

WP5 – Supplier Capacity Market Demand Forecast

EMRS Working Practice

Public

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1. 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
8.0	10 December 2020	Update following the Revised Supplier Schedules amendments and Annual Review
9.0	4 March 2021	Updated to reflect new Demand Forecast process

2. 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.

2.1 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.

2.2 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

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
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/>

3. Supplier Capacity Market Forecast and Credit Cover

3.1 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.

3.2 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.

3.3 Demand Forecast Template and Supporting Instructions Document (see Appendix 1)

Demand Forecast Template

EMRS will send a Demand Forecast Template to any Supplier, who has an active aggregation rule for the upcoming Peak Period. The Template will include the Previous and Current Peak Period Gross Demand⁶. There will also be an EMRS calculated forecast demand for the upcoming peak period, for further details see G12 - Supplier Capacity Market Demand Forecast section 7.

Supporting Instructions Document

Suppliers will receive a Supporting Instructions Document attached with their Demand Forecast Template. This document will explain how to fill out the Demand Forecast Template and how Suppliers can provide any commentary. It will also include the following tables: Actual Peak Demand table and Total Peak Demand table.

- 1) Actual Peak Demand table - shows the Previous, Current and EMRS Forecast Peak Period Demand data for each Supplier used to create their Demand Forecast Template.

Party ID: EXAMPLE		Peak Demand = 4pm to 7pm Working Days Only between November and February		
Peak Month	<<EMRS Forecast>>	Actual Peak Demand <<Current DY>> (MWh)	Actual Peak Demand <<Previous DY>> (MWh)	
November	50000.000	47617.527	29668.593	
December	50000.000	38485.745	24401.527	
January	67000.000	46039.799	29425.259	
February	76000.000	44210.867	26518.611	
Total	243,000.000	176,353.938	110,013.990	
Year on year % change	37.8%	60.3%		

⁶ **Previous Total Peak Demand** - The months between Nov – Feb from the previous delivery year. This would be the winter period 18 months before the forecast is generated.

Current Total Peak Demand - The months between Nov – Feb from the current delivery year. This would be the winter period 6 months before the forecast is generated.

- 2) Total Peak Demand table - shows the Previous, Current and EMRS Forecast Peak Period Demand data for all Suppliers. It also indicates each Supplier’s share of the Total Peak Demand as a percentage and the Suppliers demand change between consecutive years as a percentage.

Year	<<EMRS Forecast>>	<<Current DY>>	<<Previous DY>>
Total Peak Demand (MWh)	12,000,000.000	11,984,306.286	12,400,145.740
Your share of Total Peak Demand	2.02500%	1.47154%	0.88720%
Change Between Consecutive Years	0.55346%	0.58434%	

3.4 Processing a Demand Forecast

EMRS will check that the Demand Forecast is in the correct format as follows:

- Valid EMR Party ID
- Demand Months provided are correct (Nov – Feb)
- Demand values are no more than three decimal places
- Demand value is greater than or equal to 0 (>=0)

EMRS will check 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.

3.5 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 factor⁷ 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. Invoices will be sent on the first Working Day of every month in accordance with the EMR Settlement Calendar⁸.

An updated schedule will be issued following once actual metered data for the high demand (Peak Period) period is received. This schedule will show the revised amounts for the months May – September, which the Supplier must then comply with. The revised schedule will also illustrate what these charges would have been for the previous months (October – April) in the current Delivery Year⁹. Capacity Market Supplier Charge payments also undergo a reconciliation process, which is further detailed in WP1 – Overview of EMR Settlement¹⁰, therefore these revised values are indicative only and Suppliers should always refer to their invoices.

⁷ To find out more about weighting factors, refer to Schedule 1 2(1) Electricity Capacity Regulations 2014

⁸ EMRS Settlement Calendar can be found at <https://www.emrsettlement.co.uk/publications/settlement-data/>

⁹ For the previous months (October – April), the differences of Supplier Charge between the Provisional and the Revised Supplier Schedules will be reconciled during the usual monthly and annual reconciliation process. For the future months (May - September), the Revised Supplier Charge will be invoiced as per Monthly Supplier Invoice.

¹⁰ <https://www.emrsettlement.co.uk/documentstore/workingpractice/wp1-overview-emr-settlement.pdf>

3.6 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.

