

**TYPE & NUMBER**      EMR Circular 94

**Date**                      28 July 2016

**To**                            EMR Circular List

**From**                        EMR Settlement Limited

**Purpose**                      For information

## **Suppliers to receive their Schedule of Monthly Capacity Market Credit Cover requirements and Supplier Charges for the upcoming Delivery Year**

EMRS, on behalf of [Electricity Settlements Company](#) (ESC), will be issuing to **Suppliers** a schedule of their monthly Capacity Market Credit Cover requirements and Supplier Charges for the upcoming Delivery Year on **29 July 2016**. The schedule contains the following information:

- A Supplier's monthly Supplier Charges for October 2016 through to September 2017;
- A Supplier's minimum monthly requirements for Credit Cover for October 2016 through to September 2017;
- The monthly deadlines for provision of Credit Cover.

October is the first month of the 2016/17 Delivery Year and Credit Cover for that month must be lodged by **15 September 2016**.

Suppliers will be invoiced for October's Supplier Charge on **3 October 2016** and the payment will be due on **6 October 2016**.

### **Who does this impact?**

This impacts **Suppliers** who submitted a non-zero Demand Forecast<sup>1</sup> to EMRS in May/June 2016.

### **How are my Credit Cover requirements and Supplier Charges calculated?**

Suppliers are obligated<sup>2</sup> to pay a monthly Supplier Charge to cover the costs of Capacity Provider payments for a Delivery Year. The total Supplier Charges for a Delivery Year are equal to the total costs of Capacity Provider payments for a Delivery Year. The CM Delivery Body provides EMRS with the total Capacity Provider Payments for a Delivery Year. This charge is apportioned across Suppliers by their share of the total Net Demand for the Periods of High Demand<sup>3</sup> within a Delivery Year.

Suppliers needed to provide a forecast of their relevant Net Demand to EMRS by 1 June 2016. These forecasts were used to calculate the Supplier Charge and Credit Cover requirements for the 2016/17 Delivery Year. A Supplier's minimum Credit Cover requirement in respect of a month is 110% of their monthly Supplier Charge.

As payments are initially based on forecasted metered data, these will be revised once actual data is received for the Periods of High Demand. An updated schedule will be sent to all Suppliers in March 2017, with updated amounts applying from May 2017.

<sup>1</sup> For more information about this please refer to [EMR Circular 83](#).

<sup>2</sup> Please see The Electricity Capacity (Supplier Payment etc.) Regulations 2014

<sup>3</sup> Period of High Demand means 4 p.m. to 7 p.m. on any working day in November, December, January or February.

Please see our Acronyms and Definitions documented for more defined terms:

<https://www.emrsettlement.co.uk/documents/2015/08/acronyms-definitions.pdf>

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Unlike the Settlement Costs Levy, the Supplier Charge and Credit Cover requirements will vary from month to month as a monthly weighting factor is used. As a result, Supplier Charges and Credit Cover requirements will be higher over winter months compared to the summer months. Following feedback from Suppliers, **we will shortly be publishing the weighting factors** on the [Settlement Data](#) page of our website.

## How do I lodge Credit Cover?

Credit Cover can be accepted as either cash or Letter of Credit or a combination of the two. Please note, in order for Credit Cover to be considered to be lodged the cash amount must have been received in the relevant bank account or a valid Letter of Credit must have been received by EMRS.

[WP45 – Supplier CM Credit Cover](#) provides information on the process for lodging Credit Cover including the Letter of Credit templates and bank details. We will also be publishing a Guidance document on Supplier CM Credit Cover shortly. [EMRC86](#) also highlights some of the key differences between Credit Cover for Suppliers under the Capacity Market and Contracts for Difference schemes.

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

Activity	Date
EMRS issues Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements to Suppliers	29 July 2016
Suppliers' first deadline to lodge Credit Cover <sup>4</sup> for October 2016	5pm on 15 September 2016
EMRS invoices Suppliers for October's Supplier Charge	3 October 2016
Period of High Demand	4pm to 7pm Working Days from 1 November to 28 February
EMRS issues Schedule of Supplier's revised Monthly Supplier Charges and Credit Cover requirements to suppliers	24 March 2017
Suppliers' first deadline to lodge Credit Cover based on revised requirements for May 2017	5pm on 13 April 2017
Suppliers to be invoiced for May's Supplier Charge (based on actual share of Net Demand)	2 May 2017

## More information

If you have any further questions about this circular, please email [contact@emrsettlement.co.uk](mailto:contact@emrsettlement.co.uk) or call 020 7380 4333.

<sup>4</sup> Suppliers are required to lodge Credit Cover by no later than 12 Working Days before the start of a month within a Delivery Year.