

Smart Export Guarantee (SEG)

December 2019

SEG: Guidance for Generators

Executive Summary

The Smart Export Guarantee (SEG) makes sure that small-scale low-carbon generators receive payment for any electricity they export to the grid. It requires licensed electricity suppliers to offer export tariffs to anaerobic digestion (AD), hydro, onshore wind, and solar photovoltaic (PV) generators with a total installed capacity up to 5MW, and micro-combined heat and power (micro-CHP) up to 50kW.

The obligation came into force on 1 January 2020. It follows on from the Feed-in Tariff (FIT) scheme that closed on 31 March 2019 but it works very differently to FITs.

This document provides information about how the SEG works, who can apply and how, the SEG contract and payments and what to do if you have a complaint.

1. How does the Smart Export Guarantee (SEG) work?

Chapter summary

This chapter explains how the SEG works, who can apply and how.

What is the SEG?

- 1.1. The Smart Export Guarantee (SEG) ensures anaerobic digestion (AD), hydro, onshore wind, and solar photovoltaic (PV) generators with a total installed capacity (TIC) up to 5MW, and micro-combined heat and power (micro-CHP) up to 50kW receive payment for exported electricity. It is underpinned by the SEG Order and SEG License Conditions.¹
- 1.2. Licensed electricity suppliers² are required to offer at least one SEG compliant export tariff to any generator with an eligible installation. A list of all SEG licensees will be made available on our website.³
- 1.3. The SEG licensees decide exactly how they want their SEG export tariff to work in terms of its rate, type and length. However, the tariff must be greater than zero pence per kilowatt hour exported at all times.
- 1.4. As with tariffs for the purchase of electricity, there could be a variety of different SEG export tariffs available. Suppliers can compete to offer attractive terms and, if the tariff becomes uncompetitive, you may wish to consider switching to another supplier.

Who can apply for a SEG tariff?

- 1.5. Applicants using the following technologies can request a SEG export tariff from a SEG Licensee:
 - Solar photovoltaics (PV)
 - Wind
 - Hydro
 - Anaerobic Digestion (AD)
 - Micro-Combined Heat and Power (micro-CHP)

¹ SEG Order: <http://www.legislation.gov.uk/ukxi/2019/1005/contents/made>

SEG License Conditions:

https://epr.ofgem.gov.uk//Content/Documents/Electricity%20Supply%20Standard%20Licence%20Conditions%20Consolidated%20-%20Current%20Version.pdf?utm_source=ofgem&utm_medium=&utm_term=&utm_content=licencecondition&utm_campaign=epr

² Licensed electricity suppliers with at least 150,000 domestic electricity customers are required to offer at least one SEG compliant tariff to eligible generator. Other suppliers may participate on a voluntary basis.

³ <https://www.ofgem.gov.uk/environmental-programmes/smart-export-guarantee-seg>

- 1.6. The SEG supports installations with a total installed capacity (TIC) up to 5MW (or up to 50kW for micro-CHP). Installations with a TIC greater than 5MW are not covered by the SEG.⁴
- 1.7. In order for an installation to be considered an 'eligible installation' and be eligible to receive a SEG export tariff, all applications must:
 - Demonstrate that the installation and/or installer are suitably certified (see paragraphs 1.12-1.14 below)
 - Have an export meter (see paragraphs 1.16-1.20 below)
 - Have an export meter point administration number (MPAN) (see paragraphs 1.21-1.22 below)

How do I apply?

- 1.8. You should submit an application for a SEG export tariff to a SEG licensee. This does not need to be the same company that supplies you with electricity.
- 1.9. Different suppliers may offer different tariffs or change their offering, so prospective applicants are encouraged to shop around to see which supplier offers the best tariff for them, and continue to review their tariff options regularly.
- 1.10. The SEG licensee will review the application and confirm whether the installation is eligible (see Chapter 2).
- 1.11. For AD installations, an additional step is required. A separate form should also be submitted to Ofgem. More information is available in our [Guidance for Anaerobic Digestion generators: SEG sustainability and reporting requirements](#).

Do I need to provide any information about my installation?

Certification

PV, wind and micro-CHP 50kW or less

- 1.12. For PV, wind and micro-CHP installations up to 50kW, applicants will be asked to demonstrate that their installation and installer are suitably certified. You may have an installation certificate to demonstrate this. This may be a Microgeneration Certification Scheme (MCS) certificate, but the SEG also recognises that other schemes may be equivalent to MCS.
- 1.13. If you do not have an MCS certificate, your installation and installer should be accredited in accordance with EN 45011 or EN ISO/IEC 17065:2012. You should speak to your chosen SEG licensee to understand exactly what information they need from you.

⁴ Any tariffs offered to installations with a TIC greater than 5MW are offered under commercial contracts and not under the SEG legislation.

- 1.14. If you are unable to demonstrate that your installation is suitably certified, a SEG licensee is not obliged to offer payments under the SEG, but they can make payments if they wish.

