

TYPE & NUMBER EMR Circular 83

Date 03 May 2016
To EMR Circular List and Operating Authorities
From EMR Settlement Limited
Purpose For Action

For Action: Supplier Capacity Market Demand Forecast due 1 June for the 2016/17 Delivery Year

This circular informs **Suppliers** that they are required, under the [Electricity Capacity \(Supplier Payment etc.\) Regulations 2014](#), to provide to EMRS a **forecast of their Net Demand¹ for the Periods of High Demand** (Peak Period)² for the 2016/17 Delivery Year, by **1 June 2016**. This forecast is used to calculate a Supplier's Monthly Capacity Supplier Charge and a Supplier's monthly Credit Cover requirements. This week, EMRS will issue Supplier a **forecast template**. This circular also provides information on:

- The format of the forecast template to be issued by EMRS,
- The format of forecasts,
- The checks EMRS will carry out on submitted forecasts, timelines and,
- Escalation routes if the forecast isn't submitted.

Who does this impact?

Suppliers are required to submit a forecast by **1 June 2016**. A Supplier should submit a forecast if they believe they will have Net Demand within the Peak Period for the 2016/17 Delivery Year. If a Supplier believes they will not have Net Demand for this period they should submit a zero forecast and explain why in the commentary.

Why do I need to forecast?

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 Period. This charge is apportioned across Suppliers by their share of the total Net Demand 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 Net Demand is defined within The Electricity Capacity (Supplier Payment etc.) Regulations 2014

² Period of High Demand 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



What is included in the forecast template?

This week, EMRS will issue Supplier a forecast template. The template includes:

- A Supplier's Net Demand for the Peak Period for the last two years and the percentage change between the two.
- The total Net Demand for all Suppliers for the Peak Period for the previous year and a Supplier's share of this.
- A forecast of the Net Demand for the upcoming Peak Period for 2016/17. It will indicate whether the change in market share compared to last year's actual Net Demand will be outside of the tolerance levels set out below. Please note it is assumed that there are no underlying changes to the Total Peak Demand for 2016/2017 compared to the previous year.
- A commentary box is also provided for a Supplier to document their assumptions, constraints and explanation for their forecasts. This is required to be filled in where a forecast is likely to be outside of the tolerance levels set out below.

What format should my forecast be in?

The forecast should be:

- In megawatts per hour (MWh);
- Up to three decimal places;
- Provided for Settlement Periods between 4pm and 7pm on Working Days only between November, December, January and February for the 2016/17 Delivery Year;
- Net Demand which is adjusted for distribution losses but not for transmission losses; and
- Should be submitted for each legal entity (i.e. each EMR Party ID).

Forecasts should be sent to the **EMRS Service Desk** (contact@emrsettlement.co.uk) by **1 June 2016**.

What checks will EMRS carry out on forecasts?

A forecast that is not fair or reasonable could unduly affect other Supplier's Supplier CM Charge. It is therefore important that Suppliers provide their forecast accurately and timely.

EMRS will carry out process checks on all submitted forecasts and seek clarification from a Supplier when a forecast falls outside a set tolerance. The aim of this is give Suppliers assurance that other Suppliers are submitting forecasts that are fair and reasonable.

Clarification will be sought when:

- The percentage change between a Supplier's forecast and their demand from the previous year's Peak Period is greater than **8%**; and
- The percentage change in a Supplier's share of the total Net Demand is greater than **0.5%**

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What are the key dates I need to be aware of?

Below are the key dates linked to the forecast:

Activity	Date
Forecast template issued to Suppliers	Week Commencing 2 May 2016
Supplier to submit their forecasts to EMRS Service Desk (contact@emrsettlement.co.uk)	1 June 2016
EMRS to send confirmation or ask for clarification from a Supplier	By 8 June 2016
Schedule of Supplier's Monthly CM Supplier Charges and Credit Cover issued	29 July 2016
Supplier's Monthly CM Supplier Charge and Credit Cover requirements based on forecast demand	October 2016 – April 2017
Schedule of Supplier's revised Monthly CM Supplier Charges and Credit Cover issued	24 March 2017
Supplier's Monthly CM Supplier Charge and Credit Cover requirements based on actual metered data	May 2017 – September 2017

What happens if I don't submit a forecast?

EMRS will report to the Electricity Settlement Company (ESC), Suppliers who:

- Do not submit a forecast by the 1 June;
- Do not respond to an EMRS clarification request on their forecasts;
- EMRS believe will unfairly affect other Suppliers' Supplier CM Charge.

Where can I get more information?

EMRS have published a Guidance Document ([G12-Supplier CM Demand Forecast](#)) and a Working Practice ([WP05 – Supplier CM Demand Forecast](#)) to provide more information. If you have any further questions about this Circular, please email contact@emrsettlement.co.uk or call us on 020 7380 4333.