

TYPE & NUMBER EMR Circular 115

Date 21 March 2017

To EMR Circular List

From EMR Settlement Limited

Purpose For information

Suppliers to receive their revised Schedule of Monthly Capacity Market Credit Cover requirements and Supplier Charges for the 2016/2017 Delivery Year

EMRS, on behalf of [Electricity Settlements Company](#) (ESC), will be issuing **Suppliers** a revised schedule of their monthly Capacity Market Credit Cover requirements and Supplier Charges for the 2016/17 Delivery Year on 24 March 2017. This is based on the actual data for the Period of High Demand¹.

The schedule will contain the following information:

- A Supplier’s revised monthly Supplier Charges for May 2017 through to September 2017;
- A Supplier’s revised minimum monthly requirements for Credit Cover for May 2017 through to September 2017;
- The monthly deadlines for provision of Credit Cover.

Who does this impact?

This impacts **Suppliers** who had metered volumes during Period of High Demand in the 2016/17 Delivery Year.

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

Date	Activity
5pm on 13 April 2017	Suppliers’ first deadline to lodge Credit Cover is based on revised requirements for May 2017
2 May 2017	Suppliers to be invoiced for May’s Supplier Charge based on actual share of Net Demand
9 May 2017	Suppliers to pay the invoice for May’s Supplier Charge

¹ 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>

CIRCULAR

How are my Credit Cover requirements and Supplier Charges calculated?

Suppliers are obligated² 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, which are provided by the CM Delivery Body. This charge is apportioned across Suppliers by their share of the total Net Demand for the Period of High Demand within a Delivery Year.



The Monthly Weighting Factor for 2016/17 Delivery Year can be found in [Key Figures for Payments in 2016/17](#).

Suppliers submitted a demand forecast to EMRS in June 2016 and these forecasts were used to calculate the initial monthly Credit Cover requirements and Supplier Charge 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.**

The revised Schedule of Monthly Credit Cover requirements and Supplier Charges reflect the calculation now based on the actual data for the Period of High Demand.

What types of Credit Cover can be used?

Credit Cover can be accepted as either cash or Letter of Credit or a combination of the two. The bank account details and the approved Letter of Credit template can all be found in [WP45 – Supplier CM Credit Cover](#).

When does my Credit Cover need to be in place?

Suppliers are required to lodge Credit Cover by no later than 12 Working Days before the start of a month within a Delivery Year. The revised schedule starts from May 2017 for the 2016/17 Delivery Year; Credit Cover for that month needs to be lodged by **5pm on 13 April 2017**.

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 electronically by EMRS before the above deadline. The Letter of Credit must have an effective date of no later than 13 April 2017.

What documents should I look at for further information?

[WP45 – Supplier CM Credit Cover](#) provides details on the process for lodging and refunding Credit Cover including the Letter of Credit templates and bank details. [G14 - Supplier CM Credit Cover](#) provides supporting information on Credit Cover.

More information

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

² Please see The Electricity Capacity (Supplier Payment etc.) Regulations 2014