

## Proposed changes to the Electricity Supplier Obligation Regulations in response to COVID-19

Issued 04 June 2020

**Dear Stakeholder,**

BEIS have issued the Government response to the consultation issued last month on Proposed changes to the Electricity Supplier Obligation Regulations in response to COVID-19. As highlighted in our bulletin on [13<sup>th</sup> May 2020](#), this refers to the BEIS offer of a one-off interest free loan to LCCC to reduce supplier obligations in the short term.

The key messages from this response are:

- Suppliers will be protected from 80% of the increase in obligations relating to the current quarter (up to the maximum loan amount of £100m), higher than the 67% originally proposed.
- Subject to approval by Parliament, The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 will be amended to implement the proposals as set out in the consultation, with the exception that the amount deferred through use of the loan will be recovered in **Q2 of 2021** and not Q1, following feedback from respondents.
- There will also be an amendment to the ESO Regulations to allow LCCC to consider anticipated receipt or repayment of the Government loan when setting the interim levy rate (ILR) and / or total reserve amount (TRA) for a quarter or making in-period adjustments.
- The amended ESO Regulations were laid in Parliament on 4 June in anticipation that Parliament can approve them before 9 July, when LCCC is due to carry out the reconciliation process for the current quarter.

The full BEIS response can be found [here](#).

LCCC has today published an updated [in-period tracking dashboard](#) showing our current forecast of loan and TRA usage for the current quarter.

**Our Bulletins**

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Kind regards,

**Low Carbon Contracts Company and Electricity Settlements Company**