

TYPE & NUMBER EMR Circular 80

Date 8 April 2016
To EMR Circular List & Finance Authorities
From EMR Settlement Limited
Purpose For Information

Quarterly Reconciliation for CFD Obligation Period 1 January to 31 March 2016 to return Reserve Payments and Interim Rate Payments

This circular informs **Suppliers** that the reconciliation of the CFD Quarterly Obligation Period 1 January 2016 to 31 March 2016 is scheduled to take place on **11 April 2016**. This process will return the Reserve Amounts paid by Suppliers, on 7 January 2016, as well as any Supplier Interim Rate Payments paid for the Settlement Date between 1 and 20 January 2016¹. This circular also provides an update on how Suppliers will be notified of their Supplier Reserve Amounts going forwards and also asks for feedback on how EMRS should communicate future Quarterly Reconciliations.

Who does this impact?

- **Suppliers** who have paid a Reserve Amount for CFD Quarterly Obligation Period 1 January to 31 March 2016 and/or are due to make a Reserve Payment for Obligation Period 1 July to 30 September 2016
- **Suppliers** who made Interim Rate Payments for the same Obligation Period

What is Quarterly Reconciliation?

Quarterly Reconciliation is a process set out in the [Contracts for Difference \(Electricity Supplier Obligations\) Regulations 2015](#). It reconciles the amount a Supplier has paid, against the amount they should have paid in an Obligation Period. As there were no CFD generators in January to March 2016 Obligation Period, the reconciliation determination will result in the return of:

- The Reserve Amounts, paid on 7 January 2016
- Any Interim Rate Payments made
- Any late payment interest accrued (this is apportioned by market share)

This Quarterly Reconciliation will also invoice a Supplier's Reserve Payment for Obligation Period 1 July to 30 September 2016. These amounts will be offset against the reconciliation payment due.

More details regarding the Quarterly Reconciliation process can be found in the Guidance Document 3 (G3 -[CFD Reserve Payment](#)). Appendix 4 provides a worked example.

Below are the key dates linked to the payments mentioned above:

Activity	Date
Quarterly Reconciliation invoice and backing data issued for previous Quarterly Obligation Periods	11 April 2016
Supplier's next Reserve Payment and reconciliation amount due	10 July 2016

CIRCULAR

Please note, the Reserve Payment due date (10 July 2016) falls on a non-working day. If a payment is due to be made to a Supplier, this will be paid by the last working day prior to this date (8 July 2016). If a Supplier is due to make a payment they should consider their payment process to ensure that the payment is received by the last working day prior to due date.

Do you want to know about Quarterly Reconciliations via Circulars?

EMRS is considering stopping communicating about Quarterly Reconciliations via Circulars as this is now a Business as Usual (BAU) process. A circular would still be sent if there is an exception or change to the process. If you have any feedback on this approach please get in touch via contact@emrsettlement.co.uk.

For dates of Quarterly Reconciliation for future Obligation Periods, please see the [EMRS Settlement Calendar](#).

Upcoming Changes to how Suppliers are informed of their Supplier Reserve Payment

The [Electricity Supplier Payments \(Amendment\) Regulations 2016](#) have recently gone into force. Suppliers have previously been informed of their Supplier Reserve Payment via the Interim Levy Rate and Total Reserve Amount notices. The amended regulations have aligned the notification of Suppliers' Reserve Payments to the Quarterly Reconciliation process; so that the Supplier's individual Reserve Amount will be notified as part of their Quarterly Reconciliation invoice. Therefore going forward these notices will no longer include a Supplier's individual Reserve Payment, but will continue to include the Total Reserve Amount and the Interim Levy Rate applicable to all Suppliers. The individual Supplier's Reserve Amount will now only be included in the relevant Quarterly Reconciliation invoice along with the associated backing data that is issued before the 8th Working Day of a new quarter.

If you have any questions or comments on what you will receive for the reconciliation please email contact@emrsettlement.co.uk, or alternatively, call 020 7380 4333.

ⁱ The Interim Rate payment continued until 11 March 2016 as the Interim Payment for last Quarterly Obligation Period was billed in line with release of II/SF/R1 data from BSCCo for settlement days 1 January 2016 – 20 January 2016.