4. Interface and Timetable Information

4.1 Provide Supplier Demand Forecast

Ref	When	Action	From	To	Input Information Required	Method
4.1.1	By no later than first working day in May	Send forecast template ¹¹	EMRS	Supplier	Appendix 1 – Forecast template	Email
4.1.2	Following step 4.1.1 and on Seven, Two and One working days prior to 1 June	Send submission reminder emails to any supplier's that haven't submitted	EMRS	Supplier		Email
4.1.3	By no later than 1 June	Send forecast of Gross Demand for the upcoming Peak Period, if the forecast is not received by the deadline EMRS will continue the process using the EMRS calculated forecast demand provided in the forecast template	Supplier	EMRS	As received in 4.1.1	Email to contact@emrsettlement.co.uk
4.1.4	Following 4.1.3	Monitor for receipt of and check each Supplier's forecasted demand against following criteria <ul style="list-style-type: none"> Valid EMR Party ID Months provided are correct (Nov – Feb) 	EMRS	-	As submitted in 4.1.3	Internal Process

¹¹ Template will be sent to Company Email Addresses

Ref	When	Action	From	To	Input Information Required	Method
		<ul style="list-style-type: none"> Demand values no more than three decimal places Demand value is greater than or equal to 0 (≥ 0) 				
4.1.5	Within 1 working day following 4.1.4	Confirm if the forecast passed the validation checks, if successful move to step 4.1.6, if unsuccessful request new forecast and return to step 4.1.3	EMRS	Supplier		Email
4.1.6	Following 4.1.5 and on 14 working day in June	Calculate the percentage change between current peak period demand and forecasted upcoming peak period demand	EMRS	-		Internal Process
4.1.7	Following 4.1.6	Confirm which suppliers breached the percentage change levels set by ESC	EMRS	ESC		Email
4.1.8	Following 4.1.7 and were further clarification is required	Request clarifications from suppliers regarding their percentage change in demand, if no clarification is needed move to step 4.1.11	EMRS	Supplier		Email
4.1.9	Following 4.1.8 and within 5 working days	The supplier confirms everything is correct move to step 4.1.11, if the forecast was	Supplier	EMRS		Email

Ref	When	Action	From	To	Input Information Required	Method
		submitted incorrectly supplier submits a new forecast move to step 4.1.10. If EMRS don't receive clarifications from the supplier within 5 working days they will default the demand data to the EMRS calculated forecast demand provided in the forecast template				
4.1.10	Following 4.1.9 and once new forecast has been received	Check the forecast is in the correct format, if so confirm the new demand data has been successfully processed, if not reject the forecast and replace the suppliers forecast demand with EMRS calculated forecast demand. Move to step 4.1.11	EMRS	Supplier		Email
4.1.11	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
4.1.12	At the same time as 4.1.11	Determine Annual Capacity payment	EMRS	-	Capacity Market auction results	Internal Process

Ref	When	Action	From	To	Input Information Required	Method
4.1.13	Following 4.1.12, 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 either 4.1.3, 4.1.5 or 4.1.9 Weighting Factor Annual Capacity Payment	Internal Process
4.1.14	Following 4.1.13 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
4.1.15	At the same time as 4.1.14	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
4.1.16	On the first working day of each month during a Delivery Year	Issue invoice for Capacity Market Supplier Charge END PROCESS	EMRS	Suppliers		Email

5. Contact Information

For all demand forecasting queries please contact:

Contact Organisation	Contact
EMR Settlement Ltd	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 website¹².

¹² 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 – Supplier Capacity Market Demand Forecast

Template and Supporting Instructions Document

A Supplier must only fill out the four months for the upcoming winter period, these will be the last four months on the Demand Forecast Template. Forecast demand should be in MWh and up to three decimal places.*Please submit zero if there is no demand.

Capacity Market Demand Forecast Template

Suppler 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

Supporting Instructions Document



[DD Month YYYY]

Dear Supplier,

Supporting information - Supplier Capacity Market Demand Forecast

We, EMR Settlement Ltd ("EMRS"), the Settlement Service Provider for Electricity Settlements Company Ltd ("ESC"), are writing on behalf of ESC to provide supporting information to aid you in completing your Supplier Capacity Market Demand Forecast.

You are required to submit a forecast of your Gross Demand for Periods of High Demand, which is 4pm to 7pm on Working Days from November through to February for the <2021/22> Delivery Year.

Below is your Actual Peak Demand and the Total Peak Demand for the previous two Delivery Years (where available) for guidance in completing your Demand Forecast.

