Market share this will be based on Supplier's Chargeable Demand (excluding any EI exemptible demand) and this will utilise the latest data available (most likely R3 settlement run data).
7.	In terms of DUoS, does the exemption include all DUoS charges, so Red, Amber, Green, Fixed Charge, Capacity Charge, Excess Capacity Charge and Reactive Power Charge?	Yes, all these charges as part of the Distribution Use of System (DUoS) are eligible for EIs to seek compensation for.
8.	Will there be a any Credit Cover requirement?	For this scheme there is no Credit Cover requirement for Suppliers. Suppliers will have a Reserve Fund to ensure there is enough monies to pay EIs.
9.	What data would you be publishing that might help Suppliers to forecast future ESL costs as accurately as possible?	Elexon's requirement is to only publish the Estimated Levy Fund and this commences from the 1 October 2024. If you do have any suggestions of what might help Suppliers, please do reach out to DBT and us to consider.
10.	With MHHS shortening settlement timetables, will the R3 timeline ultimately change to the shortened RF timescales?	Yes, the scheme will utilise the shortened timescales as a result of MHHS programme.
11.	Please can you clarify for invoice, the Elexon DD plan.	We are planning to use the same Direct Debit mandate that Suppliers have set up with Elexon for the BSC monthly invoices. Elexon will collect the NCC payments under the existing Direct Debit mandates. If Suppliers, do not utilise a Direct Debit then they'll need to pay monies into a specified Bank Account.

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12.	Will the market share calculation (for the 1st invoice) be based on the forecast volumes for Apr-25?	The market share will be calculated for the claim month e.g. when Elexon calculates the first payment in March 2025, this will be based on Suppliers market share data from April 2024. This data will be utilising the latest data available and mostly likely using R3 settlement run data.
13.	You stated about future market share used in calculating the levy, however I understood legislation on the calculation of the levy rate indicated that it would be based on market share as of e.g. Apr24 for the Apr25 levy. Could you please clarify.	<p>Yes, the market share will be based on a historical market share.</p> <p>When Elexon calculates the payment in March 2025, this will be based on Suppliers market share data from April 2024. This data will be utilising the latest data available and mostly likely using R3 settlement run data.</p>
14.	Could you please clarify what the EII exemption % has to do with the 60% the customer can claim back?	<p>EIIs who hold a valid EII certificate can claim up to 60% of their network charges.</p> <p>The EII certificate indicates the level of exemption for producing eligible product/s and this is indicated as a percentage.</p> <p>If an EII is eligible for 100% exemption they will provide the total cost of their network charges. Elexon will calculate 60% of total cost they submitted within their application and this will be the monies they are compensated as part of the NCC scheme.</p> <p>DBT have provided worked examples of this within the <a href="#">'Exemption from the indirect costs of funding Contracts for Difference, the renewables obligation, and small scale feed-in tariffs'</a> guidance document located on the hyperlink provided.</p>
15.	If these are new invoices rather than extra lines on existing invoices will Elexon reach out to Suppliers for e.g. email addresses or mail boxes to send invoices to?	We will be sending invoices to the email addresses we currently hold and use for sending your BSC charges. Suppliers can review and update these email addresses, though the same email addresses will be used for both BSC charges and NCC Scheme.
16.	What anti-fraud measures are in place to prevent EIIs from making erroneous claims, thinking about the case of reconciliations/corrections.	We have a number of measures in place to mitigate against anti-fraud (though this is not an exhaustive list) and this will be reviewed and monitored.

