

WP199 – Capacity Market Supplier Voluntary Payments Process

EMRS Working Practice

Public

Version: 1.0
Date: 11 April 2019



Table of Contents

1. Change Amendment Record	3
2. Introduction	4
2.1 Scope and Purpose	4
2.2 Main Users of this Document and Responsibilities	4
2.3 Associated Documents	4
3. Capacity Market Voluntary Supplier Arrangement	5
3.1 Voluntary Payments Overview	5
3.2 Treatment of Voluntary Payments	6
3.3 ESC Voluntary Supplier Arrangements Bank details	6
4. Interface and timetable information	7
4.1 Lodge Supplier Voluntary Payments	7
4.2 Check Supplier's Voluntary Payments	9
4.3 Request Refund for Supplier's Voluntary Payment	10
4.4 Requesting a Statement of Account for Voluntary Payments	12
5. Contact Information	13
6. Acronyms and Definitions	13
7. Appendix 1 – Example Lodge Supplier Voluntary Payment	14
8. Appendix 2 – Example Request for Refund	15

1. Change Amendment Record

Version	Date	Description
V1.0	11 April 2019	Go-live Version

2. Introduction

As a result of the judgment by the General Court of the Court of Justice of the European Union (EU) in the Tempus case on 15th November 2018 which annulled the EU Commission State aid approval for the Capacity Market (CM) scheme, the CM scheme entered a standstill period.

On 28 February 2019, following a consultation period¹, the Department for Business, Energy & Industrial Strategy (BEIS) published its response to the consultation. In its response, BEIS concluded that, on the basis it was possible that the Commission would approve deferred capacity payments, it was important to encourage Suppliers to make prudent provision for potential post-standstill Supplier Charges. The Electricity Settlements Company Limited (ESC) has therefore been asked to set up a facility to enable Suppliers to make voluntary payments towards any potential post-standstill Supplier Charge liability. A new interest-bearing bank account has been set up in order to hold any Voluntary Payments (VPs) Suppliers may wish to make. Should a Supplier wish to make VPs, the amounts must be based on the previously issued Provisional Schedule of Supplier Charges for October 2018 to April 2019 and / or the Revised Schedule of Supplier Charges for the remainder of the 2018/19 Delivery Year. This is known as the Voluntary Supplier Arrangement (VSA) mechanism.

EMRS (on behalf of ESC) will perform the steps required to facilitate and support the VSA mechanism.

2.1 Scope and Purpose

The purpose of this document is to provide clarity and transparency concerning tasks related to the VSA mechanism. In particular, this document provides information and guidance concerning actions required by Suppliers and EMRS related to the VSA, should a Supplier decide to participate in this mechanism.

2.2 Main Users of this Document and Responsibilities

Role	Responsibilities
Electricity Settlements Company (ESC)	Responsible for providing approval to EMRS to proceed with processing Supplier's requests under the VSA. Responsible for monitoring the performance of the VSA.
EMR Settlement Ltd (EMRS)	Responsible for receiving and processing Supplier's requests related to the VSA mechanism.
CM Suppliers for DY18/19 and DY19/20	Determine if they wish to participate in the VSA and make Voluntary Payments (and subsequently request any refunds) in compliance with this Working Practice

2.3 Associated Documents

This working practice should be read in conjunction with the following documents, but please note that it does not seek to replace them:

Document
Terms and Conditions (T&Cs) of the VSA mechanism ²

¹ From 19 of December to 10 of January 2019

² Terms and Conditions for the VSA can be found at: <https://www.lowcarboncontracts.uk/publications>

G4 – EMR Settlement Authorisations³

G15 – CM Supplier Payments⁴

The Electricity Capacity Regulations 2014 & The Electricity Capacity (Supplier Payment etc.) Regulations 2014, and all subsequent amendments⁵

The Electricity Capacity (No. 1) Regulations 2019

3. Capacity Market Voluntary Supplier Arrangement

3.1 Voluntary Payments Overview

Under the VSA, Suppliers can decide to make VPs at any time during the CM standstill period up until the Secretary of State issues the relevant trigger(s) to bring the CM standstill period to an end.

EMRS have issued a schedule of revised annual calculations of Supplier Charges for Delivery Year 2018/19 [EMR Circular 178](#) which, together with the provisional schedule of annual calculations of Supplier Charges for Delivery Year 2018/19, constitute the post-standstill payments for each Supplier under the new regulations⁶ for the 2018/19 Delivery Year. The revised schedule is based on actual data for period of High Demand⁷ in the Delivery Year. The provisional schedule of annual calculations of Supplier Charges for Delivery Year 2019/20 will be issued after the replacement T-1 auction.

