

TYPE & NUMBER EMRC98

Date 9 September 2016

To EMR Circular List, Finance Authorities and Credit Cover Contacts

From EMR Settlement Limited

Purpose For action

Reminder: Suppliers need to ensure their lodged CFD Credit Cover is sufficient for the new Interim Levy Rate

The Interim Levy Rate increases to **£1.016 per MWh** on the 1 October 2016¹. As Suppliers' CFD Credit Cover requirements are linked to the Interim Levy Rate, **Suppliers** need to ensure they have sufficient Credit Cover lodged by **5pm on 30 September 2016** to meet the new rate.

Please note the **process for lodging a Letter of Credit has been amended**. From now on, you need to request that your bank uses the SWIFT process rather than sending a physical letter to EMRS.

How much Credit Cover is required?

The minimum Credit Cover requirement is a Supplier's metered volumes for a 21 day reference period multiplied by the Interim Levy Rate, which will be **£1.016 per MWh** from **1 October 2016**. Credit Cover needs to be maintained on a daily basis but in order to meet the increased rate you may need to increase your lodged amounts. If this is the case then the increased amount needs to be lodged by **5pm on 30 September 2016**.

What is the process for lodging Credit Cover?

[WP42 – Supplier CFD Credit Cover](#) provides details on the process for lodging including the Letter of Credit templates and approved bank details. The bank account and Letter of Credit templates are **different** to those used for CM Credit Cover.

You now need to request that your bank uses SWIFT rather than sending a physical letter to EMRS. The Letter of Credit template in WP42 has been updated to accommodate this so please ensure that you use the correct version.

I have previously lodged a Letter of Credit using the old template, what should I do?

If you already have a Letter of Credit lodged and that meets the new Interim Levy Rate requirements then you do not need to take any action. If you need to amend or replace your Letter of Credit then you will have to use the new template and process.

Can the Credit Cover I lodge for the Capacity Market also cover this requirement?

No, this obligation is separate to any other Credit Cover obligations that Suppliers may face (such as under the Capacity Market) and any Credit Cover lodged through this obligation will be treated independently of other requirements.

If you have any further questions about this circular, please email contact@emrsettlement.co.uk or call 020 7380 4333.

¹ A notice of the Interim Levy Rate and the Total Reserve Amount was issued to Suppliers on 28 June 2016. For further information please see EMR [Circular 89](#)