
TYPE & NUMBER EMR Circular 42

Date 16 April 2015

To EMR Circular List

From EMR Settlement Limited

Purpose For Information

Invoicing the CFD Operational Costs Levy to Suppliers

This circular informs Suppliers that due to delays experienced during User Acceptance Testing of the EMR settlement system, there is a high probability that EMR Settlement Ltd will not be in a position to go live with the settlement system in time for automated invoicing of the CFD Operational Costs Levy 2015/16 to Suppliers from 29 April 2015. We may therefore have to invoke manual invoicing contingency arrangements in order to issue invoices and backing data from 29 April 2015.

This circular also provides details on the following:

- What is the contingency approach?
- What will be included in the backing data?
- What format will the DTC-compliant data be issued in?
 - This circular is seeking feedback from Suppliers if they'd prefer to receive the DTN format in either Pool Transfer File Format or Variable User Format via email.
- What assurance will be provided in using this approach?
- What other approaches are available to make daily payments?

Who does this impact?

This impacts Suppliers who supply electricity during the operational cost period from 1 April 2015 to 31 March 2016 and who must make a payment each working day to the LCCC for the CFD Operational Levy Rate at £0.0397 per megawatt hour. This is accordance with Regulation 23 of [The Contracts for Difference \(Electricity Supplier Obligations\) Regulations 2014](#) and Regulation 23(7)(a) [The Electricity Supplier Obligations \(Amendment & Excluded Electricity\) Regulations 2015](#).

What is the contingency approach?

We will be following a similar approach to that already used to issue invoices and backing data for the Total Reserve Amount (22 December 2015) and the CM Settlement Costs Levy payment (1 April 2015). We will be using one of the ELEXON solutions called 'LuSTRe' which will calculate the Suppliers' CFD Operational Cost payments to be made and generate the appropriate invoices and backing data.

In summary the solution will ensure that:

- Invoices and associated backing data are emailed to Suppliers.
- Invoices include CFD Operational Cost payments and (where applicable) late payment interest.
- Invoices will be in PDF format (not encrypted), and backing data will be attached in both CSV and pipe-separated Data Transfer Catalogue (DTC) format.

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The solution cannot provide all of the functionality of the EMR settlement system:

- Backing data will not be available via the DTN or the EMR Settlement Portal channels for the duration of the contingency arrangements though will be emailed as outlined above.
- Invoices will not include a zero value line for interim rate payments (previously communicated in a formal notice issued by EMRS on 10 April 2015 that informed Suppliers that interim rate notices will not be issued).

This approach will also be adopted for the CFD Operational Costs Levy 2014/15, the CM Settlement Costs Levy 2014/15 and the monthly CM Settlement Costs Levy 2015/16; further details will be issued in a subsequent circular.

What will be included in the backing data?

The backing data for the CFD Operational Costs Levy 2015/16 will only contain the data items referenced within the groups highlighted below in the D0362 CFD Supplier Invoice Backing Data flow:

Group	Group Description
55I	EMR Invoice Header
56I	CFD Levy Payment
57I	CFD Period Gross Demand

To view the data items within these groups, this is available in the [Data Transfer Catalogue](#).

What format will the DTC-compliant data be issued in?

We will be emailing backing data in both CSV and DTC-compliant formats. Currently, our plan is to produce the DTC-compliant files in the Pool Transfer File Format (with a ZHD file header). We are aware that some Suppliers use the variable user format (with a ZHV header, an extra separator at the end of each record, and a slightly different footer).

We'd appreciate feedback from Suppliers if they'd prefer to receive the DTN format in either:

- Pool Transfer File Format
- Variable User Format

Please email us at contact@emrsettlement.co.uk or call us on 020 7380 4333 to confirm by midday on Monday 20 April 2015. We'll be adopting the preferable format amongst Suppliers to support the contingency approach.

What assurance will be provided in using this approach?

To implement the contingency solution (LuSTRe) the following testing is being performed to provide assurance to all key stakeholders:

- Testing to validate the calculation performed by LuSTRe.
- Testing to validate the generation of the invoices and backing data by LuSTRe.
- Full independent testing on the LuSTRe solution.
- Full end-to-end testing performed.
- Implementation of working procedures and staff trained accordingly.

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What other approaches are available to make daily payments?

Whilst direct debit isn't currently available we'd like to highlight to Suppliers that they can make a lump sum payment up front to cover an estimated period of daily invoices. For example, paying an amount that provides a reasonable buffer over and above their estimated monthly CFD Operational Costs payments, rather than paying each daily invoice by its due date.

We hope this helps those Suppliers that will receive small values on a daily basis. If you wish to adopt this process it will be the Suppliers responsibility to manage the ongoing balance.

In terms of providing an update on the direct debit arrangements, we will look to provide this within the next couple of weeks.

Who would I contact regarding invoices and backing data queries?

If you have any query relating to invoices and backing data please contact us on 020 7380 4333 or email us at contact@emrsettlement.co.uk.

What happens next?

We will be keeping Suppliers informed via further circulars on the following areas:

- Further updates on the contingency solution (LuSTRe).
- CFD Operational Costs Levy 2014/15, CM Settlement Costs Levy 2014/15 and the monthly CM Settlement Costs Levy 2015/16.
- Confirmation of the date for implementation of the EMR Settlement System and transition from the contingency arrangements.
- Update on the direct debit arrangements.

Separately, we will also be keeping those Suppliers who registered to participate in UAT informed when this will occur for the contingency solution and also for the EMR Settlement System.

Where can I get more information?

Find out more about our role in EMR on the [EMR Settlement website](#). If you have any further questions about this Circular, please email contact@emrsettlement.co.uk or call us on 020 7380 4333.