

WP41 - Late Payment Procedure

EMRS Working Practice

Public

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Change Amendment Record

Version	Date	Description
V1.0	7 May 2015	Go-live version
V2.0	12 Jan 2016	Amendments including addition of NPA and Termination Fee
V3.0	17 June 2016	Updated to include new CM payment Types (Settlement Costs Levy Revision, CM Monthly Supplier Charge, Supplier Reconciliation, Termination Fees and Repayment of Capacity Payments), plus other minor housekeeping changes
V4.0	6 October 2016	Updated to include late payment procedure for Capacity Provider payments
V5.0	7 March 2017	Updates to accommodate changes to payment terms 3 to 5 Working Days
V6.0	1 July 2017	Updates to reduce payment terms from 90 to 5 WD (Section 6.3.1)
V7.0	16 August 2017	Transfer to new template and updated details on late payment interest

1. Introduction

The Contract for Difference (CFD) scheme and Capacity Market (CM) have associated payments which are due from Suppliers, CFD Generators and Capacity Providers. Those payments have payment terms which must be met by the obligated party as noted in the appropriate Regulations, rules or contract terms and conditions. Where these are not met this document covers the procedure which will be followed.

1.1 Scope and Purpose

The purpose of this working practice is to provide Suppliers, CFD Generators and Capacity Providers with information on the process which is followed where payments are not made by their due date. Initially payments past the due date are considered late payments. Subsequently they are considered overdue if they exceed a cure period (where there is one) and the party due to make the payment may be considered in default.

Different actions are taken for different payment types and EMR Parties, where payments are late or overdue. The entire process is referred to as the late payment process, as the trigger for the late payment process is the failure to pay by the due date.

A Supplier is obliged to make payments as stated in the Regulations covering both schemes.

CFD Generators have an obligation in their CFD agreement to make certain payments to the Low Carbon Contracts Company (LCCC). Difference payments which a CFD Generator is required to pay the LCCC are referred to as negative Net Payable Amounts in the CFD Standard Terms and Conditions. Please note that values of Net Payable Amounts (data item J1971) in the backing data (data flow D0365) will follow the sign convention specified in the contract but will appear as a positive amount on an invoice if the CFD Generator is required to pay.

This document also covers late payment of termination amounts for CFD Generators.

Capacity Providers are required to make payments to the Electricity Settlements Company (ESC) in limited instances, as provided for by the Regulations and Rules, for example if a termination fee is due for particular termination events. (For further detail see the Capacity Agreements Termination guidance note¹).

The payment types covered in this document are listed below in Table 1.

This document does not cover the payments made by the Low Carbon Contracts Company (LCCC) nor the Electricity Settlements Company (ESC) to any party.

This document does not contain information on Credit Cover. Please refer to the Working Practice section on our website for the Credit Cover Working Practices, which have been drafted per EMR Party role i.e. Supplier, CFD Generator and Capacity Provider/Applicant.

¹ <https://www.emrsettlement.co.uk/publications/guidance/>

Table 1: Payments covered in this document

Supplier payments under the CFD scheme	Supplier Payments under the CM scheme
<ul style="list-style-type: none"> ✓ Interim Levy Rate ✓ Reconciliation of Interim Levy Rate ✓ Reserve ✓ Additional Reserve ✓ Reconciliation ✓ Mutualisation ✓ Operational Costs 	<ul style="list-style-type: none"> ✓ Settlement Costs Levy (including revision) ✓ CM Monthly Supplier Charge ✓ Reconciliation – Monthly and Annual
CFD Generator payments	Capacity Provider payments
<ul style="list-style-type: none"> ✓ Negative Net Payable Amount (NPA)² ✓ Termination fee 	<ul style="list-style-type: none"> ✓ Termination Fee ✓ Repayment of Capacity Payments ✓ Penalty Charge

1.2 Main Users and Responsibilities

This document is intended to be of use to Suppliers, CFD Generators and also Capacity Providers. Table 2 summarises the roles and responsibilities of those parties involved in this procedure, with respect to this procedure only.

Table 2: Roles and Responsibilities under EMR late payment procedure

Role	Responsibilities
Low Carbon Contracts Company Ltd (LCCC) ³	Authorises credit draw down, mutualisation and the sending of non-payment notices. Also publishes non-payment notices ⁴ which have been sent to Suppliers. Sends notices ⁵ to CFD Generators directly.
Electricity Settlements Company Ltd (ESC) ⁶	Publishes non-payment register. ⁷
Ofgem	Notified of a Supplier non-payment as this is a breach of Supply licence conditions.

