

TYPE & NUMBER EMR Circular 126

Date 26 June 2017
To EMR Circular List
From EMR Settlement Limited
Purpose For information

LCCC has determined the Interim Levy Rate and Total Reserve Amount for 1 October 2017 to 31 December 2017

On behalf of [Low Carbon Contracts Company](#) (LCCC), we have issued a notice to **Suppliers** to inform them that the Total Reserve Amount (TRA) and the Interim Levy Rate (ILR) for Quarterly Obligation Period **1 October 2017 to 31 December 2017** are as follows:

Total Reserve Amount
£0.00
Interim Levy Rate
£2.517/MWh

Who does this impact?

This impacts **Suppliers**.

Why the ILR higher is compared to previous Quarterly Obligation Periods?

The ILR increase reflects the increase in underlying CFD generation and the subsequent payments to CFD Generators. Three CFD Generators are expected to start during the period and there is also a fourth CFD Generator due to return from a planned outage.

Why has the TRA been set to zero?

The zero TRA is a result of positive cash flow. ILR income is spread relatively evenly across the period; however, CFD generation increases more gradually and the costs are heavily weighted towards the back end of the period. The effect is compounded by the different lags for ILR income received (+12 working days) and CFD Generator payments made (+28 calendar days). This builds up a natural cash buffer, which is sufficient to provide the required 95% confidence that we will not run out of money in the period.

How can I find out more about how the TRA and ILR were determined?

Further details can be found by reviewing the [Transparency Tool](#) which illustrates the calculations performed to set the ILR and the TRA.

On **5 July 2017 at 10:30-11:00am**, the LCCC Forecasting team will be hosting a webinar on the Supplier Obligation, the Supplier Obligation Levy Rate, background and assumptions, and the 15 month forecast. [Register for this webinar](#).

CIRCULAR

How does this affect my payments and Credit Cover requirements?

Suppliers must make **Interim Rate payments** and provide **Credit Cover** if they supply electricity within the **1 October 2017 to 31 December 2017** Quarterly Obligation Period. [Guidance 5-Supplier CFD Credit Cover](#) and [Working Practice 42-Supplier CFD Credit Cover](#) explain the Supplier CFD Credit Cover requirements and the process for lodging it.

For more information about Reserve Payments and how they are calculated, please see [Guidance 3-CFD Reserve Payment](#).

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

The table below shows the key dates for the **1 October 2017 to 31 December 2017** Quarterly Obligation Period:

Date	Activity
11 July 2017	Suppliers Reserve Payment Notice issued
29 September 2017	Suppliers to ensure their Credit Cover lodged is sufficient for ILR of £2.517/MWh for 1 October 2017 to 31 December 2017
1 October 2017	ILR of £2.517/MWh applies for 1 October 2017 to 31 December 2017
10 October 2017	Suppliers to be invoiced for the first Interim Rate payment based on £2.517/MWh rate applies for 1 October 2017 to 31 December 2017

The **EMRS Settlement Calendar** will provide the dates for when invoices will be generated and when payments are due. The **Key Payment Figures** will provide details of the ILR's and the TRA's for the Quarterly Obligation Periods. Both of these documents are available on the [Settlement Data](#) webpage on the EMRS website.

[EMRC116](#) informed Suppliers of the key dates and activities for the **1 July 2017 to 30 September 2017** Quarterly Obligation Period.

Are you aware of the regulation changes to the CFD Supplier Obligation?

On 22 June 2017, [EMRC125](#) was issued on behalf of the [Low Carbon Contracts Company](#) (LCCC) to remind **Suppliers** that from the **1 July 2017** the [Electricity Supplier Payments \(Amendment\) Regulation 2017](#) brings in changes to the CFD Supplier Obligation. These changes are:

- the payment terms for the Quarterly Supplier Reconciliation Invoice reduce from 90 calendar days to five working days (WDs);
- LCCC can reduce the TRA under certain conditions if it considers the amount is too high; and
- the period over which the TRA is calculated is offset such that it aligns with the period over which ILR payments are received.

These changes were consulted upon through the [Contracts for Difference Supplier Obligation: Improving efficiency and transparency consultation](#). Please refer to [EMRC125](#) to understand these changes further.

CIRCULAR

Who do I contact if I have a query?

Contact	Query Topic	Telephone	Email
LCCC	Total Reserve Amount, Interim Levy Rate	020 7211 8881	forecasting@lowcarboncontracts.uk
EMRS	Reserve Payment, Total Reserve Amount & Interim Levy Rate Notice, Quarterly Supplier Reconciliation Invoice, and Credit Cover	020 7380 4333	contact@emrsettlement.co.uk