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## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

Under the Electricity Capacity (Supplier Payment etc.) Regulations 2014 (S.I. 2014/3354, the “Supplier Payment Regulations”), electricity suppliers make payments (based on the amounts of electricity they supply) to fund payments to electricity capacity providers under the Capacity Market (provided for in Regulations and Rules made under Chapter 3 of Part 2 of the Energy Act 2013). These Regulations exclude from the calculation of these payments, electricity (“CM EII excluded electricity”) that is supplied to industrial customers who have been issued with “EII certificates” under the Electricity Supplier Obligations (Amendment & Excluded Electricity) Regulations 2015 (S.I. 2015/721, the “Excluded Electricity Regulations”).

Regulation 2 contains definitions, in particular it defines CM EII excluded electricity and EII certificates.

Regulation 3 makes provision about CM EII excluded electricity. It provides that CM EII excluded electricity is a proportion of electricity measured by certified meters, where there is a mechanism in place for providing supply data from those meters to the Settlement Body. Regulation 4 describes that mechanism.

Regulation 5 makes provision about the sharing of information between industry bodies to facilitate the calculations required by the Supplier Payment Regulations (as amended by these Regulations) and other functions that they have under related legislation.

Part 3 makes amendments to the Supplier Payment Regulations.

Regulation 7 includes definitions in the Supplier Payment Regulations to reflect these Regulations.

Regulation 8 amends regulation 3 of the Supplier Payment Regulations so that data provided pursuant to the mechanism provided for in regulation 4 of these Regulations is included in the “required data” that is used by the Settlement Body to carry out its calculations.

Regulations 9, 10 and 11 make amendments to provide for CM EII excluded electricity to be forecast by electricity suppliers and taken into account in various calculations for payments under Schedule 1 to the Supplier Payment Regulations.

Regulation 12 makes amendments to certain formulae in Schedule 1 to the Supplier Payment Regulations to ensure that CM EII excluded electricity is deducted from suppliers’ relevant demand for the purposes of calculating payments to be made.

An impact assessment setting out the key impacts of this policy has been completed. The Impact Assessment is published with the Explanatory Memorandum alongside this instrument on [www.legislation.gov.uk](http://www.legislation.gov.uk). A copy is also available by contacting: [EII.correspondence@businessandtrade.gov.uk](mailto:EII.correspondence@businessandtrade.gov.uk), or the Department for Business and Trade at Old Admiralty Building, Admiralty Place, London, SW1A 2DY.