Suppliers can decide to make VPs to ESC in amounts equal to or less than the amount specified in the Supplier's schedule of post-standstill payments for the relevant Delivery Year⁸. Any monies received from Suppliers into the new dedicated interest-bearing account, as per section 4.1, will be treated as a VP to be set-off against that Supplier's potential post-standstill payments. Payments must come from bank accounts registered as the Primary account with EMRS for their entity in line with the process stated in [WP21 – Supplier Registration](#). Please note that EMRS will carry out initial checks to verify the originating bank account used for lodging of VSA monies to ensure it is the Primary account already verified for the Supplier. In the event of mismatches, EMRS will subsequently notify ESC for further enquiries to be made.

In addition, EMRS will check Supplier's VPs received against their total potential post standstill payments for the standstill period for each Delivery Year and will refund any excess amount as per section 4.2.

Supplier credit cover is not required during the standstill period and does not form part of the VSA.

Finally, throughout the duration of the VSA, Suppliers can request EMRS to refund amounts paid into the VSA account at any time, although such requests cannot be actioned once the Secretary of State has issued a relevant trigger bringing the standstill period to an end⁹. Any refunds of amounts Suppliers have paid in will be repaid as soon as reasonably practicable, taking into account any applicable account checks. Interest will not be included in any refunds and will be held on account and distributed as set out in section 3.2 below. Please refer to VSA Terms and Conditions for full detail about the VPs.

³ <https://www.emrsettlement.co.uk/documentstore/guidance/g4-emr-settlement-authorisations.pdf>

⁴ <https://www.emrsettlement.co.uk/documentstore/guidance/g15-cm-supplier-payments.pdf>

⁵ Regulations can be found at <http://www.legislation.gov.uk/>

⁶ The Electricity Capacity (No. 1) Regulations 2019.

⁷ Period of High Demand is defined within The Electricity Capacity (Supplier Payment etc.) Regulations 2014 and means 4 p.m. to 7 p.m. on any working day in November, December, January or February.

⁸ See section 4.1 for more details.

⁹ See section 4.3 for more details.

3.2 Treatment of Voluntary Payments

In the event of State aid approval and a payment trigger event under the relevant regulations, EMRS will use any VPs held and accrued interest on VPs to offset any applicable post-standstill payments in accordance with the relevant regulations¹⁰.

In the event of no State aid approval and termination triggers events occurring, EMRS will refund to each Supplier an amount equivalent to that Supplier's VPs held plus any accrued interest. If a Supplier has been made insolvent during the intervening period since the payment was made, then the refund will be returned to the appointed administrator. EMRS will treat this process with urgency and complete it as soon as reasonably practicable.

3.3 ESC Voluntary Supplier Arrangements Bank details

Information	Information Details
Registered Company Name:	Electricity Settlements Company Ltd
Registered Address of Company:	Fleetbank House, 2-6 Salisbury Square, London, EC4Y 8JX
Company Registration Number	8961281
Company VAT Number	227 7014 21
Bank Details Bank Name: Address of Bank:	Royal Bank of Scotland Group 9th Floor, 280 Bishopsgate, London, EC2M 4RB
Name of Bank account: Bank Account number: Account Sort Code: IBAN number: Swift number: This bank account covers payments for Supplier CM charges including: - Voluntary Supplier Payments	ESC VSA account 10029893 60-70-80 GB79NWBK60708010029893 NWBKGB2L

¹⁰ The Electricity Capacity (No. 1) Regulations 2019, The Electricity Capacity (Supplier Payments etc.) Regulations 2014, The Electricity Capacity Regulations 2014, SI 2014/2043 (each as amended, extended or re-enacted from time to time).

4. Interface and timetable information

4.1 Lodge Supplier Voluntary Payments

Suppliers can lodge VPs at any point prior to the end of the standstill period, but they must ensure the amount does not exceed the total post standstill payments for a Delivery Year notified by EMRS to each Supplier.

Suppliers must ensure that the bank details used to lodge VPs are registered as the Primary account with EMRS for their entity in line with the process stated in [WP21 – Supplier Registration](#). However, if a Supplier intends to use different bank details for VPs, these must be in place in line with the process stated in [WP31 – Amending EMR Party Details](#) before lodging the VPs.