² CFD Standard Terms and Conditions, Condition 23.1. This amount is calculated in respect of each Billing Period. If it is negative then the CFD generator must pay the CFD Counterparty.

³ Please see <https://lowcarboncontracts.uk/> for more information

⁴ For an example of a non-payment notice please refer to Appendix 1 and 2

⁵ As specified in the pro forma notices section in the contract.

⁶ Please see <https://electricitysettlementscompany.uk/> for more information

⁷ The non-payment register can be found on <https://lowcarboncontracts.uk/publications>

Role	Responsibilities
Supplier	Makes payments under CM and CFD schemes and is subject to consequences if they fail to meet the payment terms.
EMR Settlement Ltd (EMRS)	Administers the process detailed in this EMRS Working Practice procedure.
CFD Generator	Makes payments according to their Contracts for Difference and is subject to consequences if they fail to meet the payment terms.
Capacity Provider	Makes payments under the CM scheme and is subject to consequences if they fail to meet the payment terms.

1.3 Associated Documents

This working practice should be read in conjunction with the following documents:

Document ⁸
CFD Standard Terms and Conditions ⁹ and all subsequent amendments
Investment Contracts ¹⁰
The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 and all subsequent amendments
The Electricity Capacity Regulations 2014, and all subsequent amendments
The Electricity Capacity (Supplier Payment etc.) Regulations 2014, and all subsequent amendments

⁸ Regulations can be found at <http://www.legislation.gov.uk/>

⁹ <https://www.gov.uk/government/publications/contracts-for-difference-standard-terms-and-conditions>

¹⁰ <https://www.gov.uk/government/publications/final-investment-decision-fid-enabling-for-renewables-investment-contracts>

2. Payment Terms

For a list of payment terms for each payment type please refer to Appendix 3. Please note that for both **CFD payments** and **CM payments** the deadline for payment is **before midnight on the due date**. Payments made after this point will be considered late and treated as being received on the next calendar day.

2.1 Supplier late payment interest

The late payment interest rate is calculated in accordance with Regulation 35 in the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014¹¹. The relevant regulations for the Capacity Market scheme are Regulation 11(3), 11(5) and 11(6) in the Electricity Capacity (Supplier Payment etc.) Regulations 2014¹² and Regulations 46(2), 46(4) and 46(5) of the [Electricity Capacity Regulations 2014](#)¹³ and any subsequent amendments.

Under both the CFD and CM schemes, the rate at which late payment interest is payable is currently set at five per cent per annum over the Bank of England base rate in force on the 30 June or the 31 December immediately before the date on which the interest starts to run and it is simple interest that is charged.

Supplier late payment interest is calculated on calendar days between the due date and the paid date. Please note that interest will appear on the next available invoice once the principal amount has been cleared.

Example 1 – Supplier CFD payment:

- ✓ Reserve Payment of £10,000.00 due on 13 April 2015 before midnight.
- ✓ Payment received on 15 April 2015.
- ✓ Two days of interest accrued.
- ✓ Interest rate of 5.5 per cent per annum, being 0.5 per cent which was the Bank of England rate in force on 31 December 2014 plus 5 per cent.
- ✓ £3.01 for late payment interest added to next invoice.

Example 2 – Supplier CM payment:

- ✓ Capacity Market Settlement Costs Levy payment of £4,000.00 due on 8 April 2015
- ✓ Payment received on 9 April 2015.
- ✓ One day of interest accrued.
- ✓ Interest rate of 5.5 per cent per annum, being 0.5 per cent which was the Bank of England rate in force on 31 December 2014 plus 5 per cent.
- ✓ £0.60 for late payment interest added to next invoice.

2.2 Capacity Provider late payment interest

The late payment interest rate is calculated in accordance with Regulations 46(2), 46(4) and 46(5) of the [Electricity Capacity Regulations 2014](#)¹⁴ and any subsequent amendments.

CM schemes, the rate at which late payment interest is payable is currently set at five per cent per annum over the Bank of England base rate in force on the 30 June or the 31 December immediately before the date on which the interest starts to run and it is simple interest that is charged.

¹¹ <http://www.legislation.gov.uk/uksi/2014/2014/contents/made>

¹² <http://www.legislation.gov.uk/uksi/2014/3354/made>

¹³ <http://www.legislation.gov.uk/uksi/2014/2043/contents/made>

¹⁴ <http://www.legislation.gov.uk/uksi/2014/2043/contents/made>

For Capacity Providers late payment interest is calculated on calendar days between the due date and the paid date. Please note that interest will appear on the next available invoice once the principal amount has been cleared.

