

# CIRCULAR

**TYPE & NUMBER** EMR Circular 233

**Date** 29 July 2021

**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 2021/22 Delivery Year this week. 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 impacts **Suppliers** who submitted a non-zero Demand Forecast to EMRS between May and June 2021.

This circular includes the following:

- When do I need to have my Credit Cover in place?
- How do I lodge Credit Cover?
- How do I request the return of Credit Cover?
- What is included in 2021/22 Delivery Year?
- How is my Credit Cover requirements and Supplier Charges calculated?
- What are the key dates I need to know?

### When do I need to have my Credit Cover in place?

Suppliers are required to lodge Credit Cover by no later than 12 Working Days before the start of a month within a Delivery Year. Suppliers' first deadline to lodge Credit Cover for October 2021 is by 5:00 p.m. on **15 September 2021**.

### How do I lodge Credit Cover?

Credit Cover is accepted as either cash, via a Letter of Credit or a combination of the two. Please note, in order for Credit Cover to be considered as 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 the [Service Desk](#).

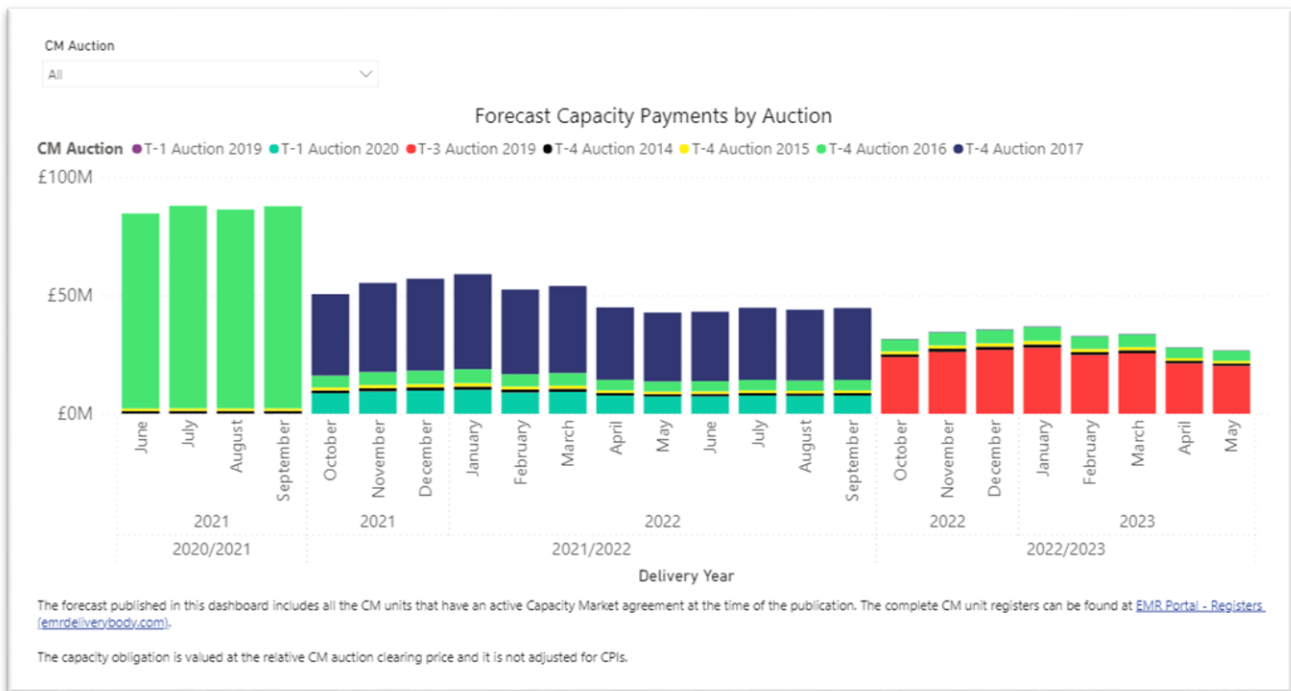
[WP45 – Supplier CM Credit Cover](#) details the process for lodging Credit Cover including the Letter of Credit templates and bank details. [G14 – Supplier CM Credit Cover](#) provides further guidance on CM Credit Cover. Should you wish to make changes to the wording of the Letter of Credit then these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

### How do I request the return of Credit Cover?

Suppliers can request a return of their Credit Cover at any point in time. Credit Cover can be released subject to; the Supplier holding excess Credit Cover and not having any outstanding obligations that affect it, or when the Supplier has provided replacement Credit Cover. The steps to follow are outlined in section 5.6 of [WP45 – Supplier CM Credit Cover](#). In the first instance, please do email the [Service Desk](#) to request the return of Credit Cover as the steps differ slightly for cash or Letter of Credit.

## What is included in 2021/22 Delivery Year?

The [CM Forecast Dashboard](#) illustrates the Forecast Capacity Payments by Auction for the 2021/22 Delivery Year.



Once the Delivery Year commences you will be able to view the [Historical Dashboard](#), which includes the historical Auction Capacity, payments, details of suspended and non-suspended capacity and the numbers of CMUs. Also, Suppliers can monitor the [Capacity Market Registers](#) against the applicable Auctions available on the [Delivery Body](#) website to monitor any changes that might impact the Total Capacity Provider Payments.

The Capacity Cleared Price (CCP) is adjusted for UK Consumer Prices Index (CPI) for **T-4 Auctions only** and this information is available on the [Settlement Data](#) webpage. Select the Capacity Cleared Price (CCP) is adjusted for UK Consumer Prices Index (CPI) dropdown to view this information.

Once the schedules are issued to Suppliers, we will confirm the Total Capacity Provider Payments for 2021/22 Delivery Year and this will be published within the [Key Payment Figures 2021/22](#) available on the [Settlement Data](#) webpage.

## How is my Credit Cover requirements and Supplier Charges calculated?

Suppliers are obligated<sup>1</sup> 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 Demand<sup>2</sup> within a Delivery Year.

Suppliers needed to provide a forecast of their relevant Gross Demand to EMRS by 1 June 2021. These forecasts are used to calculate the Supplier Charge and Credit Cover requirements for the 2021/22 Delivery Year. A Supplier's minimum Credit Cover requirement in respect of a month is 110% of their monthly Supplier Charge.

<sup>1</sup> The Electricity Capacity (Supplier Payment etc.) Regulations 2014

<sup>2</sup> 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.

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Payments are based on forecasted metered data; these will be revised once actual data is received for the Periods of High Demand. An updated schedule is sent to all Suppliers in March 2022, with updated amounts applying from May 2022.

[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 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 2021/22](#) on our website following the issue of the Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements.

## What are the key dates I need to know?

Activities	Date
EMRS issues Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements	<b>w/c 2 August 2021</b>
Suppliers' first deadline to lodge Credit Cover <sup>3</sup> for October 2021	<b>5:00 p.m. on 15 September 2021</b>
EMRS invoices Suppliers for October's Supplier Charge	<b>1 October 2021</b>
EMRS issues revised Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements	<b>31 March 2022</b>
Suppliers' first deadline to lodge Credit Cover based on revised requirements for May 2022	<b>5:00 p.m. on 12 April 2022</b>
Suppliers to be invoiced for May's Supplier Charge based on the revised schedule	<b>3 May 2022</b>

## More information

If you have any further questions about this circular, please email [contact@emrsettlement.co.uk](mailto:contact@emrsettlement.co.uk) or call 020 7380 4333.

<sup>3</sup> Suppliers are required to lodge Credit Cover by no later than 12 Working Days before the start of a month within a Delivery Year.