

**TYPE & NUMBER**      EMR Circular 113

**Date**                      8 February 2017

**To**                            EMR Circular List

**From**                      EMR Settlement Limited

**Purpose**                     For information

## **Suppliers to receive their first Capacity Market Monthly Supplier Charge Reconciliation Invoice/Credit Note for October 2016**

This circular informs **Suppliers** of the forthcoming Capacity Market Monthly Supplier Charge Reconciliation for October 2016, the first month in 2016/17 Delivery Year. EMRS, on behalf of [Electricity Settlements Company](#) (ESC), will shortly be sending out an invoice or a credit note to Suppliers, detailing their Monthly Reconciliation amount.

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

**Suppliers** who submitted a demand forecast and have been making Supplier Charge payments, or have been supplying electricity during the high demand period (4-7pm on working days between November and February) in the current Delivery Year.

### **What is the Monthly Supplier Charge Reconciliation?**

This is a process looking at what was invoiced (Monthly Supplier Charge) and what should have been invoiced (Re-determined Monthly Supplier Charge) using the following updated information:

- Transition from forecast to actual metered data
- Adjustments to capacity payments payable
- Mutualisation payments



A Supplier will receive either an invoice or a credit note depending on if their re-determined amount is more or less than what they originally paid.

Credit notes are issued to applicable Suppliers after the Monthly Reconciliation Invoice payment due date. This allows for the credit due to be recalculated in the case that not all invoice payments are received in full.

CM Supplier Monthly Reconciliation credit notes may be lower than expected in the coming months as Supplier Reconciliation payments are restricted due to the implementation of the regulations. ESC can only pay out funds to Suppliers equal to the value it receives from Suppliers in respect of a

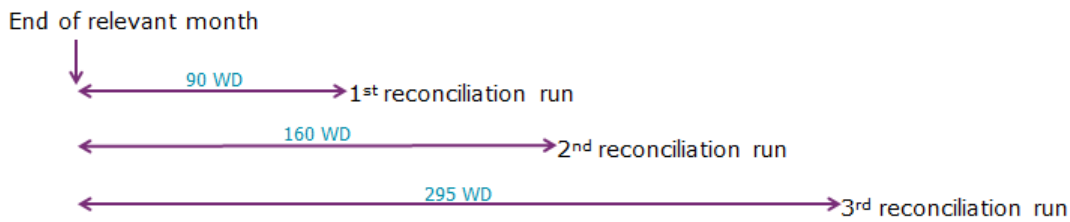
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reconciliation runs - in an extreme example if ESC receives no funds in for a reconciliation run they are unable to make any payments out.

Following a review of policy intent with BEIS and ESC legal review, ESC plans to remove this restriction from the settlement system in a release later this year. We will complete an Ad-hoc Reconciliation run at this time so that the refunds fully reflect the cost of the CM scheme.

## When does reconciliation take place?

The monthly Capacity Market Supplier Charge is reconciled on up to three set occasions; each will take place no later than 90, 160 and 295 Working Days after the end of the month that is being reconciled.



For future dates of Capacity Market Monthly Supplier Charge Reconciliation, please download the latest [Settlement Calendar](#).

## What settlement runs are used in this calculation?

The reconciliation calculation will use the latest Settlement Run available. As Supplier demand forecasts were submitted on a monthly level, the forecast data can only be replaced with a Settlement Run if the data for that Settlement Run is available for the whole month. If it is not or only partially available then forecast data is used. Once forecast data has been replaced by actual data, data for each day can use the latest Settlement Run for that day. For example this reconciliation run will use a mixture of SF -R1 Data for November and December and forecast data for January and February.

## Key dates and activities

Date	Activity
10 February 2017	Capacity Market Monthly Reconciliation Invoice issued
15 February 2017	Invoice Payment due
28 February 2017	Capacity Market Monthly Reconciliation Credit Note issued
03 March 2017	Credit Note Payment Made

Please note that the February reconciliation run will be generated on a 3 Working Days payment term basis, future reconciliation runs will be 5 Working Days as per amended regulations; we will communicate revised timelines regarding these changes following successful implementation.

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## More information

- [EMRS webinar: an overview of Supplier charges in the Capacity Market](#) – The mechanism for Monthly Supplier Charge Reconciliation is explained from 28:40 on the [YouTube replay](#).

**Please note,** as the Capacity Market Monthly Supplier Charge Reconciliation is a Business as Usual (BAU) process, a circular will not be sent each time EMRS carry out the Monthly Supplier Charge Reconciliation. A circular would only be sent if there is an exception or change to the process.

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.