Table 1: Lodging Voluntary Payments

Ref	When	Action	From	To	Input Information Required	Method
4.1.1	As soon as possible after the 2019 Regulations come into force	Email each Supplier to notify it of the post standstill payments for DY18/19 to the Supplier Company email from donotreply@emrsettlement.co.uk	EMRS	Supplier	Supplier Registration Details	Email
4.1.2	Any point during the VSA period	Lodge electronic bank transfer and notify contact@emrsettlement.co.uk by using the template in Appendix 1	Supplier	EMRS	Bank details of Primary Account ESC bank details ¹¹ <ul style="list-style-type: none"> ○ Bank: Royal Bank of Scotland Group ○ Account Name: ESC VSA account ○ Acc. No: 10029893 ○ Sort Code: 60-70-80 	Bank transfer

¹¹ Suppliers may request an Official Vendor letter by emailing contact@emrsettlement.co.uk

Ref	When	Action	From	To	Input Information Required	Method
					<ul style="list-style-type: none"> ○ IBAN: GB79NWBK60708010029893 ○ SWIFT: NWBKGB2L Relevant Delivery Year	
4.1.3	Within 5 Working Day of 4.1.2	<p>Check VP bank account for money received and verify the originating bank account used is the same as the Primary account already verified for the Supplier.</p> <p>If so then, END PROCESS.</p> <p>Otherwise notify ESC for further enquiries to be made then notify Supplier with recommended actions from ESC.</p>	EMRS	-	As provided in 4.2.2 Bank details	Internal process

4.2 Check Supplier's Voluntary Payments

EMRS will check that the VPs held do not exceed the scheduled Delivery Year total post-standstill payments, as stated in the schedules of provisional and revised annual Supplier Charges calculations. Excess above the scheduled Delivery Year total post-standstill payments will be transferred to the Supplier's Primary account.

Table 2: Check Supplier's Voluntary Payments

Ref	When	Action	From	To	Input Information Required	Method
4.2.1	Upon receipt of Voluntary Payments	EMRS to review Supplier's VP account to check whether there is any excess amount to be returned to the Supplier If no excess, END PROCESS.	EMRS	-	VPs held (received less any refunded) Supplier's Provisional and Revised schedules of Supplier Charges for the standstill period	Internal process
4.2.2	Upon completion of 4.2.1	Submit refund request to ESC to return VP excess	EMRS	ESC	VP held Standstill Supplier Charges VP refund amount	Email
4.2.3	Upon completion of 4.2.2	Review VP excess request and confirm the refund payment date. If VP excess request is approved notify EMRS. If VP excess request is rejected notify EMRS of reasons for rejection.	ESC	EMRS	Authorised amount to refund or rejection reason	Email
4.2.4	Upon completion of 4.2.3	Transfer excess to Supplier's registered account and notify Supplier's Company Email. END PROCESS	EMRS	Supplier	Supplier's Registration Details Supplier's Bank details	Bank transfer

4.3 Request Refund for Supplier's Voluntary Payment

Suppliers can request a refund of all or part of their VPs at any point during the standstill period. The refund request must be submitted by an appropriate Authorised Contact for the organisation. In this case, it would be a Supplier's Primary, Finance or Operating Authority. The requested amount will be refunded to the Supplier's EMRS registered account¹² upon receipt of the request and processed as soon as reasonably practicable and subject to any relevant trigger event (which ends the standstill period) preventing a refund where the request has yet to be actioned.

Table 3: Returning Supplier Voluntary Payment amount

Ref	When	Action	From	To	Input Information Required	Method
4.3.1	Any point during the standstill period	Request return of VP to contact@emrsettlement.co.uk	Supplier	EMRS	VP amount to be refunded Supplier's Primary, Finance or Operating Authority ¹³ Bank details of Primary Account	Email
4.3.2	Upon completion of 4.3.1	Check to see if the Supplier has <ul style="list-style-type: none"> • Correct Authorised contact; and • Bank account is EMRS registered; • VPs held match or exceed the refund request amount 	EMRS	Supplier	Supplier's Registration Details Bank details of Primary Account VP held amount	CRM Case; Internal process
4.3.3	Upon completion of 4.3.2	Submit refund request to ESC to return VP	EMRS	ESC	VP held Supplier request email	Email

