

CIRCULAR

TYPE & NUMBER EMR Circular 196

Date 13 December 2019

Purpose For information

Capacity Market Mutualisation

EMRS, on behalf of [The Electricity Settlements Company](#) (ESC), would like to inform all Suppliers that the mutualisation invoices for standstill shortfall have been issued. This follows invoicing on 14 November 2019 for both 2018/19 (£1,005m) and two months of the 2019/20 (£160m) standstill Delivery Years, which totalled £1,165m.

The shortfall, as shown in the [non-payment register](#) dated 13 December 2019, now stands at £10.9m or 0.9% of the total amount. In line with the regulations, all suppliers who have paid their first standstill invoice in full will receive a further invoice from EMRS to cover this shortfall. Here is the breakdown by Delivery Year:

| Delivery Year | Standstill shortfall |
|---------------|----------------------|
| 2018 / 2019 | £10m |
| 2019 / 2020 | £0.9m |

The first standstill non-payment register was published on 22 November 2019 with an outstanding liability of £38.2m. ESC would like to thank Suppliers for their ongoing support in reducing this outstanding amount over the course of the last two weeks.

Suppliers should continue to refer to the Guidance document [G22 – Capacity Market Settlement Restart](#), published on the EMRS website. This includes a timeline of activity and key dates as per the regulations.

Supplementary mutualisation

In line with regulations, a supplementary mutualisation was introduced to protect from a large shortfall post the first mutualisation. Receiving over 99% of the liability means ESC hopes to be in a position where a further mutualisation will not be required. ESC will confirm this after receipt of payments on 20 December 2019.

Suppliers on the Non-Payment Register

ESC is working with those Suppliers who have not fully paid their outstanding liability in order to reduce the £10.9m further. All further payments will be reconciled as per the Standstill Settlement Calendar and credited back to Suppliers. We will continue to update the non-payment register to show these payments, but it should be noted that £6.1m relates to Suppliers who are no longer active in the market, and we will be working with the administrators to maximise any possibility of recovery.

ESC would like to remind all Suppliers that:

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;

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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.

Invoicing and reconciliation

A [Settlement Calendar](#) is available on the EMRS Website showing all standstill and business as usual Payment and Credit Cover dates which can be used to understand how invoicing and reconciliation will occur.

Further information

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