

CIRCULAR

TYPE & NUMBER EMR Circular 130

Date 25 July 2017

Purpose For information

Suppliers to receive Capacity Market Credit Cover requirements and Supplier Charges for the upcoming Delivery Year

EMRS, on behalf of [Electricity Settlements Company](#) (ESC), will be issuing to **Suppliers** a schedule of their monthly Capacity Market Credit Cover requirements and Supplier Charges for the upcoming Delivery Year 2017/18 on 31 July 2017.

The schedule contains the following:

- A Supplier's Credit Cover requirements;
- Monthly deadlines for provision of Credit Cover; and
- A Supplier's monthly Supplier Charges.

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 first deadline to lodge Credit Cover is **13 September 2017**.

Suppliers will be invoiced for October's Supplier Charge on **2 October 2017** and the payment will be due on **9 October 2017**.

Who does this impact?

This impacts **Suppliers** who submitted a non-zero Demand Forecast¹ to EMRS in May/June 2017.

How do I lodge Credit Cover?

Credit Cover can be accepted as either cash or Letter of Credit or a combination of the two. Please note, 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 by EMRS.

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

Please note that changes to the wording of the Letter of Credit template set out in [WP45 – Supplier CM Credit Cover](#) will not be accepted.

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. The total costs of Capacity Provider payments are apportioned across Suppliers by their share of the total Net Demand for the Periods of High Demand³ within a Delivery Year.

Suppliers needed to provide a forecast of their relevant Net Demand to EMRS by 1 June 2017. These forecasts were used to calculate the Supplier Charge and Credit Cover requirements for the 2017/18

¹ For more information about this please refer to [EMR Circular 121](#).

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

³ 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 document for more defined terms:

<https://www.emrsettlement.co.uk/documents/2015/08/acronyms-definitions.pdf>

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Delivery Year. A Supplier's minimum Credit Cover requirement in respect of a month is 110% of their monthly Supplier Charge.

As payments are initially based on forecasted metered data, these will be revised once actual data is received for the Periods of High Demand. An updated schedule will be sent to all Suppliers in March 2018, with updated amounts applying from May 2018.

[G15 - CM Supplier Payments](#) provides further information on how Supplier Charges are calculated.

Unlike the Settlement Costs Levy, the Supplier Charge and Credit Cover requirements will vary from month to month as a monthly weighting factor is used. As a result, Supplier Charges and Credit Cover requirements will be higher over winter months compared to the summer months.

The **weighting factors** will be published on the [Settlement Data](#) page of our website following the issue of the Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements.

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

| Activity | Date |
|---|--------------------------|
| EMRS issues Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements | 31 July 2017 |
| Suppliers' first deadline to lodge Credit Cover ⁴ for October 2017 | 5pm on 13 September 2017 |
| EMRS invoices Suppliers for October's Supplier Charge | 2 October 2017 |
| EMRS issues revised Schedule of Supplier's Monthly Supplier Charges and Credit Cover requirements | 21 March 2018 |
| Suppliers' first deadline to lodge Credit Cover based on revised requirements for May 2018 | 5pm on 12 April 2018 |
| Suppliers to be invoiced for May's Supplier Charge based on the revised schedule | 1 May 2018 |

More information

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

⁴ Suppliers are required to lodge Credit Cover by no later than 12 Working Days before the start of a month within a Delivery Year.