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# 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



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Business, Energy  
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# 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).

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# 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   |

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# 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?

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