

WP5 – Supplier Capacity Market Demand Forecast

EMRS Working Practice

Public

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Change Amendment Record

Version	Date	Description
1.0	3 May 2016	Go-Live Version
2.0	5 May 2016	Updated website link in footnote 5
3.0	17 May 2016	Updated reference 4.1.5
4.0	4 August 2017	Template transfer and cosmetic changes Appendix 2 amendment
5.0	1 March 2018	Capacity Market Supplier Charging using Gross Demand data
6.0	20 April 2018	Format Updates
7.0	19 August 2019	Annual Review

1. Introduction

Under the Capacity Market (CM), Suppliers are obligated to pay a monthly CM Supplier Charge to cover the costs of Capacity Provider payments, where they have made a Supply during the Peak Period¹. This charge is apportioned across Suppliers by their share of the total Gross Demand² for the Peak Period within a Delivery Year. As payments start before actual metered data is available, the charge is provisionally calculated using a demand forecast provided by Suppliers. The forecast is replaced by metered data once it is available for the whole Peak Demand period. The forecasted demand is also used to calculate a Supplier’s CM Credit Cover requirements.

1.1 Scope and Purpose

The purpose of this document is to provide an overview of how Suppliers provide their forecasted demand to EMR Settlement Ltd (EMRS), on behalf of the Electricity Settlements Company (ESC), associated timescales and how EMRS process forecasts, calculate and process the Capacity Market Supplier Charge. It also covers the provision of the Supplier Credit Cover schedule.

1.2 Main Users of this Document and Responsibilities

This table summarises the roles and responsibilities of those parties involved, with respect to this process only.

Role	Responsibilities
Supplier	Required to submit their forecast of Gross Demand for the Period of High Demand (Peak Period) to EMRS, on behalf of the Electricity Settlements Company (ESC)
Electricity Settlements Company (ESC)	Collects payments from Suppliers to secure funds for Capacity Provider Payments
EMR Settlement Ltd (EMRS)	Responsible for receiving and using the forecast of Gross Demand for the Peak Period from Suppliers for calculating and invoicing the Capacity Market Supplier Charge and Credit Cover on behalf of the ESC

1.3 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
The Electricity Capacity (Supplier Payments etc.) Regulations 2014, and all subsequent amendments ³
Electricity Capacity Regulations 2014, and all subsequent amendments ⁴
G2 – Calculation of Supplier Demand for EMR Charging ⁵
G12 – Supplier Capacity Market Demand Forecast

¹ Period of High Demand (Peak Period) 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.

² Gross Demand is defined within The Electricity Capacity (Supplier Payment etc.) Regulations 2014

³ Regulations can be found at <http://www.legislation.gov.uk/>

⁴ Regulations can be found at <http://www.legislation.gov.uk/>

⁵ To find out more about the calculation of Supplier Demand please refer to page 8 of Guidance Document 2 <https://www.emrsettlement.co.uk/publications/guidance/>

2. Supplier Capacity Market Forecast and Credit Cover

2.1 Provision of the Supplier Demand Forecast

The demand forecast is used in the calculation of the provisional Capacity Market Supplier Charge to ensure the charges are apportioned across all Suppliers, according to their share of total Gross Demand for the Peak Period.

Suppliers are obligated to provide their forecast of Gross Demand for the Peak Period to EMRS no later than 1 June prior to the Delivery Year to which the forecasted demand relates. If 1 June falls on a non-working day then the forecast should be submitted by no later than the working day prior to this.

For example, on 1 June 2018, Suppliers must provide a forecast of their Gross Demand during the Peak Period for the 2018/2019 Delivery Year, which runs from 1 October 2018 to 30 September 2019.

2.2 Forecast Period

The forecasted demand should cover the Peak Period which is between 4pm to 7pm on Working Days, from the start of November through to the end of February. Where February has 29 days, due to a leap year, all 29 days should be included in the forecast.

2.3 Forecast Template

EMRS will send a Supplier, who had demand in the Peak Period for the previous year, a forecast template (see Appendix 1) prior to the submission deadline. The template will include a Supplier's Gross Demand for the Peak Period for the year preceding the one a Supplier is forecasting demand for.

2.4 Processing a Demand Forecast

EMRS will check that the forecast is in the correct format (forecast demand should be in MWh and up to three decimal places). The percentage change between the submitted forecast and a Supplier's Gross Demand from the previous year and changes in a Supplier's share of the total peak demand will also be checked. EMRS will seek clarification from a Supplier if there is a significant difference.