Example – CM Capacity Provider payment:

- ✓ Termination Fee of £20,000 due on 15 February 2016.
- ✓ Payment received on 20 February 2016.
- ✓ 5 days of interest accrued.
- ✓ Interest rate of 5.5 per cent per annum, being 0.5 per cent which was the Bank of England rate in force on 31 December 2015 plus 5 per cent.
- ✓ £15.07 for late payment interest to be invoiced.

2.3 CFD Generator late payment interest

CFD Generator should refer to their **Investment Contract** or **Contracts for Difference Standard Terms and Conditions** for further details on how late payment interest is applied.

3. Interface and Timetable Information

3.1 Supplier Non-Payment of a CFD amount

The payment types that fall under this process are captured in Section 1- Scope and Purpose.

Ref	When	Action	From	To	Input Information Required	Method
3.1.1	Every Working Day	<p>Monitor payments received.</p> <p>If received and dated as either before or on the due date then END PROCESS</p> <p>If received in full but late proceed to step 3.1.3 and then END PROCESS</p> <p>If not received, or only partially paid, proceed to step 3.1.3 and continue.</p>	EMRS		Amount Due date	Internal process
3.1.2	At the same time as 3.1.1	Where invoices are partially paid, send a partial payment notice	EMRS	Supplier	Amount Due date Payment Type	Email
3.1.3	After 3.1.1, daily until amount is paid.	Where any payment was not received by due date in full, interest accrues on the late amount and is added to Supplier's liabilities. Interest is calculated and invoiced when the outstanding amount has been paid in full.	EMRS		Amount Due date Interest rate	Internal process
3.1.4	Following 3.1.3, daily for 2WDs	Send late payment advice for all late amounts.	EMRS	Supplier	EMR Party ID Amount	Email

Ref	When	Action	From	To	Input Information Required	Method
	where amount remains outstanding (i.e. due date plus 1WD and then due date plus 2 WDs)				Payment Type Due date Invoice number	
3.1.5	Following 3.1.4 and where outstanding payment is a relevant payment ¹⁵ and is now overdue (over 2WDs past the due date)	Credit cover check (to see how much credit cover is available and in what form)	EMRS			Internal process
3.1.6	Following 3.1.5	Credit stress check ¹⁶ (internal validation) for mutualisation decision.	EMRS		Credit cover check	Internal process
3.1.7	Following 3.1.6	Notify LCCC of the outcome of the credit stress check and recommend mutualisation where appropriate	EMRS	LCCC	Credit stress check	Email
3.1.8	Dependent on 3.1.5. Sent with	Request credit draw down if there is credit remaining. ¹⁷	EMRS	LCCC	Credit cover check	Email

¹⁵ As per The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, Regulation 21 (6).

¹⁶ This is to fulfil the *Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, Regulation 17 (3)*, as part of the internal validation EMRS will check for whether the total value of all invoices due in the following 4 days (including the current outstanding) exceeds the amount of credit cover held.

Ref	When	Action	From	To	Input Information Required	Method
	3.1.7 where possible					
3.1.9	Following 3.1.7 and 3.1.8	LCCC respond to recommendation and credit draw down request where these were made.	LCCC	EMRS		Email
3.1.10	Following 3.1.9	Where LCCC authorises credit draw down initialise draw down credit cover process.	EMRS		Approval from 3.1.8	WP42- Supplier CFD Credit Cover
3.1.11	Following 3.1.9	Where LCCC authorises mutualisation, initialise mutualisation process.	EMRS		Approval from 3.1.8	Separate process
3.1.12	Following 3.1.10	Where credit cover did not clear all of the overdue amount request that a Non-Payment Notice is sent.	EMRS	LCCC	Credit cover report	Email
3.1.13	Following 3.1.12	LCCC respond to request for Non-Payment Notice.	LCCC	EMRS		Email
3.1.14	Depending on 3.1.13	Where LCCC authorises, send Non-Payment Notice ¹⁸ to Supplier and Ofgem.	EMRS	Supplier Ofgem LCCC	EMR Party ID Default amount Payment Type Due date Invoice number	Email

¹⁷ This table does not go into detail on the credit cover draw down process; this will be contained in a separate Working Practice document to be published on the EMRS website.