¹² The account provided on the Supplier Registration Form

¹³ See G4 – Authorisations for further information

Ref	When	Action	From	To	Input Information Required	Method
4.3.4	Upon completion of 4.3.3	Review VP refund request and refund payment date. If VP refund request is approved notify EMRS. Go to 4.4.5. If VP refund request is rejected notify EMRS of reasons for rejection. Go to 4.4.6.	ESC	EMRS	Authorised amount to refund or rejection reason	Email
4.3.5	Upon completion of 4.3.4	Notify Supplier that request has been approved and release VP refund to Supplier account. END PROCESS	EMRS	Supplier	Funds are returned to bank account specified on the EMRS Supplier Registration Form	Email Bank transfer; Internal process
4.3.6	Upon completion of 4.3.4	Notify Supplier that refund request has been rejected by ESC. END PROCESS	EMRS	Supplier	ESC reason for rejection	Email

4.4 Requesting a Statement of Account for Voluntary Payments

Suppliers can request a statement of account for their VPs at any point. The request must be submitted by an appropriate Authorised Contact for the organisation. In this case, it would be a Supplier's Primary, Finance or Operating Authority and Finance Contact.

Table 4: Requesting Statement of Account for Voluntary Payment

Ref	When	Action	From	To	Input Information Required	Method
4.4.1	Ad hoc	Email the request for Statement of Account for VPs to the contact@emrsettlement.co.uk	Supplier	EMRS	Supplier EMR Party ID; Supplier's Primary, Finance, Operating Authority and Finance Contact ¹⁴	Email
4.4.2	Within 5 Working Days of 4.4.1	Check to see if the Supplier's request is from an authorised contact. If Yes go to 4.4.3, if No go to 4.4.4.	EMRS	-	Supplier Registration Details	CRM Case
4.4.3	Within 5 Working Days of 4.4.1	Send the Statement of Account for VPs to the Requestor. END PROCESS	EMRS	Supplier	Supplier's Statement of Account for VPs	Email
4.4.4	Within 5 Working Days of 4.4.1	Notify Supplier that request has been rejected because the person sending request was not an Authorised contact. END PROCESS	EMRS	Supplier		Email

¹⁴See G4 – Authorisations for further information

5. Contact Information

For all demand forecasting queries please contact:

Contact Organisation	Contact
EMR Settlement Ltd (Settlement Services Provider)	Telephone: 020 7380 4333 Email: contact@emrsettlement.co.uk

6. Acronyms and Definitions

A full list of acronyms and definitions included within this document can be found on the EMRS website¹⁵.

¹⁵ The acronyms and definitions document can be found in the useful links section on the publication pages on the EMRS website: <https://emrsettlement.co.uk/publications/>

7. Appendix 1 – Example Lodge Supplier Voluntary Payment

The below must be submitted by an appropriate Authorised Contact for the organisation¹⁶. In this case, it would be a Finance Authority or Primary Party Authority registered under the organisation's Supplier role. This template should be sent to contact@emrsettlement.co.uk.

Please lodge supplier *CM Pre-standstill Supplier Charges* **or** *Supplier Voluntary Payment* (delete as appropriate) for

- EMR Party ID: [*EMR Party ID*]
- Amount to pay in: [*£0.00*]
- Payment Bank Details:
 - Bank Name:
 - Account Name:
 - Acc. No.:
 - Sort Code:
 - IBAN: (if international account)
 - SWIFT: (if international account)
- Relevant Delivery Year

¹⁶ Further details can be found in EMRS Guidance G4 – 'EMR Settlement Authorisations'
<https://emrsettlement.co.uk/publications/guidance>

8. Appendix 2 – Example Request for Refund

The below must be submitted by an appropriate Authorised Contact for the organisation¹⁷. In this case, it would be a Finance Authority or Primary Party Authority registered under the organisation's Supplier role. This template should be sent to contact@emrsettlement.co.uk.

Please return supplier *CM Pre-standstill Supplier Charges* **or** *Supplier Voluntary Payment* (delete as appropriate) for

- EMR Party ID: [*EMR Party ID*]
- Amount to refund: [*£0.00*]
- Primary Payment Bank Details:
 - Bank Name:
 - Account Name:
 - Acc. No.:
 - Sort Code:
 - IBAN: (if international account)
 - SWIFT: (if international account)
- Relevant Delivery Year

¹⁷ Further details can be found in EMRS Guidance G4 – 'EMR Settlement Authorisations'
<https://emrsettlement.co.uk/publications/guidance>



EMR
SETTLEMENT
LIMITED

