
Smart Export Guarantee

The future of small-scale low-carbon generation

Regen – Smart Export Guarantee Roundtable
19 February 2019


Department for
Business, Energy
& Industrial Strategy



Department for
Business, Energy
& Industrial Strategy

Smart Export Guarantee objectives

To support the transition to a cleaner, smarter and more flexible energy system our intention in this document is to consider future arrangements that would facilitate:

- **A route to market** - which supports small-scale low-carbon generation of electricity.
- **Market innovation** - Government has identified innovation as a central tenet of its Industrial Strategy.
- **Lowering of costs for consumers** - by supporting the development of the electricity system to provide consumers with affordable, low carbon electricity.
- **The transition to a smart and flexible electricity system** - by promoting the efficient use of electricity through price signals, which incentivise consumer behaviour that enables the efficient management of the grid i.e. promoting export when the grid is experiencing high demand.

Evidence gathered will inform future decisions as to whether, and how, to proceed with the Smart Export Guarantee (SEG).

Department for
Business, Energy
& Industrial Strategy



Department for
Business, Energy
& Industrial Strategy

SEG design summary

- Government will mandate larger electricity suppliers (>250,000 customers) to offer small-scale generators a price per kWh for electricity exported to the grid.
- Suppliers will be obligated to provide at least one tariff. They are free to determine the price and length of contract and offer other tariffs.
- Remuneration must be greater than zero. At times of negative pricing generators must not be required to remunerate suppliers for electricity exported to the grid.
- Electricity must be metered – for domestic installations we expect smart meters to enable this.
- Admin and monitoring duties to be carried out by Ofgem and suppliers.

SEG eligibility criteria

Eligibility criteria	SEG eligibility requirements
Technology type	AD, hydro, mCHP, onshore wind, and solar PV
Capacity limit	5MW limit
Metered export volumes	Electricity exported to the grid which has been generated by an eligible technology must be metered using a meter capable of metering HH export volumes
Installation certification	<p>Solar, wind and mCHP installations up to and including 50kW must ensure they use MCS-certified (or equivalent scheme) equipment installed by an MCS-certified installer</p> <p>AD, hydro and all other technologies with installations above 50kW must as a minimum provide the same details required under the MCS certification process</p>
Other support schemes	Installations in receipt of FIT support for the electricity generated, either for self-consumption or export to the grid, will be ineligible

SEG tariff options

Type of tariff	Design
Export metered and registered for settlement	Suppliers offer above-zero export to those who are metered and settled – might be a non-variable flat rate tariff
Simple variable tariff	Suppliers offer a simple ‘variable’ export tariff. Interpretation as to variability (e.g. day/night or weekday/weekend) and tariff rates would be up to the supplier. Must be metered and settled
Advanced variable tariff	Suppliers offer a ‘variable’ export tariff, to reflect energy system conditions on up to a HH basis. Interpretation up to supplier. Must be metered and settled
Variable tariff linked to market	As above, plus suppliers ‘link’ variable tariff to the market. Interpretation up to supplier but expectation is rise and fall linked to HH market (e.g. day-ahead wholesale) prices. Must be metered and settled
Variable tariff benchmarked to market	Further to the advanced variable tariff option, plus suppliers benchmark variable tariff HH market prices. Must be metered and settled

Department for Business, Energy & Industrial Strategy



Discussion

We welcome your views on any aspect of the consultation. We would particularly appreciate thoughts on the following:

- **The various options for a SEG tariff** – is a simple (flat rate) option better or should we move to a more market-reflective cost? How quickly can the proposed options be delivered, and how will the various options help accelerate the move to a smart electricity network?
- **The scope of the SEG** – should it apply to all suppliers, or just to larger suppliers? Should it be limited to ‘green’ energy or potentially also incorporate storage?
- **Evolution of the SEG** – how the SEG will interact with developments in charging, smart metering, generating and storage technologies – how can we best prepare this policy for future developments, would end dates or review points be appropriate?

Department for
Business, Energy
& Industrial Strategy

