

G12 – Supplier Capacity Market Demand Forecast

Public

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Change Amendment Record

Version	Date	Description
1.0	3 May 2016	Go-Live Version
2.0	4 August 2017	Document transfer into new template
3.0	1 March 2018	Capacity Market Supplier Charging using Gross Demand data
4.0	16 May 2018	Capacity Market Supplier Charging using Gross Demand data
5.0	1 June 2018	Minor grammatical updates
6.0	4 September 2019	Annual Review
7.0	10 December 2020	Update following the Revised Supplier Schedule amendments & Annual Review
8.0	4 March 2021	Updated to reflect improved Demand Forecast process
9.0	12 May 2021	Correction to section 8 to clarify Gross Demand
10.0	14 October 2022	Annual Review
11.0	28 March 2024	Updates for CM EII changes
12.0	18 April 2024	Annual Review
13.0	16 May 2025	Annual Review and Updates to reflect new LCCC and EMRS visual identities
14.0	6 August 2025	Housekeeping changes
15.0	28 May 2026	Annual Review

1. Introduction

All Suppliers are required to provide a forecast of their Chargeable Demand (this being Gross Demand¹ - Energy Intensive Industries (EII) for the Period of High Demand² (Peak Period)) within a Delivery Year by 1 June prior to that Delivery Year³. This guidance note will provide Suppliers with information on how to complete the forecast template and the process checks EMRS carries out on submitted forecasts.

2. Purpose

The purpose of this document is to answer the following questions:

- How is the Capacity Market Supplier Charge and Credit Cover requirements calculated?
- What process checks does EMRS carry out on forecasts?
- What is included in the forecast template?
- What format should a forecast be in?
- Do I need to submit a forecast if I am not yet an active Supplier?
- What happens if I do not submit a forecast?
- When will my Capacity Market Supplier Charge and Credit Cover requirements be based on actual metered data?
- When are the Capacity Market Supplier Charges reconciled?

3. Who is this document for?

This guidance is relevant for all Suppliers.

4. Associated Documents

This document should be read in conjunction with:

- WP5 – Supplier Capacity Market Demand Forecast⁴

5. How is the Capacity Market Supplier Charge and Credit Cover requirements calculated?

Note: Market Share was previously based on Gross demand for the Periods of High Demand, 4pm - 7pm on working days from November to February. Since **Delivery Year 24/25**, Market Share has been based on Chargeable Demand (Gross Demand minus any exempt demands) for the Periods of High Demand, 4pm – 7pm on working days from November to February. Previous Delivery Years will remain using Gross Demand.

The Capacity Market Supplier Charge is used to pay Capacity Providers for a Delivery Year. A Supplier's monthly charge is calculated by multiplying the total annual Capacity Provider payments for a Delivery Year by Supplier's Chargeable Demand for the Peak Period and the monthly weighting factor⁵. This is then divided by the Total Demand for all Suppliers for the Peak Period.



¹ Gross Demand is defined within The Electricity Capacity (Amendment) Regulations 2017 - https://www.legislation.gov.uk/uksi/2017/1053/pdfs/uksi_20171053_en.pdf

² 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.

³ The Electricity Capacity (Supplier Payment etc.) Regulations 2014 (<http://www.legislation.gov.uk/uksi/2014/3354/contents/made>)

⁴ <https://www.emrsettlement.co.uk/publications/working-practices/>

⁵ The monthly weighting factor profiles payment during the year.

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A Supplier's Chargeable Demand and the Total Chargeable Demand of all Suppliers are initially based on forecasted data provided by each Supplier. These values are amended once metered data is available.

Each Supplier must provide a level of Credit Cover for each month during the Delivery Year. The amount of Credit Cover is 110% of the monthly Capacity Market Supplier Charge. EMRS will calculate the amount required using the forecasted demand provided by Suppliers and will issue a schedule to each Supplier. This will be revised (for the months May – September) once actual metered data is received for the Peak Period, at which point Suppliers will be issued a revised schedule of the Supplier Charge and Credit Cover requirements. The revised schedule also illustrates what these charges would have been for the previous months (October – April) in the current Delivery Year based on the actual data now received.⁶

6. What process checks does EMRS carry out on forecasts?

A forecast that is not fair or reasonable could unduly affect other Suppliers' Supplier Capacity Market Charge. It is therefore important that Suppliers provide their forecast accurately and timely.

EMRS will carry out process checks on all submitted forecasts and seek clarification from a Supplier when a forecast falls outside a set tolerance. The aim of this is give Suppliers assurance that other Suppliers are submitting forecasts that are fair and reasonable.

EMRS will check that the forecast has been submitted in the correct format (see section 8). The percentage change between the submitted forecast and the Supplier's metered Chargeable Demand for the Peak Period from the previous year and changes in the Supplier's share of the total chargeable demand for the Peak Period will be checked.⁷

Clarification will be sought when:

- A Supplier's forecast is greater than the tolerance level set for change in Chargeable Demand from the previous year; and
- Tolerance set for the change in a Supplier's share of the total Chargeable Demand.

The following tolerance levels will be used before seeking further clarification from a Supplier.

