



# Final BSL charges and consultation feedback report

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Issue 1.0

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# 1. Summary

## 1.1 Background

BEIS (formerly DECC) has funded the Biomass Suppliers List (BSL) since its launch in April 2014. This funding was always intended to be a transitional arrangement to help establish the BSL and this funding ends on 31 December 2016. The scheme administration is necessary to ensure that fuels can be registered to the BSL, that these fuels remain compliant with the sustainability and legality requirements, and that RHI participants can easily source RHI compliant fuel. To ensure the continuation of the BSL from January 2017, BSL suppliers will need to contribute a fee.

From 10 August to 4 September 2016, the BSL Administrator launched a consultation seeking views on the proposed charging structure that is being introduced to the BSL from January 2017. Following receipt of consultation feedback, the BSL Administrator together with BEIS and its technical partners, has reviewed, considered and incorporated feedback where possible into the final fee structure.

To spread the costs fairly across the different BSL supplier types, the charges are split across three different fee types. The fees to be introduced from 1 January 2017 are set out in section 1.2.

The rationale for adopting these fees, along with the response to the consultation feedback, is explained in section 2.

Going forward, the BSL Advisory Panel will take a role in reviewing and advising on the fee structure.

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## 1.2 BSL Fees

Suppliers on the BSL will need to pay the following fees from 1 January 2017. Further details on the final fee structure, together with responses to consultation feedback, can be found in section 2.

### 1.2.1 Application fee

Suppliers will need to pay an application fee on all applications submitted after 1 January 2017.

<b>Application fee description</b>	<b>Fee per application</b>
Self-Supplier application	£20 + VAT
Producer, Trader, Producer-Trader application (not including bespoke Risk Based Regional Assessment)	£120 + VAT
Producer, Trader, Producer-Trader application with a bespoke Risk Based Regional Assessment (RBRA)	£450 + VAT

**Table 1: Application fees**

### 1.2.2 Membership fee

All authorised suppliers and Self-Suppliers on the BSL will need to pay a membership fee.

<b>Membership fee by company size</b>	<b>Annual fee</b>
Membership fee for individuals	£25 + VAT
Membership fee for small / micro companies <sup>1</sup>	£120 + VAT
Membership fee for medium / large companies <sup>2</sup>	£295 + VAT

**Table 2: Membership fees**

### 1.2.3 Tonnage fee

<b>Tonnage fee description</b>	<b>Fee per tonne</b>
Self-Suppliers	nil
Producers, Producer-Traders and Traders	9 pence + VAT

**Table 3: Tonnage fees**

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<sup>1</sup> The EU definition of a micro company is less than 10 staff AND a turnover or balance sheet of less than or equal to €2M. A small company is defined as less than 50 staff AND a turnover or balance sheet of less than or equal to €10M ([http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en))

<sup>2</sup> The EU definition of a medium company is less than 250 staff AND a turnover of less than or equal to €50M OR a balance sheet of less than or equal to €43M. A large company is defined as greater than or equal to 250 staff AND a turnover of greater than €50M OR a balance sheet of more than €43M ([http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en))

## 2. Consultation Feedback Report

From 10 August to 4 September 2016, the BSL Administrator ran a consultation seeking views on the proposed charging structure that is being introduced to the BSL from 1 January 2017. We received 581 responses to the consultation. These have now been consolidated and all the comments carefully considered. Together with BEIS and our technical partners, the final fee structure has been developed to provide the fairest payment structure for all supplier types on the list.

### 2.1 Application fee

#### 2.1.1 Consultation feedback on application fees

In the consultation, we invited feedback on whether new suppliers, including Self-Suppliers, should pay for new applications to the BSL. The key points are summarised below:

- 54% of respondents agreed that all suppliers should pay for a new application to be processed (21% neither agreed nor disagreed)
- The majority view was that the application fee should be tiered according to application type and complexity, and not a flat fee charged for all application types
- A tiered application fee structure has been introduced, and an additional tier has been added from that proposed in the consultation. This is reflective of the difference in costs associated with processing applications and ensures that the most complex and costly applications are not subsidised by less complex applications
- There were some questions in the consultation responses around introduction of discounts for bulk uploads applications. Given the additional layers of complexity this would introduce to the charging model and the system functionality, and considering the relatively low number of applicants that applied using this method, this will not be

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introduced from 1 January 2017. However, it will be revisited in the near future and in conjunction with the newly established BSL Advisory Panel, as this is something the BSL Administrator is keen to introduce.

### 2.1.2 Application fee details

The final application fees are set out below.

