

CIRCULAR

TYPE & NUMBER EMR Circular 178

Date 11 April 2019

Purpose For Information

New Regulations enable Suppliers to make Voluntary Capacity Market Payments to ESC

On behalf of the [Electricity Settlements Company](#) (ESC), EMRS would like to inform Suppliers that the Electricity Capacity (No.1) Regulations 2019, laid in Parliament on 28 February 2019, were made on 9 April 2019 and came into force 10 April 2019. Suppliers can now choose to make payments to ESC in accordance with the new Regulations and detailed in Working Practice WP199 and the ESC Terms and Conditions (see below).

On 28 February 2019, the Department for Business, Energy & Industrial Strategy (BEIS) published the response to its consultation issued on 19 December 2018. In the response, BEIS stated that ESC would set up an interest-bearing bank account to enable electricity Suppliers to pay, on a voluntary basis, amounts in respect of their potential post-standstill Supplier Charge liabilities. ESC is today launching its Voluntary Supplier Arrangement (VSA) mechanism to provide for this, as required under the new regulations. There is no requirement for Suppliers to maintain credit cover during the Capacity Market standstill period.

The aim of the VSA is:

- To minimise uncertainty amongst Suppliers by ensuring that they do not face unexpected and unfunded post-standstill liabilities in the event that the Commission approves deferred capacity payments;
- Minimise financial risks to the Capacity Market by ensuring sufficient funds are available to cover deferred payments to Capacity Providers (CPs) if these are approved by the Commission; and
- Maintain Capacity Provider confidence in the Capacity Market and their engagement in future auctions.

To facilitate this, an interest-bearing bank account, as detailed in the [Working Practice WP199](#), has been set up in order to hold voluntary payments, which can be made against the Supplier's schedule of post-standstill payments during the standstill period.

EMRS has issued to Suppliers both the provisional and revised annual calculations of Supplier Charges for the 2018/19 Delivery Year. These schedules together form the schedule of post-standstill payments for the 2018/19 Delivery Year.

Suppliers can make voluntary payments at any time during the standstill period, however the payments must not exceed the scheduled Delivery Year total set out in the relevant schedule of post-standstill payments.

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Suppliers can request a refund of all or part of any voluntary payments at any point prior to the Secretary of State issuing a trigger that brings the standstill period to an end. Refund requests must be submitted by the Supplier's Primary, Finance or Operating Authority. The refunded amount will be processed to the Supplier's EMRS registered bank account.

Full **Terms and Conditions for the VSA mechanism** have been published by ESC and can be found on the [ESC website](#).

Publication of impacted documents

The EMRS **Working Practice WP199** should be read in conjunction with the following Guidance documents, which can be found on the [EMRS website](#).

Guidance Documents	
G4 – EMR Settlement Authorisations	<ul style="list-style-type: none">• Authorised Contacts as a control for the settlement operations for Contracts for Difference (CFD) and the Capacity Market.
G15 – CM Supplier Payments	<ul style="list-style-type: none">• Capacity Market (CM) arrangements through the Settlement Costs Levy and the Capacity Market Supplier Charge.

Where can I get more information?

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