¹⁸ See Appendix 1 for example

Ref	When	Action	From	To	Input Information Required	Method
					Interest accrued to date	
3.1.15	Following 3.1.14	Publish a copy of the Non-Payment Notice. END PROCESS	LCCC	External		Website notice

3.2 Supplier Non-Payment of a CM Amount¹⁹

The payment types that fall under this process are captured in Section 1- Scope and Purpose.

Ref	When	Action	From	To	Input Information Required	Method
3.2.1	Every Working Day	Monitor payments received. If received by on the due date then END PROCESS If not received in full, proceed to step 3.2.2.	EMRS		Amount Due date	Internal process
3.2.2	Following step 3.2.1, daily until amount is paid.	Where any payment was not received by due date in full interest accrues on the late amount and is added to Supplier's liabilities. Interest is calculated and invoiced when the outstanding amount has been paid in full.	EMRS		Amount Due date Interest rate	Internal process
3.2.3	Following 3.2.1, daily for 2WDs where amount remains outstanding (i.e. due date plus 1WD and then due date plus 2WDs)	Send late payment advice for all late amounts ²⁰ .	EMRS	Supplier	EMR Party ID Amount Payment Type Due date Invoice number Amount of credit available to be drawn down (not for Settlement Costs Levy)	Email

¹⁹ NB: Mutualisation occurs when a Supplier fails to provide Credit Cover – this is covered in more detail in WP45 – CM Supplier Credit Cover available on the EMRS website at <https://emrsettlement.co.uk/publications/working-practices/>. However, for CFD mutualisation takes place due to non-payment of invoices.

²⁰ See Appendix 2 for example

Ref	When	Action	From	To	Input Information Required	Method
3.2.4	Following 3.2.1 and within 1WD	Put details on Non-Payment register and send to ESC	EMRS	ESC	Non-Payment register	Email
3.2.5	Following 3.2.4	Publish Non-Payment register. ²¹	ESC		Non-Payment register	Website
3.2.6	Following 3.2.1	Where a payment received is to clear an outstanding amount put details on the Non-Payment register and send the updated register to ESC	EMRS	ESC		Email
3.2.7	Following 3.2.6 and within 3WD of payment due date	For CM Monthly Supplier Charge: Send a Non-Payment Notice advising of intention to draw down For outstanding reconciliation amount credit cover can be used without a notice – go to step 3.2.11	EMRS	Supplier	Amount Due Date Credit cover amount Appendix 2 – CM Supplier Non-Payment Notice	Email
3.2.8	Following 3.2.7 and within 2WDs	Monitor payment If received update Non-Payment register and calculate accrued interest END PROCESS If not received within 2WDs go to 3.2.11	EMRS	-	Non-Payment register	Process 4.2.2 and 4.2.6
3.2.9	Following 3.2.8	Send Non-Payment register	EMRS	ESC	Non-Payment register	Email

²¹ <https://lowcarboncontracts.uk/publications>

Ref	When	Action	From	To	Input Information Required	Method
3.2.10	Following 3.2.9	Publish Non-Payment register. ²²	ESC	-	Non-Payment register	Website
3.2.11	Following 3.2.7 or 4.2.8 and within 1WD	Credit cover, if lodged can be drawn down – send authorisation request	EMRS	ESC	Amount Due Date Credit cover amount	Email
3.2.12	Within 1WD of 3.2.11	ESC respond to authorisation request for Credit Cover draw down	ESC	EMRS	As provided in 3.2.11	Email
3.2.13	Following 3.2.12	If request approved initialise draw down credit cover process If request declined END PROCESS	EMRS		Approval from 3.2.12	WP45 – CM Supplier Credit Cover
3.2.14	12 months after 3.2.4	Remove Supplier from Non-Payment register (if it hasn't already been removed due to a dispute) and send updated Non-Payment register to ESC	EMRS	ESC		Email
3.2.15	Following 3.2.14	ESC to publish updated Non-Payment register END PROCESS	ESC		Updated Non-Payment register	Website

²² <https://lowcarboncontracts.uk/publications>

3.3 CFD Generator late payment of negative net payable amount within cure period

Ref	When	Action	From	To	Input Information Required	Method
3.3.1	Every Working Day	<p>Monitor payments received.</p> <p>If received and dated as either before or on the due date (DD) then END PROCESS</p> <p>If received in full but late proceed to step 3.3.2 and then END PROCESS</p> <p>If not received, or only part paid, proceed to step 3.3.2 and continue.</p>	EMRS		<p>Amount</p> <p>Due date</p>	Internal process
3.3.2	Following 3.3.1, daily until amount is paid	Where any payment was not received by due date in full, interest accrues on the late amount and is added to CFD Generator’s liabilities.	EMRS		<p>Amount</p> <p>Due date</p> <p>Interest rate</p>	Internal process
3.3.3	Following 3.3.1 on DD+1WD, DD+6WDs and DD+10WDs where amount remains outstanding	Send late payment advice for all late amounts ²³ .	EMRS	CFD Generator	Invoice	Email
3.3.4	Following 3.3.1	Check whether there have been any other late payments in the previous 12 months:	EMRS		Account history	Internal process