All other installations

- 1.15. For all other installations, applicants will be asked to demonstrate that the installation is suitably certified. SEG licensees have discretion in how they satisfy themselves that the installation is suitably certified. You should speak to your chosen SEG licensee to understand exactly what information they need from you.

- 1.16. The table below summarises the certification requirements:

Technology	Capacity	Installation certification?	Installer certification?
Micro-CHP, solar PV, wind	≤50kW	Yes	Yes
Micro-CHP, solar PV, wind	>50kW-5MW	Yes	No
AD, hydro	≤5MW	Yes	No

Metering

- 1.17. In order to be eligible to receive payments under a SEG export tariff, the renewable export from an eligible installation must be metered. That meter must be capable of taking half-hourly measurements and have an export MPAN (see paragraphs 1.21 and 1.22 below).
- 1.18. An export meter must be located at the point where the installation connects to the distribution network/the grid. Your existing meter may be capable of measuring exported electricity; speak to your SEG licensee about whether your existing meter can also measure exported electricity and be used to receive SEG payments.
- 1.19. SEG licensees are not required to accept a request for SEG payments on the exported electricity until they have access to or have received readings from the export meter.
- 1.20. Applicants that have a meter that can read export and be read remotely by a SEG licensee will be able receive payments without taking manual meter readings.
- 1.21. Applicants that have a meter that cannot be read remotely should speak to their SEG licensee to discuss how export meter readings will be taken.

Export MPAN

- 1.22. In order to be eligible to receive payments under a SEG export tariff, an installation must have an export MPAN. An MPAN is a 13 digit reference used to identify every electricity connection point in the country.

- 1.23. It is likely that you will already have an import MPAN – you can find this on your electricity bills. Your import MPAN is different to your export MPAN. You should speak with your SEG licensee who will be able to provide you with an export MPAN.

Can I receive a SEG export tariff from two different SEG Licensees at the same time?

- 1.24. No, you can only receive a SEG export tariff from one SEG licensee at a time. Your SEG licensee can be a different company to your import supplier.

Can I also receive payments from the Feed-in Tariff (FIT) scheme?

- 1.25. Generators must not be in receipt of an export tariff under the Feed-in Tariff (FIT) scheme if they intend to claim SEG payments. [Information about the FIT scheme is available here.](#)

- 1.26. FIT payments are made in two parts:

- FIT generation payments – made for every kilowatt hour (kWh) of electricity generated by the installation; and
- FIT export payments – made for every kWh of electricity exported to the grid.

- 1.27. A SEG licensee is obliged to make payments under a SEG export tariff to an eligible installation (see paragraph 1.7) if that installation does not receive FIT export payments.

- 1.28. An installation in receipt of FIT generation payments only (ie the generator has opted out of receiving FIT export payments) can receive a SEG export tariff.

- 1.29. As part of the SEG application process, applicants will be asked to confirm whether they currently receive FIT export payments.

- 1.30. One way that the SEG licensee will confirm if your installation is registered to receive FIT export payments is by checking if the installation is on the Central FIT Register (the database of all installations receiving FIT payments).

- 1.31. Your SEG contract will also include a term requiring you to notify your SEG licensee if you start receiving FIT payments (see paragraph 3.2).

- 1.32. Your SEG licensee can be a different company to the company making FIT generation payments.

- 1.33. Collecting SEG and FIT export payments at the same time, knowingly, could constitute fraud.

Can I receive a SEG export tariff if I have received a government grant for the installation?

- 1.34. Yes, you can receive a SEG tariff if you have received a government grant for purchasing or installing the installation.

Can I receive a SEG export tariff if I receive payments from the Renewable Heat Incentive (RHI) scheme?

- 1.35. Yes, you can receive RHI and SEG payments. The RHI scheme provides support for renewable heat generation, whereas the SEG supports renewable electricity exported to the grid. [Information about the RHI scheme is available here.](#)

Can I receive a SEG export tariff and claim Renewable Energy Guarantees of Origin (REGOs)?

- 1.36. Yes, you can claim REGOs if you receive a SEG tariff. [Information about REGOs is available here.](#)

Multi-technology sites

Can I receive a SEG export tariff if I have other kinds of generation onsite?

- 1.37. The SEG supports the technologies listed at the beginning of this chapter (in paragraph 1.5).
- 1.38. A SEG licensee is obliged to accept a request for a SEG export tariff for renewable electricity that is exported from an eligible installation.
- 1.39. Where the export meter for an eligible installation also records electricity exported from a non-SEG eligible source,⁵ a SEG licensee is not obliged to make SEG payments, but they can if they wish.
- 1.40. For example, an export meter may record export from a non-SEG eligible technology, a standby generator or a battery that is charged from a source other than the SEG eligible technology.
- 1.41. A SEG licensee can choose to make SEG payments for none of the export, or all of the export recognising that it includes a combination of electricity generated from a SEG eligible installation and from a non-SEG eligible source. Alternatively, they may require you to install additional meters which enable the ineligible export to be calculated and deducted from the overall exported electricity. Or they may pro-rate

⁵ SEG eligible technologies are: PV, wind, hydro and AD with capacity up to 5MW and micro-CHP with capacity up to 50kW.

output or use estimates to calculate the ineligible export.

