

G12 – Supplier Capacity Market Demand Forecast

EMRS Guidance

Public

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Change Amendment Record

Version	Date	Description
1.0	03 May 2016	Go-Live Version
2.0	04 August 2017	Document transfer into new template
3.0	01 March 2018	Capacity Market Supplier Charging using Gross Demand data
4.0	16 May 2018	Capacity Market Supplier Charging using Gross Demand data
5.0	01 June 2018	Minor grammatical updates

1. Introduction

All Suppliers are required to provide a forecast of their Gross Demand¹ for the Period of High Demand² (Peak Period) within a Delivery Year by 1 June prior to that³. This guidance note will provide Suppliers with information on how to complete the forecast template and the process checks EMRS will carry out on submitted forecasts.

2. Purpose

The purpose of this document is to answer the following questions:

- How is the Capacity Market Supplier Charge and Credit Cover requirements calculated?
- What process checks will EMRS carry out on forecasts?
- What is included in the forecast template?
- What format should a forecast be in?
- Do I need to submit a forecast if I'm not yet an active Supplier?
- What happens if I don't submit a forecast?
- When will my Capacity Market Supplier Charge and Credit Cover requirements be based on actual metered data?
- When are the Capacity Market Supplier Charges reconciled

3. Who is this document for?

This guidance is relevant for all Suppliers.

4. Associated Documents

This document should be read in conjunction with:

- WP5 – Supplier Capacity Market Demand Forecast.

¹ Gross Demand is defined within The Electricity Capacity (Amendment) Regulations 2017 - https://www.legislation.gov.uk/uksi/2017/1053/pdfs/ukxi_20171053_en.pdf

² 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.

³ The Electricity Capacity (Supplier Payment etc.) Regulations 2014 (<http://www.legislation.gov.uk/uksi/2014/3354/contents/made>)

5. How is the Capacity Market Supplier Charge and Credit Cover requirements calculated?

The Capacity Market Supplier Charge is used to pay Capacity Providers for a Delivery Year. A Supplier's monthly charge is calculated by multiplying the total annual Capacity Provider payments for a Delivery Year by Supplier's Gross Demand for the Peak Period and the monthly weighting factor⁴. This is then divided by the Total Demand for all Suppliers for the Peak Period.



Note: From Delivery Year 2018/19, **1 October 2018** the Capacity Market Supplier Charges and Reconciliation calculations change to **Gross Demand**. Previous Delivery Years will remain using Net Demand.

A Supplier's Gross Demand and the Total Demand of all Suppliers are initially based on forecasted data provided by each Supplier. These are both replaced by metered data once it is available.

Each Supplier must provide a level of Credit Cover for each month during the Delivery Year. The amount of Credit Cover is 110% of the monthly Capacity Market Supplier Charge. EMRS will calculate the amount required, using the forecasted demand provided by Suppliers and will issue a schedule to each Supplier. This too will be revised (once actual metered volume is received) and an amended schedule will be re-issued.

6. What process checks will EMRS carry out on forecasts?

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

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 give Suppliers assurance that other Suppliers are submitting forecasts that are fair and reasonable.

EMRS will check that the forecast has been submitted in the correct format (see section 8). The percentage change between the submitted forecast and a Supplier's metered Gross Demand for the Peak Period from the previous year and changes in Supplier's share of the total demand for the Peak Period will also be checked.

Clarification will be sought when:

- A Supplier's forecast is greater than the tolerance level set for change in Gross Demand from the previous year; and
- Tolerance set for the change in a Supplier's share of the total Gross Demand.

⁴ The monthly weighting factor profiles payment during the year.

The following tolerance levels will be used before seeking further clarification from a Supplier.

Percentage Change in Supplier's Gross Demand for the Peak Period from Previous Year	Percentage Change in a Supplier's share of Total Demand for all Suppliers for the Peak Period
8%	0.5%

The tolerance levels were set based on analysis of change in demand between the 2014/2015 periods of high demand and the 2015/2016 Peak Period. They have been set at a level where they provide a sense check of a forecast but they are not meant to constitute approval of a forecast. The tolerance levels will be reviewed annually prior to the demand forecast request being issued to ensure they remain appropriate.

7. What is included in the forecast template?

EMRS will issue Suppliers, who had demand in the Peak Period for the previous year, a forecast template (see Appendix 1) before the submission deadline. The template will include:

- A Suppliers demand for the Peak period for the last two years and the percentage change between the two. The template will also include 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. It 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 above. Please note, it is assumed that there are no underlying changes to the Total Peak Demand compared to the previous year.
- A commentary box is also provided. This is 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 higher than the tolerance levels set out above.

