
TYPE & NUMBER EMR Circular 106

Date 11 November 2016

To EMR Circular List

From EMR Settlement Limited

Purpose For information

Interim Levy Rate adjusted to zero from 14 November 2016

[Low Carbon Contracts Company](#) (LCCC) has adjusted the Interim Levy Rate to **zero** from **£0.594 per MWh**. This is effective from **14 November 2016** until **31 December 2016** (being the end of the current quarterly obligation period). On behalf of LCCC, we've issued an Adjusted Interim Levy Rate Notice to **Suppliers**.

This follows a [previous Interim Levy Rate adjustment](#) on 10 October 2016 that reduced the rate from £1.016 per MWh to £0.594 per MWh.

This circular gives information on why the rate has been reduced further, how this affects Interim Rate payments and Credit Cover requirements.

Who does this impact?

This impacts **all Suppliers**.

Why has the Interim Levy Rate been adjusted?

LCCC has announced that the Interim Levy Rate between 14 November 2016 and 31 December 2016 will be zero. This has been determined on the basis that the DRAX biomass unit which has a Contract for Difference (CFD) has not started generating yet, as it is still waiting for the European Commission's State Aid decision.

In setting the Interim Levy Rate to zero, LCCC has taken into consideration the receipts already obtained and to be obtained from the current Interim Levy Rate, and determined that this will be sufficient to pay the expected generation costs from all CFDs during the current quarterly obligation period.

How does this affect my Interim Rate payments?

Your Interim Rate payments for the Settlement Day **14 November 2016** onwards will be calculated using the adjusted Interim Levy Rate of **£0.000 per MWh**. The first invoice with the new rate will be sent on **23 November 2016**.

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Previous Settlement Days will continue to be reconciled at the Interim Levy Rates they were originally invoiced on until the Quarterly Reconciliation takes place in January 2017. For further information on the Quarterly Reconciliation process please see guidance notes [G3 - CFD Reserve Payment](#) or [G16- Supplier Contracts for Difference Payments](#).

Settlement Days	Interim Levy Rate in effect
1 October – 9 October	£1.016 per MWh
10 October – 13 November	£0.594 per MWh
14 November – 31 December	£0.000 per MWh
1 January – 31 March	£0.956 per MWh

How does this affect my Credit Cover requirement?

From **14 November 2016** Suppliers **will not** be required to maintain Credit Cover due to the Interim Levy Rate being adjusted to £0.000 per MWh. Please note that as there is an Interim Levy Rate of £0.956 per MWh for the [quarterly obligation period starting 1 January 2017](#), Suppliers will need to ensure they have adequate Credit Cover in place **by 31 December 2016**.

During the period where there is no Credit Cover requirement, Suppliers will be able to request any lodged cash Credit Cover or Letter of Credit to be returned. Please see [Working Practice 42 – Supplier CFD Credit Cover](#) on our website for further information on the process for returning or lodging Credit Cover.

Where can I get more information?

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