

# CIRCULAR

**TYPE & NUMBER** EMR Circular 208

**Date** 28 April 2020

**Purpose** For information

## Supplier Capacity Market Demand forecast due 1 June for 2020/21 Delivery Year

**Suppliers** are required, under the [Electricity Capacity \(Supplier Payment etc.\) Regulations 2014](#), to provide a **forecast of their Gross Demand<sup>1</sup> for the Period of High Demand** (Peak Period)<sup>2</sup> for the 2020/21 Delivery Year, by **1 June 2020**.

This forecast is used to calculate Suppliers' monthly Capacity Market Supplier Charge and monthly Credit Cover requirements. This week, EMRS, on behalf of [Electricity Settlements Company](#) (ESC), will be issuing the **forecast template** for Suppliers to submit their demand forecast.

This circular provides you with information on:

- What is included in the forecast template?
- What format should my forecast be in?
- What checks will EMRS carry out on submitted forecasts?
- What are the key dates?
- What are the escalation routes if forecasts aren't submitted?

## Impact on Suppliers

**Suppliers** are required to submit a forecast by **1 June 2020**. A Supplier submits a forecast if they believe they will have Gross Demand within the Peak Period for the 2020/21 Delivery Year. If a Supplier believes they will not have Gross Demand for this period, they should submit a zero forecast and explain why in the commentary.

## Why is a demand forecast required?

Under the Capacity Market (CM), Suppliers are obligated to pay a monthly CM Supplier Charge to cover the costs of Capacity Provider payments, where they have made a supply during the Peak Period. This charge is apportioned across Suppliers by their share of the Total Gross Demand for the Peak Period within a Delivery Year.



As payments start before actual metered data is available, the charge is provisionally calculated using a demand forecast provided by Suppliers. The forecast is replaced by metered data once it is available for the whole Peak Period.

The forecasted demand is also used to calculate a Supplier's CM Credit Cover requirements.

<sup>1</sup> Gross Demand is defined within [The Electricity Capacity \(Amendment\) Regulations 2017](#)

<sup>2</sup> Period of High Demand is defined within [The Electricity Capacity \(Supplier Payment etc.\) Regulations 2014](#) and means 4 p.m. to 7 p.m. on any working day in November, December, January or February

## What is included in the forecast template?

The template includes:

- A Supplier's Gross Demand for the Peak Period for the last two years and the percentage change between the two.
- The total Gross Demand for all Suppliers for the Peak Period for the previous year and a Supplier's share of this.
- A forecast of the Gross Demand for the upcoming Peak Period for 2020/21. This will indicate whether the change in market share compared to last year's actual Gross Demand will be outside of the tolerance levels set out below. Please note it is assumed that there are no underlying changes to the Total Peak Demand for 2020/21 compared to the previous year.
- A commentary box is also provided for a Supplier to document their assumptions, constraints and explanation for their forecasts. This is required to be filled in where a forecast is likely to be outside of the tolerance levels set out below.

## What format should my forecast be in?

The forecast should be:

- Megawatt hour (MWh)
- Up to three decimal places
- Provided for Settlement Periods between 4 p.m. and 7 p.m. on Working Days only between November, December, January and February for the 2020/21 Delivery Year.
- Gross Demand, which is adjusted for distribution and transmission losses, and
- Should be submitted for each legal entity (i.e. each EMR Party ID).

Forecasts should be sent to the **Service Desk** ([contact@emrsettlement.co.uk](mailto:contact@emrsettlement.co.uk)) by **1 June 2020**.

## What checks will EMRS carry out on forecasts?

A forecast that is not fair or reasonable could unduly affect other Supplier's CM Supplier Charge. It is therefore important that Suppliers provide their forecast accurately and in a timely manner.

EMRS will carry out process checks on all submitted forecasts and seek clarification from a Supplier when a forecast falls outside a set tolerance. The aim of this is to give Suppliers assurance other Suppliers are submitting forecasts that are fair and reasonable.

Clarification will be sought when:

- The percentage change between a Supplier's forecast and their demand from the previous year's Peak Period is greater than **8%**.
- The percentage change in a Supplier's share of the total Gross Demand is greater than **0.5%**.

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## What happens following the 1 June 2020 deadline?

Following the 1 June 2020 deadline, we'll send ESC a list of those Suppliers who haven't submitted a complete forecast. The list would also include any Suppliers EMRS believes will unfairly affect other Suppliers' monthly CM Supplier Charge and any that haven't responded to clarification against their forecast. ESC reviews this information and confirms to EMRS what forecast to be used for those Suppliers.

## Key dates

Below are the key dates for the Supplier Capacity Market Demand forecast activities:

Activity	Date
EMRS issue forecast template to Suppliers	1 May 2020
Deadline for Supplier to submit their forecasts to Service Desk ( <a href="mailto:contact@emrsettlement.co.uk">contact@emrsettlement.co.uk</a> )	1 June 2020
EMRS to send confirmation or ask for clarification from Suppliers	by 8 June 2020
Schedule of Supplier's monthly CM Supplier Charges and Credit Cover issued. <ul style="list-style-type: none"><li>Includes the Supplier's monthly CM Supplier Charge and Credit Cover requirements based on forecast demand for <b>1 October 2020 to 30 April 2021</b>.</li></ul>	31 July 2020
Schedule of Supplier's revised monthly CM Supplier Charges and Credit Cover issued. <ul style="list-style-type: none"><li>Includes the Supplier's monthly CM Supplier Charge and Credit Cover requirements based on actual metered data for <b>1 October 2020 to 30 September 2021</b>.</li></ul>	End of March 2021

## Where can I get more information?

We have published [G12 – Supplier Capacity Market Demand Forecast](#) and [WP5 – Supplier Capacity Market Demand Forecast](#) to help you with this process.

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.