²³ See Appendix 1 for example

Ref	When	Action	From	To	Input Information Required	Method
		<p>If there are no other late payments then END PROCESS</p> <p>If there is one other late payment then proceed to step 3.3.5 (i.e. this is the second instance).</p> <p>If there are two other late payments then proceed to step 3.3.6 (i.e. this is the third instance).</p> <p>If there are three or more other late payments (and collateral is already in place) then proceed to step 3.3.8.</p>				
3.3.5	Dependent on 3.3.4, within 1WD	Where second late payment in previous 12 months, send Second Payment Failure Notice and END PROCESS	LCCC	CFD Generator		Email
3.3.6	Dependent on 3.3.4, within 1WD	Where third late payment in previous 12 months, send Collateral Posting Notice.	LCCC	CFD Generator	Collateral Amount	Email
3.3.7	Within 10WDs following 3.3.6	Post credit cover and END PROCESS	CFD Generator	LCCC	Bank account details or Letter of Credit template.	WP43 - CFD Generator Collateral ²⁴
3.3.8	Dependent on 3.3.4, within 1WD	Where collateral is already in place and a subsequent late payment has occurred, send Replacement Collateral Notice.	LCCC	CFD Generator	Collateral Amount	

²⁴ This table does not go into detail on the credit cover draw down process; this is contained in WP43 available on the EMRS website at <https://emrsettlement.co.uk/publications/working-practices/>

Ref	When	Action	From	To	Input Information Required	Method
3.3.9	Following 3.3.8	Amend or replace collateral as necessary. END PROCESS	CFD Generator	LCCC	Bank account details or Letter of Credit template.	WP43 - CFD Generator Collateral

3.4 CFD Generator Non-Payment of negative net payable amount after cure period

Ref	When	Action	From	To	Input Information Required	Method
3.4.1	11WDs after first Late Payment Advice sent	Where cure period has ended and outstanding payment remains, check for collateral held. If no collateral held notify LCCC who determine any action to be taken and END PROCESS If collateral held then initiate draw down procedure and prepare Collateral Correction Notice.	EMRS	LCCC	Details for Collateral Correction Notice	WP43 - CFD Generator Collateral
3.4.2	Following 3.4.1, within 1WD	Send Collateral Correction Notice.	LCCC	CFD Generator	Collateral Correction Notice	Email
3.4.3	Within 5WDs of 3.4.2	Post collateral.	CFD Generator	LCCC	Bank details or Letter of Credit template	WP43 - CFD Generator Collateral

3.5 CFD Generator late payment of termination amount within cure period

Ref	When	Action	From	To	Input Information Required	Method
3.5.1	Every Working Day	<p>Monitor payments received.</p> <p>If received and dated as either before or on the due date (DD) then END PROCESS</p> <p>If received in full but late proceed to step 3.5.2 and then END PROCESS</p> <p>If not received, or only part paid, proceed to step 3.5.2 and continue.</p>	EMRS		<p>Amount</p> <p>Due date</p>	Internal process
3.5.2	Following 3.5.1, daily until amount is paid.	<p>Where any payment was not received by due date in full, interest accrues on the late amount and is added to CFD Generator’s liabilities.</p> <p>Interest is calculated and invoiced when the outstanding amount has been paid in full.</p>	EMRS		<p>Amount</p> <p>Due date</p> <p>Interest rate</p>	Internal process
3.5.3	Following 3.5.1 on DD+1WD, DD+5WDs, DD+8WDs, DD+14WDs, DD+17WDs and DD+20WDs where amount remains outstanding	<p>Send late payment advice for all late amounts²⁵.</p> <p>END PROCESS</p>	EMRS	CFD Generator	Invoice	Email