Application fee description	Fee per application
Self-Supplier application	£20 + VAT
Producer, Trader, Producer-Trader application (without bespoke Risk Based Regional Assessment)	£120 + VAT
Producer, Trader, Producer-Trader application with a bespoke Risk Based Regional Assessment (RBRA)	£450 + VAT

**Table 4: Application fees**

Details on the application fees and what this means for suppliers are summarised below:

- All new applications from 1 January 2017 will be subject to a fee at the point of submission to the BSL Administrator
- Existing authorised fuels and applications submitted before 1 January 2017 will not be charged an application fee
- There are three different levels of application fee; this varies according to supplier type and application type (see table 4)
- The BSL application system will recognise the type of application the supplier is submitting, based on supplier type and information provided in the application process. From this, the system will calculate the correct fee payable for the application prior to submission and provide details on how this can be paid
- The application fee is non-refundable from the point at which the application is submitted to the BSL Administrator

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## 2.2 Membership fee

### 2.2.1 Consultation feedback on membership fees

The consultation presented both a flat fee and tiered fee option for membership fees according to company size. We invited feedback on whether the membership should be a flat fee across all suppliers, including Self-Suppliers.

The key points are summarised below:

- Only 13% of respondents agreed with the proposal for a flat membership fee for all supplier types
- The final membership charging structure has three tiers and is based on company size using EU definitions as proposed in the consultation. Suppliers provide this company size information when registering on the BSL and so this information is readily available for the purposes of invoicing membership fees
- Following feedback, the suggested membership fee of £30 in the consultation has been reduced to £25 for individuals. The categorisation according to company size means that individual Producer-Traders that self-supply and supplement this with bought woodfuel only need to pay £25
- Overall, consultation feedback suggested that the preferred charging approach to membership and tonnage fees would be to adopt a lower membership fee and higher tonnage fee. Some feedback particularly from commercial suppliers suggested that the market would find the highest tonnage fee too high and that an increased membership fee could be introduced to offset a lower volumetric fee. To address this feedback, we have finalised the membership fees set out in Table 5

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- The tonnage fee is discussed in more detail in section 2.3

### 2.2.2 Membership fee details

The final annual membership fees are set out below.

<b>Membership fee by company size</b>	<b>Annual fee</b>
Annual membership fee for individuals	£25 + VAT
Annual membership fee for small / micro companies <sup>3</sup>	£120 + VAT
Annual membership fee for medium / large companies <sup>4</sup>	£295 + VAT

**Table 5: Membership fees**

Details on the membership fees and what this means for suppliers are summarised below:

- Every authorised supplier on the BSL will be required to pay a membership fee according to the company size information that is provided during initial supplier registration on the BSL. This is to contribute towards the fixed costs associated with suppliers being on the BSL, including system and scheme administration costs, Advisory Panel meetings etc.
- The membership fee is payable per company / individual and not per fuel; this means that BSL suppliers will pay the same membership fee regardless of the number of fuels they have registered on the BSL.

<sup>3</sup> The EU definition of a micro company is less than 10 staff AND a turnover or balance sheet of less than or equal to €2M. A small company is defined as less than 50 staff AND a turnover or balance sheet of less than or equal to €10M ([http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en))

<sup>4</sup> The EU definition of a medium company is less than 250 staff AND a turnover of less than or equal to €50M OR a balance sheet of less than or equal to €43M. A large company is defined as greater than or equal to 250 staff AND a turnover of greater than €50M OR a balance sheet of more than €43M ([http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition\\_en](http://ec.europa.eu/growth/smes/business-friendly-environment/sme-definition_en))

- Where a supplier has grouped companies together under one company, the group company will be charged one membership fee only. However, the supplier should note that this will mean quarterly reporting and charges will be grouped together. Where suppliers would prefer to keep this separate for each company for payment and/or reporting purposes, it is advised that these companies are not grouped together.

## 2.3 Tonnage fee (can be reported in cubic metres)

### 2.3.1 Consultation feedback on tonnage fees

The consultation asked suppliers whether they agree with a fee based on volume of fuel sold, whether Self-Suppliers should pay a tonnage fee and the relative spread of fees across membership and tonnage fees.

- 67% of respondents agreed that there should be a fee based on amount of woodfuel sold (reported in tonnes or cubic metres); 18% neither agreed nor disagreed
- Most respondents agreed that Self-Suppliers should not pay a tonnage fee
- Overall, consultation feedback suggested that the preferred charging approach to membership and tonnage fees would be to adopt a lower membership fee and higher tonnage fee. The final fee structure has been designed to address this preference, with a lower membership fee for most supplier types and a tonnage fee of nine pence
- Suppliers will be able to report in cubic metres as well as tonnes, providing a more flexible and accurate means to report per fuel type; a conversion tool is being developed with our technical partners to ensure the charges are fair and proportionate for all fuel types, in line with consultation feedback
- Some consultation respondents raised concerns around a tonnage fee being applied more than once across the supply chain and the woodfuel cost implications on the end user. However following consideration,

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there is no substantive justification for applying the tonnage fee on one supplier type in the supply chain over another. Similarly, if the tonnage fee was levied on one supplier type only, the fee would have to be substantially higher to recover the same amount, therefore not addressing concerns that “double-counting” would result in higher cost to the end customer. As such the tonnage fee will be applicable to all commercial suppliers, i.e. all BSL suppliers except Self-Suppliers.