Actual Peak Demand

Party ID: EXAMPLE		Peak Demand = 4pm to 7pm Working Days Only between November and February		
Peak Month	<<EMRS Forecast>>	Actual Peak Demand <<Current DY>> (MWh)	Actual Peak Demand <<Previous DY>> (MWh)	
November	50000.000	47617.527	29688.593	
December	50000.000	38485.745	24401.527	
January	67000.000	46089.799	29425.259	
February	76000.000	44210.867	26518.611	
Total	243000.000	176353.938	110013.990	
Year on year % change	37.8%	60.3%		

Total Peak Demand

Year	<<EMRS Forecast>>	<<Current DY>>	<<Previous DY>>
Total Peak Demand (MWh)	12,000,000.000	11,984,306.286	12,400,145.740
Your share of Total Peak Demand	2.02900%	1.47154%	0.88720%
Change Between Consecutive Years	0.55346%	0.58434%	

Please follow these instructions to complete your Demand Forecast submission:

- Must complete the CSV forecast template by entering a demand figure for each of the upcoming peak months (to 3 decimal places);
- Once completed, save the CSV forecast template and attach to an email back to EMRS Service Desk (contact@emrsettlement.co.uk) by 1 June <2021>



- Provide commentary in your reply back including any assumptions, constraints, and an explanation of your forecast if required.

We suggest reading **WP5 – Supplier Capacity Market Demand Forecast** (<https://www.emrsettlement.co.uk/document/working-practice/>) and **G12 - Supplier Capacity Market Demand Forecast** (<https://www.emrsettlement.co.uk/publications/quidance/>).

If you have any queries please email contact@emrsettlement.co.uk or call 020 7380 4333.

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

8. 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 [xxxx - xx]

Delivery Year for EMR Party ID [xxxxx]

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 amount (£)	Credit Cover requirement ^a (£)	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>

Your Credit Cover requirement and Supplier Charges are subsequently revised once actual metered data is available for the Period of High Demand. A revised schedule will be issued to you in March for the remaining months in the Delivery Year (May – September). The schedule also illustrates what

these charges would have been for the previous months (October – April) in the current Delivery Year.

Regular reconciliations take into account, improved metered data and changes to Total Capacity Provider Payments. These reconciliation runs are carried out three times for the relevant month and Delivery Year, adjusting the payments Suppliers would have initially paid as confirmed in the schedules.

Please see [WP45 – Supplier CM Credit Cover](#), [G14 – Supplier CM Credit Cover](#), [G15– CM Supplier Payments](#) and [EMRS Settlement Calendar](#) for further information.

If you have any queries regarding this notice please email us on contact@emrsettlement.co.uk or call us on 020 7380 4333.

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

Appendix 3 – Revised Monthly Schedule of Supplier Charges and Credit Cover

[Recipient name and address]

[DD Month YYYY]

9. Appendix 3 – Notice of Monthly Credit Cover and Supplier Charges

[DD Month YYYY]

Dear Supplier,

Notice of the Revised Monthly Credit Cover requirements and Supplier Charges for [xxxx - xx] Delivery Year for EMR Party ID [xxxxx]

We, EMR Settlement Ltd (“EMRS”), the Settlement Service Provider for Electricity Settlements Company Ltd (“ESC”), are writing on behalf of ESC, to give notice of your revised monthly Credit Cover requirements^a and Supplier Charges for the remaining months of the current Delivery Year (May – September).

The revised schedule^b also illustrates what these charges would have been for the previous months (October – April) in the current Delivery Year. These revised figures are based on actual demand data received to date.

You must lodge enough Credit Cover no later than 12 working days^c 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.

Revised schedule

Delivery Year – month	Supplier Charge amount (£)	Credit Cover requirement ^a (£)	Deadline for provision of Credit Cover ^c
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>

Regular reconciliations take into account, improved metered data and changes to Total Capacity Provider Payments. These reconciliation runs are carried out three times for the relevant month and Delivery Year, adjusting the payments Suppliers would have initially paid as confirmed in the schedules.

Please see [WP45 – Supplier CM Credit Cover](#), [G14 – Supplier CM Credit Cover](#), [G15– CM Supplier Payments](#) and [EMRS Settlement Calendar](#) for further information.

If you have any queries regarding this notice please email us on contact@emrsettlement.co.uk or call us on 020 7380 4333.

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. Capacity market supplier charge: revised annual calculations – Schedule 1 3.(1)(c)
- c. Requirement to provide supplier credit cover – Regulations 28(1)(a)



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