

TYPE & NUMBER EMR Circular 26

Date 18 December 2014

To EMR Circular List

From EMR Settlement Limited

Purpose For Information

LCCC has determined the Total Reserve Amount and Interim Levy Rate

This circular informs all **licensed electricity suppliers** that the Low Carbon Contracts Company (LCCC) has determined the Total Reserve Amount and the interim levy rate for the first quarterly obligation period 1 April 2015 to 30 June 2015.

On behalf of the LCCC we will shortly be sending out reserve payment notices to all licensed electricity suppliers, detailing the reserve payment amounts and the interim levy rate for the first quarterly obligation period.

This circular also provides links to the following:

- [Supplier Obligation Forecasting Model - Transparency Tool](#)
- [CFD Reserve Payment Guidance](#)

Who does this impact?

This impacts all **licensed electricity suppliers**. A licensed electricity supplier must pay its share of the Total Reserve Amount in accordance with [The Contracts for Difference \(Electricity Supplier Obligations\) Regulations 2014](#).

What is the Total Reserve Amount & Interim Levy Rate?

The LCCC determined the **Total Reserve Amount** and the **interim levy rate** on 16 December 2014. These apply to the first quarterly obligation period **1 April 2015 to 30 June 2015**.

| Total Reserve Amount |
|----------------------|
| £1,061,400 |

| Interim Levy Rate |
|-------------------|
| £0.035/MWh |

LCCC has published the Total Reserve Amount and the interim levy rate on its website [here](#). The LCCC forecasted **Total Reserve Amount** and the **interim levy rate** using the Supplier Obligation Forecasting Model.

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Where is the Supplier Obligation Forecasting Model Tool located?

You can locate the Supplier Obligation Forecasting Model (SOFM) - Transparency Tool on the [LCCC website](#). This provides information on both the Total Reserve Amount and the interim levy rate for the first quarterly obligation period.

What happens next?

We will be sending all **licensed electricity suppliers** a notice before 1 January 2015 for their first quarterly obligation period that will inform licensed electricity suppliers of:

- Reserve payment amount – payment is due no later than 13 April 2015
- Interim levy rate – applies to settlement days 1 April 2015 to 30 June 2015
- Operational costs levy – applies to settlement days 1 April 2015 to 31 March 2016

The notice will be accompanied by an invoice for the reserve amount and a backing sheet providing the metered volumes used to determine the suppliers share of the Total Reserve Amount.

Where will we send the reserve payment notice?

Where a Company Registration Form has been returned, we will email the notice to the address provided in the form. Where a Company Registration Form has not been returned, or where we do not hold an email address we will post the notice to the supplier's registered address that is publically available on [Ofgem's website](#).

At the end of November 2014 we issued a letter to all licensed electricity suppliers requesting the completion of a Company Registration Form. The letters were sent to the Company Secretary, at the address provided on the [Ofgem's website](#). If you have not provided us with an email address you may do so by completing the company registration form available [here](#). We communicated this information via [EMRC23](#) on Wednesday 26 November 2014.

Have you published guidance on the reserve payment?

We've published a guidance document on the '**CFD Reserve Payment**' which is now [available here](#) on our website. The guidance includes the following information:

- How will my reserve payment be calculated?
- When are reserve payments due?
- How are reserve payments reconciled?

This guidance steps you through how the quarterly reserve payment process and includes diagrams and worked examples.

We've also updated our Frequently Asked Questions (FAQs) on our website, [here](#).

What is used to calculate my reserve payment?

We'll apportion the Total Reserve Amount amongst licensed suppliers according to each supplier's market share. To calculate a supplier's reserve payment we'll use metered data provided by the Balancing and Settlement Code Company (BSCCo) for the Reference Period

For more information about how a supplier's market share is calculated, please read out recent **EMR Circular 25** 'Response on proposed approach to calculating supplier demand for EMR charging', this is [available here](#).

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The Reference Period is the 30 calendar days for which there is metered data prior to the date on which the Total Reserve Amount is determined by the LCCC. This will include both Initial Volume Allocation Run (SF) and First Reconciliation Volume Allocation Run (R1). Within the notice we will confirm the Reference Period that is used.

Who do I contact if I have a query?

Here are the necessary contact details if you have any queries.

| Contact | Query | Telephone | Email |
|-------------|--|---------------|--|
| LCCC | Total Reserve Amount Interim Levy Rate SOFM - Transparency Tool | 020 7211 8881 | forecasting@lowcarboncontracts.uk |
| EMRS | Reserve Payment Notice Provision of supplier details Settlement of CFD Reserve Payment Guidance | 020 7380 4333 | contact@emrsettlement.co.uk |

Where can I get more information?

If you have any further questions about this Circular, please email contact@emrsettlement.co.uk. Find out more about our role in EMR on the [EMR Settlement website](#).