8. What format should a forecast be in?

A Supplier's forecast should cover the Peak Period which is 4pm and 7pm on working days only between November and February. As the forecast will be used for Capacity Market charging⁵, it should be Gross Demand which is adjusted for distribution and transmission losses. This would be the demand at the Transmission boundary rather than the customer terminal or Notional Balancing Point.

The forecast should be in:

- Megawatt hour (MWh);
- be up to three decimal places; and
- Provided for November, December, January and February.

Wherever possible Suppliers should use the forecast template provided to them. If this is not possible, the forecast should be submitted as an excel spreadsheet. Forecasts should be sent to EMRS Service Desk (contact@emrsettlement.co.uk). EMRS will accept a forecast from any contact from within a Supplier. On any communications from EMRS about the forecast we will include the Operating Authority.

⁵ For more information please see G2 – Calculation of Supplier Demand for EMR Charging available on the <https://www.emrsettlement.co.uk/publications/guidance/>.

9. Do I need to submit a forecast if I’m not yet an active Supplier?

A Supplier should submit a forecast if they believe they will have Gross Demand within the Peak Period for a Delivery Year. If a Supplier believes they will not have Gross Demand for the Peak Period they should submit a zero forecast and explain why in the commentary.

10. How many forecasts do I need to submit?

A forecast should be submitted for each legal entity (i.e. each EMR Party Id, which for a Supplier is the same as the BSC Party Id).

11. What happens if I don’t submit a forecast?

EMRS will report to the Electricity Settlement Company (ESC), Suppliers who:

- Do not submit a forecast by the 1 June;
- Do not respond to an EMRS clarification request on their forecasts;
- EMRS believes will unfairly affect other Suppliers’ Supplier Capacity Market Charge

12. When will my Capacity Market Supplier Charge and Credit Cover requirements be based on actual metered data?

A Supplier’s invoiced amounts and Credit Cover requirements for October to April inclusive will be based on their forecasted demand. This is due to EMRS not receiving the SF data for all of the Peak Period until the 16th working day of March.

Credit Cover for April is required to be lodged no later than 12 working days before the commencement of the month. This is likely to be before EMRS will receive SF data, therefore April’s invoices and Credit Cover requirement will be based on forecasted demand.

The first month a Supplier’s Capacity Market Supplier Charge will be calculated using metered data will be May.

13. When are the Capacity Market Supplier Charges reconciled?

The monthly Capacity Market Supplier Charge is reconciled on three set occasions, no later than 90, 160 and 255 working days after the month in question. It is reconciled annually as well, no later than 90, 160 and 255 working days after the end of the Delivery Year. EMRS will publish a reconciliation calendar before the start of a Delivery Year.

14. Need more information?

For more information, please visit our website (<http://www.emrsettlement.co.uk>) or email us at contact@emrsettlement.co.uk.

15. Acronyms and Definitions

A list of acronyms and definitions can be found in the ‘Acronyms and Definition’ document on our website⁶.

⁶ <https://www.emrsettlement.co.uk/publications/guidance/>

16. Appendix 1 – Template detailing the Supplier forecasted demand

Please submit with a file heading of [Party Id] YYYYMMDD. Forecast demand should be in MWh and up to three decimal places. Please submit zero if there is no demand.

Party ID: PARTYID		Peak Demand = 4pm to 7pm Working Days Only between November and February	
Peak Month	Forecast Peak Demand 2016/2017 (MWh)	Actual Peak Demand 2015/2016 (MWh)	Actual Peak Demand 2014/2015 (MWh)
November	-	2345.678	1234.567
December		2345.678	1234.567
January		2345.678	1234.567
February		2345.678	1234.567
Total		9,382.712	6,564.000
Year on year % change	-100.00%	42.9%	

Year	2016/2017	2015/2016	2014/2015
Total Peak Demand (MWh)	10,937,342.725 ⁷	10,937,342.725	11,268,404.401
Your share of Total Peak Demand (MWh)	0.00%	-0.09%	0.06%
Change Between Consecutive Years	-0.09%	0.03%	

⁷ It is assumed that there are no underlying changes to the Total Peak Demand for 2016/2017 compared to the previous year. This figure is provided only for guidance.



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