

CIRCULAR

TYPE & NUMBER EMR Circular 151

Date 1 March 2018

Purpose For information

Capacity Market updates applied to the EMR Settlement Systems and documents

On behalf of [Electricity Settlement Company](#) (ESC), EMRS would like to inform **Capacity Providers** and **Suppliers** that the EMR Settlement Systems and EMRS documents have been updated relating to the following changes:

- **Capacity Providers** - Capacity Payment deductions for relevant expenditure
- **Suppliers** - Net to Gross for Capacity Market payments

The circular provides a summary of these changes and the EMRS documents that have been updated accordingly.

Capacity Payment deductions for relevant expenditure

[The Electricity Capacity \(Amendment\) Regulations 2017](#) details that **Capacity Providers** who have declared in their Funding Declaration form that they are in receipt of 'relevant expenditure' in respect of a CMU, must have the total value of the relevant expenditure deducted from any Capacity Payments they would otherwise be due.

Capacity Providers notify the [Delivery Body](#) of the total Relevant Expenditure amount through their Funding Declarations and EMRS on behalf of ESC make the deductions from the Capacity Payments until that total amount has been off set. This applies to **Capacity Providers** from the Delivery Year 2018 and onwards.

Net to Gross for Supplier Capacity Market payments

On 1 February 2018, EMRS issued [EMRC147](#) to informed **Suppliers** that the [Electricity Capacity \(Amendment\) Regulations 2017](#) replaces **net demand** with **gross demand** in calculating Capacity Market (CM) charges for **Suppliers**. This will apply as follows:

- **Settlement Costs Levy** payments for the Financial Year starting **1 April 2018**
- **Supplier Capacity Market Charge** payments for the Delivery Year starting **1 October 2018**

[EMRC147](#) provides further details on the background of this change, updates to backing data, the documents to be updated and the timeline of activities going forward.

Publication of impacted documents

The following [Working Practices](#) and [Guidance](#) documents have been updated and published on the [EMRS website](#) to reflect the above changes:

Capacity Payment deductions for relevant expenditure

- G17 – Capacity Providers Payments

Net to Gross for Supplier Capacity Market payments

- WP1 - Overview of EMR Settlement
- WP5 - Supplier CM Demand Forecast
- G2 - Calculation of Supplier Demand for EMR Charging

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- G12 - Supplier Capacity Market Demand Forecast
- G14 - Supplier CM Credit Cover
- G15 - Capacity Market Supplier Payments
- G16 - Supplier Contracts for Difference

Where can I get more information?

If you have any questions, please email contact@emrsettlement.co.uk or call us on 020 7380 4333.