

CIRCULAR

TYPE & NUMBER EMR Circular 219

Date 28 July 2020

Purpose For information

Suppliers to receive Capacity Market Credit Cover and Supplier Charge schedule for the upcoming Delivery Year

EMRS, on behalf of [Electricity Settlements Company](#) (ESC), will be issuing to **Suppliers** a schedule of their monthly Capacity Market Credit Cover requirements and Supplier Charge for the upcoming 2020/21 Delivery Year on 31 July 2020.

The schedule contains the following:

- A Supplier's Credit Cover requirements;
- Monthly deadlines for provision of Credit Cover; and
- A Supplier's monthly Supplier Charges.

This circular includes the following:

- How Credit Cover and the Supplier Charge are calculated;
- Key dates you need to be aware of for Credit Cover and the Supplier Charge; and
- What is included in the 2020/21 Delivery Year?

Who does this impact?

This impacts **Suppliers** who submitted a non-zero Demand Forecast¹ to EMRS between May and June 2020.

How are my Credit Cover requirements and Supplier Charges calculated?

Suppliers are obligated² to pay a monthly Supplier Charge to cover the costs of Capacity Provider payments for a Delivery Year. The total Supplier Charges for a Delivery Year are equal to the total cost of Capacity Provider payments for a Delivery Year. The total cost of Capacity Provider payments are apportioned across Suppliers by their share of the total Gross Demand for the Periods of High Demand³ within a Delivery Year.

Suppliers needed to provide a forecast of their relevant Gross Demand to EMRS by 1 June 2020. These forecasts are used to calculate the Supplier Charge and Credit Cover requirements for the 2020/21 Delivery Year. A Supplier's minimum Credit Cover requirement in respect of a month is 110% of their monthly Supplier Charge.

Payments are initially based on forecasted metered data; these will be revised once actual data is received for the Periods of High Demand. An updated schedule will be sent to all Suppliers in March 2021, with updated amounts applying from May 2021.

[G15 - CM Supplier Payments](#) provides further information on how Supplier Charges are calculated. Unlike the Settlement Costs Levy, the Supplier Charge and Credit Cover requirements will vary from

¹ [EMRC208: Supplier CM Demand Forecast 2020-21](#)

² The Electricity Capacity (Supplier Payment etc.) Regulations 2014

³ Period of High Demand means 4 p.m. to 7 p.m. on any working day in November, December, January or February. Please see our [Acronyms and Definitions](#) document for more defined terms.

CIRCULAR

month to month as a monthly weighting factor is applied. As a result, Supplier Charges and Credit Cover requirements will be higher over winter months compared to the summer months.

The weighting factors will be published on the [Settlement Data](#) webpage in the [Key Payment Figures 2020/21](#) on our website following the issue of the Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements.

How do I lodge Credit Cover?

Credit Cover can be accepted as either cash or Letter of Credit or a combination of the two. Please note, in order for Credit Cover to be considered to be lodged, the cash amount must have been received in the relevant bank account or a valid Letter of Credit must have been received by EMRS. When lodging a Letter of Credit by SWIFT message please email a copy of the message to contact@emrsettlement.co.uk.

[WP45 – Supplier CM Credit Cover](#) details the process for lodging Credit Cover including the Letter of Credit templates and bank details. [G14 – Supplier CM Credit Cover](#) provides further guidance on CM Credit Cover. Should you wish to make changes to the wording of the Letter of Credit then these changes should be authorised by EMRS before submitting to our bankers. Unauthorised changes will be rejected.

What are the key dates I need to be aware of?

Activities	Date
EMRS issues Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements	31 July 2020
Suppliers' first deadline to lodge Credit Cover ⁴ for October 2020	5:00 p.m. on 15 September 2020
EMRS invoices Suppliers for October's Supplier Charge	1 October 2020
EMRS issues revised Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements	31 March 2021
Suppliers' first deadline to lodge Credit Cover based on revised requirements for May 2020	5:00 p.m. on 15 April 2021
Suppliers to be invoiced for May's Supplier Charge based on the revised schedule	4 May 2021

What is included in 2020/21 Delivery Year?

This upcoming 2020/21 Delivery Year includes capacity from the following Auctions:

- [Final Auction Results - T-4 Capacity Market Auction for 2020/21](#)
- [Final Auction Results - T-1 Capacity Market Auction for 2020/21](#)
- [Final Auction Results - T-4 Capacity Market Auction 2014](#)

⁴ Suppliers are required to lodge Credit Cover by no later than 12 Working Days before the start of a month within a Delivery Year.

CIRCULAR

- [Final Auction Results - T-4 Capacity Market Auction 2015](#)

This table shows the Clearing Prices awarded at Auction and for the T-4 Auctions, the Clearing Price has been adjusted for UK Consumer Prices Index (CPI). This information can also be located on the [Settlement Data](#) webpage.

Auction	Clearing Price	Adjusted Capacity Cleared Price
T-4 (2016)	£22,500.00 MW	£24,381.968 MW
T-1	£1,000.00 MW	N/A
T-4 (2014)	£19,400.00 MW	£21,561.238 MW
T-4 (2015)	£18,000.00 MW	£19,550.214 MW

Once the schedules have been produced and issued to Suppliers we'll confirm the Total Capacity Provider Payments for 2020/21 Delivery Year. We'll look to capture this within the [Key Payment Figures 2020/21](#) on our website.

Suppliers can monitor the [Capacity Market Registers](#) for the above Auctions and these are available on the [Delivery Body website](#) to monitor any changes that might impact the Total Capacity Provider Payments.

More information

If you have any further questions about this circular, please email contact@emrsettlement.co.uk or call 020 7380 4333.