- 1.42. Different SEG licensees may approach this situation differently. If you have multiple sources of power onsite, you may consider approaching different SEG licensees to understand their preferred approach.

Extensions

Can I extend my SEG installation using the same technology and continue to receive a SEG export tariff?

- 1.43. You can install additional capacity to an eligible installation.
- 1.44. However, if you install additional capacity which takes the installation over 5MW (or 50kW for micro-CHP), SEG licensees are not obligated to make payments on the additional capacity.
- 1.45. If you add capacity to an existing SEG installation that uses a different source of eligible technology (eg you install a wind turbine and connect it into the same export meter as a PV), this is a separate eligible installation and so can have a total installed capacity (TIC) of up to 5MW (50kW for micro-CHP).

2. The SEG contract and payments

Chapter summary

This chapter explains the details of a SEG contract and how SEG payments are made.

Confirmation of the export tariff (the SEG contract)

- 2.1. Once your application for a SEG export tariff has been received by your SEG licensee, that application will be reviewed and, if your installation is found to be eligible, your SEG licensee will provide you with written confirmation of the terms for receiving payments. This written confirmation forms the contract under which SEG payments will be made.
- 2.2. The SEG contract must include the following at a minimum:⁶
 - a description of the complaints procedure and a stated duty to participate in the complaints procedure on disputes in relation to compliance with obligations under the SEG arrangements;
 - a description of the process of switching and a stated duty to participate as required to facilitate the switching of a SEG generator;
 - a term setting out the termination rights which permit the SEG generator to withdraw from the SEG arrangements;
 - a term identifying the risks to a SEG generator of failure to adhere to any of the terms of the SEG contract and suspension or recoupment of SEG payments;
 - a term identifying the SEG generator's obligations for providing information, declarations and evidence to the SEG licensee and Ofgem (as well as any consents required for the purposes of data protection) as required as required for the administration of the SEG arrangements;
 - a term requiring the SEG generator to inform the SEG licensee as soon as reasonably possible in the event that there is a change in ownership of the eligible installation or a change in the person entitled to seek payment in respect of the eligible installation;
 - a term requiring the SEG generator to inform the SEG licensee as soon as reasonably possible of extensions to an eligible installation; and
 - a duty to fulfil obligations under the SEG arrangements efficiently and expeditiously.

How are payments made?

- 2.3. Your SEG licensee will confirm the frequency of payments. There are no rules on the frequency of payments set out in the underlying legislation and licence conditions.

⁶ SLCs Section B, 5.2

- 2.4. SEG licensees are not required to make payments under the SEG until they have received or been provided with your actual export meter reading.

What should I do if my export meter is broken?

- 2.5. You should speak to your SEG licensee if your export meter (or any meter relevant to SEG payments being made) is found to be broken or recording in error.

What happens if my SEG licensee's status changes?

- 2.6. A Mandatory SEG licensee cannot choose to stop offering a SEG export tariff.
- 2.7. Mandatory SEG licensees whose circumstances change such that they no longer satisfy the definition of a mandatory SEG licensee will remain a mandatory SEG licensee until the following 31 March.
- 2.8. A voluntary SEG licensee who intends to stop being a voluntary SEG licensee will remain a voluntary SEG Licensee until the following 31 March.
- 2.9. The SEG licensee must notify you within 6 weeks of it ceasing to be either a mandatory or a voluntary SEG licensee.
- 2.10. In the case of an insolvency event, Ofgem do not have the power to order a new SEG licensee to make payment for exported electricity that should have been met by the previous SEG licensee. Your SEG licensee must notify you as soon as reasonably possible. You will then be responsible for seeking a new SEG tariff for your exported electricity from another SEG licensee. Any electricity exported between the point the contract from the previous SEG licensee stops and a new SEG contract is agreed with a new SEG licensee will not be the responsibility of the new SEG licensee. You are encouraged to act promptly to avoid an extended period where payment for export is not covered by a SEG contract.

3. Dispute resolution / complaints

Chapter summary

This chapter sets out what to do if you have a dispute with your SEG licensee.

- 3.1. SEG licensees are expected to have a process in place to deal with complaints relating to the SEG.
- 3.2. Complaints against a SEG licensee should be directed towards the SEG licensee in the first instance. If, after eight weeks, a satisfactory solution has not been agreed between both parties, the complaint may be referred to the Energy Ombudsman.
- 3.3. Once the Energy Ombudsman has received a complaint, it will consider whether the SEG licensee has been given sufficient time to deal with the complaint and also assess whether the complaint falls within the remit of the Ombudsman. If the Ombudsman takes on the case, it will investigate and make recommendations to rectify a situation. The SEG licensee then has up to 28 days to action any recommendations by the Energy Ombudsman.
- 3.4. More [information on making a complaint](#) is available on our website.⁷

⁷ <https://www.ofgem.gov.uk/consumers/household-gas-and-electricity-guide/complain-about-your-gas-or-electricity-bill-or-supplier>