If a Supplier fails to submit a forecast or submits a forecast that EMRS deems will unfairly affect other Suppliers' Supplier Capacity Market Charge then EMRS may choose to escalate this to ESC.

2.5 Capacity Market Supplier Charge

EMRS (on behalf of ESC) calculates each Supplier's market share by dividing the individual forecasted demand by the total demand for all Suppliers.

This value is then used to determine each Supplier's annual supplier charge by multiplying the market share by the total amount of capacity payments due to the Capacity Providers for the Delivery Year. Once the annual charge is calculated, the weighting factor⁶ is applied to calculate the monthly Capacity Market Supplier Charge.

Prior to the start of the Delivery Year (no later than 1 August) EMRS will send a schedule to all Suppliers detailing the dates and amounts for each month of the Delivery Year, required to be paid.

⁶ To find out more about weighting factors, refer to Schedule 1 2(1) Electricity Capacity Regulations 2014

Invoices will be sent on the first Working Day of every month in accordance with the EMR Settlement Calendar⁷.

A Supplier's monthly Capacity Market Supplier Charge schedule will be revised once actual metered data for the high demand (Peak Period) period is received. An updated schedule will be issued following this revision. Capacity Market Supplier Charge payments undergo a reconciliation process, which is further detailed in WP1 – Overview of EMR Settlement⁸.

2.6 Credit Cover Requirements

Each Supplier must provide a level of Credit Cover for each month during the delivery year.

EMRS will calculate the amount required, using the forecasted demand provided by Suppliers and will issue a schedule to each Supplier along with the supplier charge schedule. The amount of Credit Cover is 110% of the monthly Capacity Market Supplier Charge.

This too will be revised, once actual metered volume is received for the whole period of Peak Demand, and an amended schedule will be re-issued.

⁷ EMRS Settlement Calendar can be found at <https://www.emrsettlement.co.uk/publications/settlement-data/>

⁸ <https://www.emrsettlement.co.uk/documentstore/workingpractice/wp1-overview-emr-settlement.pdf>

3. Interface and Timetable Information

3.1 Provide Supplier Demand Forecast

Ref	When	Action	From	To	Input Information Required	Method
3.1.1	By no later than first working day in May	Send forecast template ⁹	EMRS	Supplier	Appendix 1 – Forecast template	Email
3.1.2	By no later than 1 June	Send forecast of Gross Demand for the Peak Period in the upcoming Delivery Year	Supplier	EMRS	As received in 3.1.1	Email to contact@emrsettlement.co.uk
3.1.3	Following 3.1.2	Monitor for receipt of and check each Supplier's forecasted demand against criteria	EMRS	-	As submitted in 3.1.2	Internal Process
3.1.4	Following 3.1.3 and 5 working days after 1 June	Send acknowledgement and outcome of process checks	EMRS	Supplier		Email
3.1.5	Following 3.1.4 and within 5 working days	Confirm forecast is correct or send amended forecast	Supplier	EMRS		Email to contact@emrsettlement.co.uk
3.1.6	Following 3.1.5 and within 5 working days	Send acknowledgement or notification of escalation. Supplier will be notified in both instances	EMRS	Supplier ESC	As received in 3.1.5	Email
3.1.7	By no later than 3 months before the start of a Delivery Year	Determine weighting factors to 3 decimal places to be used to calculate the monthly supplier charge	EMRS	-	Outturn data from the Capacity Market Register	Internal Process

⁹ Template will be sent to Company Email Addresses and Operating Authority.

Ref	When	Action	From	To	Input Information Required	Method
3.1.8	At the same time as 3.1.7	Determine Annual Capacity payment	EMRS	-	Capacity Market auction results	Internal Process
3.1.9	Following 3.1.8, and by no later than 3 months before the start of a Delivery Year	Calculate, for each Supplier, the provisional; <ul style="list-style-type: none"> • Supplier market share • Total Capacity Market Supplier Charge • Monthly Capacity Market Supplier Charge 	EMRS	-	As submitted in 3.1.2 or 3.1.5 Weighting Factor Annual Capacity Payment	Internal Process
3.1.10	Following 3.1.9 and by no later than 2 months before the start of the Delivery Year	Calculate the monthly Credit Cover requirement for each Supplier based on the forecasted demand	EMRS	-	Monthly Capacity Market Supplier Charges	Internal Process
3.1.11	At the same time as 3.1.10	Issue schedule of provisional monthly Capacity Market Supplier Charges and Supplier Credit Cover requirements	EMRS	Suppliers	Appendix 2 - Schedule of Monthly Supplier Charges and Credit Cover Requirements	Email
3.1.12	On the first working day of each month during a Delivery Year	Issue invoice for Capacity Market Supplier Charge END PROCESS	EMRS	Suppliers		Email