²⁵ See Appendix 1 for example

3.6 CFD Generator Non-Payment of termination amount after cure period

Ref	When	Action	From	To	Input Information Required	Method
3.6.1	20WDs after first Late Payment Advice sent	Where cure period has ended and payment not received in full, check for collateral held. If no collateral held notify LCCC who determine any action to be taken and END PROCESS If collateral held then proceed to step 3.6.2.	EMRS	LCCC		Internal process and email
3.6.2	Following 3.6.1	Determine type of collateral available If cash then proceed to step 3.6.3. LoC will not be returned until payment of the termination amount is made. Conversion to cash may occur prior to expiry as per WP43. Where this happens, proceed to step 3.6.3 with the resulting cash.	EMRS		Details of collateral held	Internal process
3.6.3	Following 3.6.2	Request credit draw down. END PROCESS	EMRS	LCCC	Details of collateral held	WP43 - CFD Generator Collateral

3.7 Capacity Provider Non-Payment of Termination fee and Repayment of Capacity Payments

Ref	When	Action	From	To	Input Information Required	Method
3.7.1	Due date	Monitor payments received If received on the due date then END PROCESS. If not received in full, proceed to step 3.7.2	EMRS		Amount Due date	Internal process
3.7.2	Following 3.7.1, and daily until amount is paid.	Where any payment was not received by due date in full, interest accrues on the late amount and is added to Capacity Provider liabilities. Interest is invoiced when the outstanding amount has been paid in full.	EMRS		Amount Due date Interest rate	Internal process
3.7.3	Following 3.7.1, and daily for 2WDs where amount remains outstanding (i.e. due date plus 1WD and then due date plus 2WDs)	For Capacity Provider payments – send late payment advice for late amounts	EMRS	Capacity Provider	Amount Due date	Email
3.7.4	Following 3.7.1 and within 1WD	Put details on Non-Payment register and send to ESC	EMRS	ESC	Amount Due Date	Email

Ref	When	Action	From	To	Input Information Required	Method
3.7.5	Following 3.7.4	Publish Non-Payment register. ²⁶	ESC		Non-Payment register	Website
3.7.6	Following 3.7.1 and on the same WD	Where a payment received is to clear an outstanding amount put details on the Non-Payment register and send the updated register to ESC	EMRS	ESC		Email
3.7.7	At the same time as 3.7.4	For Termination Fees: Credit Cover, if available, can be drawn down - Send authorisation request	EMRS	ESC	Reason for Termination Credit Cover amount	Email
3.7.8	Within 1WD of 3.7.9	ESC respond to authorisation request for Credit Cover draw down	ESC	EMRS		
3.7.9	Following 3.7.8	If request approved initialise draw down credit cover process If request declined END PROCESS	EMRS		Approval from 3.7.8	Internal Process
3.7.10	12 months after 3.7.4	Remove Capacity Provider from Non-Payment register (if it hasn't already been removed due to a dispute) and send updated Non-Payment register to ESC	EMRS	ESC		Email
3.7.11	Following 3.7.10	ESC to publish updated Non-Payment register END PROCESS	ESC		Updated Non-Payment register	Website

²⁶ <https://lowcarboncontracts.uk/publications>

3.8 Capacity Provider Non-Payment of Monthly Penalty Charge

Ref	When	Action	From	To	Input Information Required	Method
3.8.1	Due date	Monitor Payments received If received by on the due date then END PROCESS. If not received in full by, proceed to step 3.8.2	EMRS	-	Amount Due Date	Internal Process
3.8.2	Following 3.8.1, and daily until amount is paid.	Where any payment was not received by due date in full, interest accrues on the late amount. Interest is invoiced when the outstanding amount has been paid in full.			Amount Due date Interest rate	Internal Process
3.8.3	Following 3.8.1 and within 1WD	Send late payment advice	EMRS	Capacity Provider		Email
3.8.4	At the same time as 3.8.3	Put details on Non-Payment register and send to ESC	EMRS	ESC	Amount Due Date	Email
3.8.5	Following 3.8.4	Publish Non-Payment register. ²⁷	ESC		Non-Payment register	Website
3.8.6	Following 3.8.1 and	Allocate outstanding payments to reduce the amount of Capacity Payment to be made ²⁸	EMRS		Amount	Internal Process

²⁷ <https://lowcarboncontracts.uk/publications>

²⁸ To avoid double counting we will not be showing unpaid Penalty Charges on Capacity Payment Credit Notes but we will be reducing BAC's payments accordingly.