### 2.3.2 Tonnage fee details

The final tonnage fee is set out below.

<b>Tonnage fee description</b>	<b>Fee per tonne</b>
Self-Suppliers	nil
Producers, Producer-Traders and Traders	9 pence + VAT

**Table 6: Tonnage fee**

Details on the tonnage fees and what this means for suppliers are summarised below:

- Suppliers on the BSL (except Self-Suppliers) will pay a fixed fee per tonne of fuel sold. Depending on the fuel type, suppliers can provide the amount sold in either cubic metres or tonnes and where required, this will be converted in the system to tonnage. The conversions for this are in the process of being worked out with the BSL technical partners to ensure this calculation is fair for all fuel types
- The tonnage charges will be based on quarterly reporting figures provided by suppliers and will be invoiced quarterly, in arrears. The charges will be paid at the same time as the membership fee, although the membership fee will be paid in advance for the following quarter
- In case of audit, a supplier must demonstrate that the volumetric figures provided in the BSL portal matches invoices or RHI submissions

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### 2.3.3 Quarterly reporting

Of the suppliers that are required to quarterly report, the majority confirmed figures for reporting can be provided within one month of the end of the previous quarter.

- In keeping with current quarterly reporting arrangements, Producers, Producer-Traders and Traders will be requested to input their quarterly reporting figures from the first day following the end of the previous quarter, i.e. suppliers will be asked to provide quarterly reporting figures on 1 April covering the period 1 January to 31 March.
- Producers, Producer-Traders and Traders will all be reporting at the same time from January 2017 onwards. From 1 January, these suppliers will be asked to provide the volume of woodfuel sold in the previous quarter for all their fuels. This quarter may be longer than three months for some fuels as it will need to align all fuels to start reporting on the same date, i.e. moving from a reporting date that is based on each fuel's authorisation date to the following reporting periods:
  - 1 January to 31 March – report from 1 April
  - 1 April to 30 June – report from 1 July
  - 1 July to 30 September – report from 1 September
  - 1 October to 31 December – report from 1 January
- As Producers, Producer-Traders and Traders will not report their January to March 2017 figures until April, the tonnage fees will not be payable until April 2017. This is because the fee will be payable in arrears, i.e. based on tonnage sold in the previous quarter.

## 3. Payment method and timings

### 3.1.1 Payment timings

- Application fees will be paid upfront as part of the application process, once all the application information has been provided and before submission to the BSL Administrator to process
- Membership fees:
  - Self-Suppliers will pay annually upfront and will be required to pay their annual membership fee in January, covering the period January 1 – December 31 2017, and each January thereafter. Where a Self-Supplier registers after January, they will pay a pro-rated amount for the remaining months of the calendar year they will be registered, e.g. if a new supplier has their application authorised in July, they will be required to pay the membership fee for the period July to December, and will be required to pay the full annual amount for the following calendar year in January
  - Producers, Producer-Traders and Traders will be paying their membership fees quarterly at the same time as they pay their tonnage fees. The quarterly membership fee will be paid upfront; for example, in April, suppliers will be paying for their membership between April and July
- Tonnage fees:
  - Producers, Producer-Traders and Traders will be charged for the fuel they have sold in the previous quarter, based on their quarterly reporting figures. Tonnage fees will therefore be in arrears, for example the tonnage fee for fuel sold between January and March will need to be paid in April
  - Tonnage fees will be charged quarterly to ensure fees reflect the actual amount of fuel sold and is not an estimate of what is likely to be sold. This ensures a reconciliation exercise is not required.

Similarly, it was not considered viable for the scheme to charge the tonnage fee annually in arrears due to the higher risk of under recovery associated with this approach

### 3.1.2 Payment method

To keep running costs for the scheme at a minimum, PayPal will be used as the method for collecting payment on the BSL portal. Suppliers will be able to pay either through their PayPal account, which is easy to set up, or by using a debit or credit card.

Use of PayPal enables the BSL system to calculate how much money is owed by suppliers (including application fees, membership fees and tonnage fees), and automatically directs suppliers to the payment page. Receipts are automatically issued to suppliers and so there is no need to manually produce invoices, calculate fees and reconcile payments, as this will all be done automatically to keep scheme running costs to a minimum.

Under exceptional circumstances an alternative payment means may be made available; this may incur an administrative charge.

### 3.1.3 Payment records

The BSL portal will record all payments made by each supplier including information on:

- What the payment is for e.g. application fee, membership fee or tonnage fee
- Payment dates
- Payment values
- Any outstanding payments