4. Contact Information

For all demand forecasting queries please contact:

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

5. Acronyms and Definitions

A full list of acronyms and definitions included within this document can be found on the EMRS website¹⁰.

¹⁰ 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/>

6. Appendix 1 – Supplier Capacity Market Demand Forecast Template

Please submit with a file heading of [Party Id] _YYYYMMDD. Forecast demand should be in MWh and up to three decimal places. *Please submit zero if there is no demand.

Party ID: PARTYID		Peak Demand = 4pm to 7pm Working Days Only between November and February	
Peak Month	Forecast Peak Demand 2016/2017 (MWh)	Actual Peak Demand 2015/2016 (MWh)	Actual Peak Demand 2014/2015 (MWh)
November	-	2345.678	1234.567
December		2345.678	1234.567
January		2345.678	1234.567
February		2345.678	1234.567
Total		9,382.712	6,564.000
Year on year % change	-100.00%	42.9%	

Year	2016/2017	2015/2016	2014/2015
Total Peak Demand (MWh)	10,937,342.725 ¹¹	10,937,342.725	11,268,404.401
Your share of Total Peak Demand (MWh)	0.00%	-0.09%	0.06%
Change Between Consecutive Years	-0.09%	0.03%	

¹¹ It is assumed that there are no underlying changes to the Total Peak Demand for 2016/2017 compared to the previous year. This figure is provided only for guidance.

7. Appendix 2 – Notice of Monthly Credit Cover and Supplier Charges

[DD MMMM YYYY]

Dear Supplier,

Notice of the Monthly Credit Cover requirements and Supplier Charges for [20XX - XX] for EMR Party ID [xxxxxx]

We, EMR Settlement Limited ("EMRS"), the Settlement Service Provider for Electricity Settlements Company Ltd ("ESC"), are writing to you on behalf of ESC to give you notice of your monthly Credit Cover requirement^a and Supplier Charges for the upcoming Delivery Year.

You must lodge enough Credit Cover no later than 12 working days^b before the start of the month to meet your monthly Credit Cover requirement for each month of the Delivery Year. The amount of Credit Cover is 110% of the monthly Capacity Market Supplier Charge, shown below.

Delivery Year – month	Supplier Charge (£)	Credit Cover requirement (£)	Deadline for provision of Credit Cover ^b
October	<£0.00>	<£0.00>	<DD MMMM YYYY>
November	<£0.00>	<£0.00>	<date>
December	<£0.00>	<£0.00>	<date>
January	<£0.00>	<£0.00>	<date>
February	<£0.00>	<£0.00>	<date>
March	<£0.00>	<£0.00>	<date>
April	<£0.00>	<£0.00>	<date>
May	<£0.00>	<£0.00>	<date>
June	<£0.00>	<£0.00>	<date>
July	<£0.00>	<£0.00>	<date>
August	<£0.00>	<£0.00>	<date>
September	<£0.00>	<£0.00>	<date>

Please note that your Supplier Charges and Credit Cover requirements will be revised once actual metered data has been received and a revised schedule will be issued to you for the remaining months in the delivery year.

If you have any queries regarding this notice please get in touch with us:

<https://emrsettlement.co.uk/contact-us/>.

Kind regards,

EMR Settlement Team

EMR Settlement Limited

Helpdesk: 020 7380 4333

contact@emrsettlement.co.uk | www.emrsettlement.co.uk

EMR Settlement Limited, 4th Floor, 350 Euston Road, London, NW1 3AW

This notice is issued in accordance with the Electricity Capacity (Supplier Payment etc.) Regulations 2014, as amended:

- a. Calculation of supplier credit cover – Regulations 27(1)(a), (b) and (c), and 27(3)
- b. Requirement to provide supplier credit cover – Regulations 28(1)(a)

For copies of our working practices, guidance documents and defined terms, go to: <https://www.emrsettlement.co.uk>



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