Ref	When	Action	From	To	Input Information Required	Method
	within 2WD					
3.8.7	Following 3.8.1 and within 1WD of receiving outstanding amount	Where a payment is received ²⁹ to clear an outstanding amount put details on the Non-Payment register and send the updated register to ESC	EMRS	ESC		Email
3.8.8	12 months after 3.8.5	Remove Capacity Provider from Non-Payment register (if it hasn't already been removed due to a dispute) and send updated Non-Payment register to ESC	EMRS	ESC		Email
3.8.9	Following 3.8.8	ESC to publish updated Non-Payment register END PROCESS	ESC		Updated Non-Payment register	Website

²⁹ If outstanding amount has been allocated against Capacity Payment this is considered a payment and Non-Payment Register is updated

4. Contact Information

For queries regarding either invoices or the process contained in this document please contact:

Contact Organisation	Contact	Activity
EMR Settlement Ltd (EMRS)	Telephone: 020 7380 4333 Email: contact@emrsettlement.co.uk	Queries on invoices, payments, Credit Cover, Notices
Low Carbon Contracts Company Ltd (LCCC)	Telephone: 020 7211 8881 Email: info@lowcarboncontracts.uk	CFD related queries
Electricity Settlements Company Ltd (ESC)	Telephone: 020 7211 8881 Email: info@electricitysettlementscompany.uk	CM related queries

5. Acronyms and Definitions

A full list of acronyms and definitions included within this document can be found on the EMRS website³⁰.

³⁰ <https://emrsettlement.co.uk/publications/working-practices/>

6. Appendices

6.1 Appendix 1 – Example of Non-Payment Notice under the CFD Scheme

Dear Supplier,

Non Payment Notice - EMR Party ID

We, EMR Settlement Limited, the Settlement Service Provider for Low Carbon Contracts Company Limited ("LCCC"), are writing to you on behalf of LCCC to give you notice that the following amount(s), in respect of charges relating to the Contract for Difference (Electricity Supplier Obligations) Regulations 2014 ("Regulations") has not been paid in accordance with the payment terms:

Payment Type	Invoice Number	Total Default Payment Amount	Payment Due Date
Interim Levy Payment	XXXX	£ x,xxx.xx	DD MM YYYY

The total default payment amount (set out above) was determined on the basis set out in the information enclosed with the invoice referred to above.

Please note that interest on the total default payment amount, at the Bank of England Base Rate + 5%, will continue to accrue until the total default payment amount has been paid. Once the total default payment is cleared accrued interest will be shown on your next invoice.

This notice is given pursuant to Regulation 25(2) of the Regulations and a copy of this notice has been sent to Ofgem, the Authority under the Regulations.

Should you have any queries regarding this matter please contact us by email at contact@emrsettlement.co.uk or call 020 7380 4333.

Kind regards,

EMRS Settlement Team

EMR Settlement Limited

Helpdesk: 020 7380 4333

contact@emrsettlement.co.uk | www.emrsettlement.co.uk

EMR Settlement Limited, 4th Floor, 350 Euston Road, London, NW1 3AW

6.2 Appendix 2 – CM Supplier Non Payment Notice

Dear Supplier,

Non Payment Notice – [EMR Party ID]

We are writing to you to give you notice that the following amount(s), in respect of charges relating to the Electricity Capacity (Supplier Payment etc.) Regulations 2014, as amended have not been paid in accordance with the payment terms:

Payment Type	Invoice Number	Total Default Payment Amount	Payment Due Date
CM Monthly Supplier Charge	NNNN	£ N,NNN.NN	DD MMMM YYYY

If you do not pay the outstanding amount within 2 working days of this notice, credit cover will be drawn down, and this will be treated as payment

Please note that interest on the total default payment amount, at the Bank of England Base Rate + 5%, will continue to accrue until the total default payment amount has been paid. Once the total default payment is cleared accrued interest will be shown on your next invoice.

Should you have any queries regarding this matter please contact us by email at contact@emrsettlement.co.uk or call 020 7380 4333.

Kind regards,

EMRS Settlement Team

EMR Settlement Limited

Helpdesk: 020 7380 4333

contact@emrsettlement.co.uk | www.emrsettlement.co.uk

EMR Settlement Limited, 4th Floor, 350 Euston Road, London, NW1 3AW

6.3 Appendix 3 – Payment Terms³¹

6.3.1 Supplier Payments under the CFD

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Payment Default Cure Period ³²	Credit Cover Draw Down
Interim Rate Payment ³³	Daily	D + 5WDs	✓	Day after payment was due	2 WDs	✓
Reconciliation of Interim Rate Payment ³⁴	Daily	D + 5WDs	✓	Day after payment was due	2 WDs	✓
Operational Costs Payment ³⁵	Daily	D + 5WDs	✓	Day after payment was due	2 WDs	✗
Reserve Payment ³⁶	Quarterly	D + ~5 calendar days (due on a WD)	✓	Day after payment was due	2 WDs	✓
Reconciliation Payment ³⁷	Quarterly	D + ~5 calendar days (due on a WD)	✓	Day after payment was due	2 WDs	✓

³¹ Please note that these tables are not exhaustive. Also, please follow the due date given on invoices.