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		<p>Where we have been provided additional evidence, we are reviewing this and also advising EILs where additional evidence is required. We'd encourage Suppliers to provide clarity on the breakdown of the network charges to ensure accurate submissions are being made by EILs.</p> <p>The NCC Portal, has multifactor authentication to provide additional security when accessing. Also, there is provision in the regulations to conduct audits on the submissions. We are also applying multiple checks on the bank account details being provided by EILs.</p>
17.	Presumably the levy is only charged to non-EIL customers by Suppliers? If so, will you be going through the nitty gritty of how suppliers should identify which customers the levy should be applied to? Will the aggregation rules play a part?	The charges associated for the NCC scheme are spread across all Suppliers based on their Chargeable Demand (excluding any EIL exemptible demand). The Suppliers aggregations rules established within EMRS for CfD scheme will support Elexon in the market share calculation.
18.	With some TNUOS incurred by Suppliers at winter peak only, would you only expect this part to be claimed in Nov-Feb submissions of evidence/bills only or as an equivalent amount spread across all 12 months?	Claims are submitted on a quarterly basis for three months. The evidence the EILs provide should support how they are being invoiced monthly for the months within the quarterly submission.
19.	So do I get 60% of the costs back? What is the calculation being asked for if it's just 60% of the tariff cost back? Sorry if I'm missing something	60% of eligible network charges will be returned directly to EIL customers that have submitted an application. The 60% does not apply to Suppliers.
20.	Is the levy forecast split by Supplier?	No, there is no requirement to publish the Estimated Levy Fund split by Suppliers.
21.	Does the evidence from EIL customers have to be an invoice? Or can it be a report provided by the Supplier to customer?	<p>Evidence is likely to include an electricity bill, an invoice or a cost statement from an electricity supplier, alongside any supporting documentation that demonstrates how your application values have been calculated if required.</p> <p>Together with DBT we have provided guidance to EILs and this is available on the</p>

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		<a href="#">NCC Scheme</a> webpage. This includes, Application guidance, DBT guidance and Q&A from a previous webinar.
22.	What is the size of the charging base?	The levy will apply to all licenced domestic and non-domestic electricity suppliers within Great Britain. DBT are not prescribing how suppliers pass the costs through to their customer base, and this is left at the discretion of individual electricity suppliers. The levy will raise compensation to support the c400 most energy intensive companies within GB. These companies are identified through their possession of an EII Exemption Scheme certificate issued by DBT.
23.	Will Elexon send updates via Newscast when the Estimated Levy Fund is published.	Yes, we will be utilising existing channels to communicate with Suppliers. This will be captured in Newscast on a monthly basis.
24.	Does the EII certificate holder re-submit amended bills & how does the reconciliation work?	It is the responsibility of the EII certificate holder to submit updated invoices and data when this is received (e.g. for both increases in costs or decreases). There is no 'reconciliation' but corrections can be made based on updated values received for previously submitted applications.
25.	What invoices will these be levied against suppliers? Existing CfD or new?	This is a new scheme being operated by Elexon and will be invoiced separately.
26.	What will the unit price be - p/KwH, STCH or other?	Elexon will not be publishing a unit price for the EII Levy Payment.
27.	How is this charge shown/described on the invoice?	This will be a separate monthly NCC invoice, and an example illustrated within the webinar.
28.	Please can you clarify the levy forecast for Suppliers.	The Estimated Levy Fund is 60% of the value of applications made by EII companies for a given month. This does not include any other charges Suppliers are required to pay.

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29.	As a supplier who should I be talking to at DBT about invoice transparency specifically for customers that have selected all-inclusive fixed price products.	Please email DBT at <a href="mailto:energyintensiveindustries@businessandtrade.gov.uk">energyintensiveindustries@businessandtrade.gov.uk</a> .
30.	Do you have a rough idea of the costs industry is likely to face in April 2025 now that the 1st submission window is largely complete? I appreciate this will be published on the 1 October 2024.	The Estimated Levy Fund will be published on 1 October 2024. We are looking into how we can provide greater transparency on the Reserve Fund and the Administrative costs to support Suppliers forecasting.
31.	The Green Gas Levy works well for us. Is there any plan to base the NCC levy processes on that scheme?	In short no. However, we appreciate any thoughts for improvements.
32.	Will you be publishing the model you use to calculate individual supplier levies so that we can use it in our own forecasting by entering our own numbers?	Elexon is not required to publish a calculation model for Suppliers. We are looking into how we can provide greater transparency on the Reserve Fund and the Administrative costs to support Suppliers forecasting.
33.	is there a reconciliation process? I.e. what if a EII's submits network charge values and the Supplier reissues invoices.	There is no 'reconciliation' but corrections can be made based on updated values received for previously submitted applications.