Percentage Change in Supplier's Chargeable Demand for the Peak Period from Previous Year	Percentage Change in a Supplier's share of Total Demand for all Suppliers for the Peak Period
8%	0.5%

The tolerance levels have been set at a level where they provide a sense check of a forecast but they are not meant to constitute approval of a forecast. The tolerance levels will be reviewed annually prior to the demand forecast request being issued to ensure they remain appropriate.

7. What is included in the forecast template?

EMRS will issue a forecast template (see Appendix 1) to Suppliers who have active aggregation rules for the upcoming peak period, in advance of the submission deadline. The template will include the Previous and Current Peak Period Chargeable Demand⁸. To assist the Supplier with providing their forecast the forecast demand for the upcoming peak period demand will be pre-populated using the following logic:

- a) $(\text{Sum of current total peak demand} / \text{sum of previous total peak demand}) = \text{total percentage difference}$
- b) $\text{Monthly sum current demand} * \text{total percentage difference} = \text{monthly forecast demand}$

⁶ For the previous months (October – April), the differences of Supplier Charge between the Provisional and the Revised Supplier Schedules will be reconciled. For the future months (May - September), the Revised Supplier Charge will be invoiced as per Monthly Supplier Invoice.

⁷ N.B. From Delivery Year 24/25 the methodology for demand is changing from the use of Gross Demands to the use of Chargeable Demand (gross demand – minus any exempted demands).

⁸ **Previous Peak Period Chargeable Demand** is the months between November to February from the previous delivery year. This would be the winter period 18 months before the forecast is generated. **Current Peak Period Chargeable Demand** is the months between November to February from the current delivery year. This would be the winter period six months before the forecast is generated.

8. What format should a forecast be in?

A Supplier's forecast should cover the Peak Period, which is 4pm and 7pm on working days only between November and February. As the forecast will be used for Capacity Market charging⁹, it should be Chargeable Demand which is adjusted for distribution and transmission losses.

The forecast should be:

- In Megawatt hour (MWh);
- up to three decimal places; and
- provided for November, December, January and February.

Suppliers must use the forecast template provided to them. If this is not possible, the Supplier should contact the EMRS Service Desk. Forecasts should be sent to EMRS Service Desk (contact@emrsettlement.co.uk). EMRS will accept a forecast from any contact from within a Supplier.

9. Do I need to submit a forecast if I am not yet an active Supplier?

A Supplier should submit a forecast if they believe they will have Chargeable Demand within the Peak Period for a Delivery Year. If a Supplier believes they will not have Chargeable Demand for the Peak Period, they should submit a zero forecast and explain why in the commentary.

10. How many forecasts do I need to submit?

A forecast should be submitted for each legal entity (i.e., each EMR Party ID. For a Supplier, the EMR Party ID is the same as its BSC Party ID).

11. What happens if I do not submit a forecast?

EMRS will report to the Electricity Settlement Company (ESC), Suppliers who:

- do not submit a forecast by 1 June;
- do not respond to an EMRS clarification request on their forecasts; or
- EMRS believes will unfairly affect other Suppliers' Supplier Capacity Market Charge

In the event any of the above take place, EMRS will process a Supplier Demand Forecast using the pre-populated values in the forecast template outlined in section 7.

12. When will my Capacity Market Supplier Charge and Credit Cover requirements be based on actual metered data?

A Supplier's invoiced amounts and Credit Cover requirements for October to April inclusive will be based on their forecasted demand. This is due to EMRS not receiving the SF data for all of the Peak Period until the 16th working day of March.

Credit Cover for April is required to be lodged by no later than 12 working days before the commencement of the month. This is likely to be before EMRS will receive SF data. Therefore April's invoices and Credit Cover requirement will be based on forecasted demand.

The first month a Supplier's Capacity Market Supplier Charge will be calculated using metered data will be May.

⁹ For more information, please see G2 – Calculation of Supplier Demand for EMR Charging available on the <https://www.emrsettlement.co.uk/publications/guidance/>.

13. When are the Capacity Market Supplier Charges reconciled?

The monthly Capacity Market Supplier Charge is reconciled on three set occasions: no later than 90, 160 and 295 working days after the month in question. It is reconciled annually as well, no later than 90, 160 and 295 working days after the end of the Delivery Year. EMRS will publish a reconciliation calendar before the start of a Delivery Year.

14. Need more information?

For more information, please visit our website (<http://www.emrsettlement.co.uk>) or email us at contact@emrsettlement.co.uk.

15. Acronyms and Definitions

A list of acronyms and definitions can be found in the Glossary on our website¹⁰.

¹⁰ <https://www.emrsettlement.co.uk/glossary/>

16. Appendix 1 – Template detailing the Supplier forecasted demand

Forecast demand should be in MWh and up to three decimal places. Please submit zero if there is no demand.

Supplier Demand Forecast			
Party ID	Delivery Year	Delivery Month	Demand (MWh)
Party1	2018-2019	November	111.123
Party1	2018-2019	December	112.123
Party1	2018-2019	January	113.123
Party1	2018-2019	February	114.123
Party1	2019-2020	November	111.123
Party1	2019-2020	December	112.123
Party1	2019-2020	January	113.123
Party1	2019-2020	February	114.123
Party1	2020-2021	November	111.123
Party1	2020-2021	December	112.123
Party1	2020-2021	January	113.123
Party1	2020-2021	February	114.123