

# CIRCULAR

**TYPE & NUMBER** EMR Circular 193

**Date** 25 October 2019

**Purpose** For information

## Restart of the Capacity Market

You will be aware that on 15 November 2018 the judgment of the General Court of the Court of Justice of the European Union had the effect of annulling the European Commission's State Aid approval for the GB Capacity Market scheme and introduced a Standstill Period.

EMRS, on behalf of [The Electricity Settlements Company](#) (ESC), would like to inform Suppliers that the Secretary of State has notified ESC of the European Commission's decision confirming that the GB Capacity Market scheme is compatible with EU State Aid rules and that the deferred capacity payment trigger event and T-1 capacity agreement trigger event have occurred for the purposes of the relevant regulations. The occurrence of these trigger events means capacity payments can restart under the GB Capacity Market scheme.

Invoicing and collection of the Standstill Collection Period Supplier Charge will take place in November and the first business as usual month will now be December 2019. Below are the due dates for payment of the invoices and Credit Cover as per the regulations. Suppliers should also refer to Guidance document [G22 – Capacity Market Settlement Restart](#), published on the EMRS website.

## How will this announcement impact Suppliers?

### 1) Standstill Collection Period Supplier Charge

Ofgem wrote to all Suppliers in August 2019 and ESC wrote to suppliers in October 2019, reminding them of their statutory obligation, should the current situation arise, to pay invoices for the Standstill Collection Period Supplier Charge issued by ESC in full and on time.

ESC would like to draw your attention to the following dates, which are prescribed in the relevant regulations:

- Suppliers will receive their invoices (one invoice for each delivery year) for the Standstill Collection Period Supplier Charge on **14 November 2019**;
- The Standstill Collection Period covers the period starting 01 October 2018 to 30 November 2019 and so covers two separate Delivery Years;
- Suppliers will have the usual **five working days** to pay the Standstill Collection Period Supplier Charge, **ie. by 5 pm on 21 November 2019.**

A more comprehensive guide and payment timeline is included in the guidance note: [G22 – Capacity Market Settlement Restart](#) published on 6 August 2019.

### 2) Business as Usual

Payments and collections under the Capacity Market scheme can now restart as normal, so we ask Suppliers to prepare for business as usual activity and would like to highlight the following timings:

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- The first non-standstill month will be December 2019 and Suppliers will be invoiced for their monthly Capacity Market Supplier Charge on 2 December 2019 and thereafter on the first working day of each month in accordance with the regulations;
- If you previously paid by Direct Debit, please ensure this is still set up as your DD mandate may have expired;
- Suppliers will need to **post Credit Cover prior to 14 November 2019** for the first non-standstill month December 2019<sup>1</sup> in accordance with the relevant regulations; and
- If you still have Credit Cover in place this will continue to be valid against your Credit Cover requirement due by 14 November.

A Settlement Calendar is available on the EMRS Website showing all Standstill and business as usual Payment and Credit Cover dates <https://www.emrsettlement.co.uk/settlement-data/settlement-data-suppliers/>.

### 3) Monitoring payments by suppliers

Upon restart of payments and collections under the Capacity Market, ESC will be closely monitoring the payments made by Suppliers and will be keeping BEIS and Ofgem informed of any late payments.

- Any Supplier that fails to pay its invoice by the due date will be added to the [non-payment register](#) for a 12-month period;
- ESC will take appropriate debt recovery action, where required, to ensure all Suppliers meet their payment obligations; and
- Late payment interest will be charged at 5% per annum over the Bank of England (BoE) base rate on all outstanding amounts in accordance with the regulations.

### Further information

To support the restart, guidance [G11](#) (Termination of Capacity Providers) and [G17](#) (Capacity provider payments) have been updated to reflect the current situation.

Please also see [National Grid ESO FAQs](#).

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

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<sup>1</sup> The Credit Cover amount you are required to lodge was issued in the Provisional Supplier Payment Schedule published in July 2019 and can be found on the [EMRS Portal](#) or can be requested again from the EMRS service desk.