

CIRCULAR

TYPE & NUMBER EMR Circular 203

Date 26 March 2020

Purpose For information

Suppliers to receive revised Capacity Market Credit Cover and Supplier Charge schedule for 2019-20 Delivery Year

EMRS, on behalf of [Electricity Settlements Company](#) (ESC), are issuing to **Suppliers** a revised schedule of their monthly Capacity Market Credit Cover requirements and Supplier Charge for the 2019/20 Delivery Year on 27 March 2020. This is based on the actual data for the Period of High Demand¹.

The schedule contains the following information:

- A Supplier's revised Credit Cover requirements for May 2020 to September 2020
- Monthly deadlines for provision of Credit Cover
- A Supplier's monthly Supplier Charges for May 2020 to September 2020

This circular includes additional information on the following:

- Key dates you need to be aware of for Credit Cover and Supplier Charge
- How Credit Cover and the Supplier Charge are calculated?
- When does my Credit Cover needs to be in place?

Who does this impact?

This impacts **Suppliers** who had metered volumes during Period of High Demand in 2019/20 Delivery Year and **Suppliers** who submitted a demand forecast but subsequently had zero volumes during the Period of High Demand in 2019/20.

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

Activity	Date
Suppliers' first deadline to lodge Credit Cover based on revised requirements for May 2019	5pm on 15 April 2020
Suppliers to be invoiced for May's Supplier Charge based on actual metered volumes.	1 May 2020
Suppliers to pay the invoice for May's Supplier Charge	11 May 2020

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 cost of Capacity Provider payments for a Delivery Year. This charge is apportioned across Suppliers by their share of the total Gross Demand for the Period of High Demand within a Delivery Year.

¹ 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.

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

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The **monthly weighting factors** for 2019/20 Delivery Year can be found in the **Key Figures for Payments 2019/20** on the Supplier [Settlement Data](#) webpage on the EMRS website.

Suppliers submitted a demand forecast to EMRS in June 2019. These forecasts are used to calculate the provisional Supplier Charge and Credit Cover requirements for the 2019/20 Delivery Year. **A Supplier's minimum Credit Cover requirement in respect of a month is 110% of their monthly Supplier Charge.**

The revised Schedule of Monthly Credit Cover requirements and Supplier Charges reflect the calculation now based on the actual data for the Period of High Demand.

When does my Credit Cover need to be in place?

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 revised schedule starts from May 2020 for the 2019/20 Delivery Year; Credit Cover for that month needs to be lodged by **5pm on 15 April 2020**.

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. When lodging a Letter of Credit by SWIFT message please email a copy of the message to contact@emrsettlement.co.uk.

What documents should I look at for further information?

[WP45 – Supplier CM Credit Cover](#) details 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. Should you wish to make changes to the wording of the Letter of Credit then these changes should be authorised by EMRS before submitting to our bankers. Unauthorised changes will be rejected.

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

More information

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