³² LCCC will normally wait until the cure period has expired before sending non-payment notices, calling on credit cover and initiating mutualisation where the Regulations allow.

³³ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 Regulation 8(1)

³⁴ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 Regulation 9(2)

³⁵ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 Regulation 23(1)

³⁶ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 Regulation 11(1)

³⁷ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 Regulation 16(3)(a) (reconciliation payments)

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Payment Default Cure Period ³²	Credit Cover Draw Down
Additional Reserve Payment ³⁸	Ad-hoc	The later of: Date by which a reserve payment is due from that supplier in respect of that period; The 30 th day after the amount is published in a notice; Any later date specified in the published notice	✓	Day after payment was due	2 WDs	✓
Mutualisation Payment ³⁹	Ad-hoc	For interim rate payments no earlier than 5 days after the date on which the notice was issued; For other payment types no earlier than 30 days after the date on which the notice was issued	✓	Day after payment was due	2 WDs	✓
Ad-hoc payment e.g. following a dispute	Ad-hoc	As soon as reasonably practicable as determined by the LCCC after making that determination	✓	Day after payment was due	2 WDs	✗

³⁸ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 Regulation 14(3)

³⁹ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 Regulation 17(5)

6.3.2 Supplier Payments under the CM

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Credit Cover Draw Down
Settlement Costs Levy ⁴⁰	Monthly	D + not less than 5WDs	✓	Payment due date	x
Revised settlement costs levy ⁴¹	Annually	D + not less than 5WDs	✓	Payment due date	x
CM Monthly Supplier Charge ⁴²	Monthly	D + not less than 5WDs	✓	Payment due date	✓
Reconciliation ⁴³	Up to 3 times per month	D + not less than 5WDs	✓	Payment due date	✓
Ad-hoc payment e.g. following a dispute ⁴⁴	Ad-hoc	As soon as reasonably practicable as determined by the ESC after making that determination	✓	Payment due date	x

⁴⁰ The Electricity Capacity (Supplier Payment etc.) Regulations 2014 Regulation 9(1). For the first settlement cost levy period, the relevant regulation is Regulation 44 of the Electricity Capacity Regulations 2014.

⁴¹ The Electricity Capacity (Supplier Payment etc.) Regulations 2014 Regulation 9(5)

⁴² The Electricity Capacity (Supplier Payment etc.) Regulations 2014 Regulation 6

⁴³ The Electricity Capacity (Supplier Payment etc.) Regulations 2014 Regulation 20

⁴⁴ The Electricity Capacity (Supplier Payment etc.) Regulations 2014 Regulation 32

6.3.3 CFD Generator Payments

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Payment Default Cure Period	Credit Cover Draw Down
Negative Net Payable Amount ⁴⁵	Daily	D + 10WDs	✓	Day after payment was due	10 WDs from when first Late Payment Advice sent	✓
Termination Fee	Ad-hoc	D + ~30WDs (the 30WDs starts counting from the termination notice sent by LCCC)	✓	Day after payment was due	20 WDs from when first Late Payment Advice sent	✓

⁴⁵ CFD Standard Terms and Conditions Version: 1 August 2014, Condition 22.7

6.3.4 CM Capacity Provider Payments

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Credit Cover Draw Down
Termination Fee ⁴⁶	Ad-hoc	D + not less than 5WDs	✓	Payment due date	✓
Repayment of Capacity Payments ⁴⁷	Ad-hoc	D + not less than 5WDs	✓	Payment due date	x
Ad-hoc payment (e.g. following a dispute) ⁴⁸	Ad-hoc	As soon as reasonably practicable as determined by the ESC after making that determination	✓	Payment due date	x
Penalty Charge	Ad-hoc	D + not less than 5WDs	✓	Payment due date	x

⁴⁶ The Electricity Capacity Regulations 2014 as amended, Regulation 43

⁴⁷ The Electricity Capacity (Amendment) Regulations 2015, Regulation 43B

⁴⁸ The Electricity Capacity Regulations 2014 as amended, Ch.2

