

## INFORMAL KEELING SCHEDULE

### Notes:

This informal Keeling Schedule shows the following modifications to the Electricity Capacity (Supplier Payment etc.) Regulations 2014 made by the Electricity Capacity (No. 1) Regulations 2019 (“the 2019 Regulations”):

- **modifications made by Part 6 of the 2019 Regulations;**

The modifications shown apply in respect of capacity agreements that existed on 15<sup>th</sup> November 2018 and in respect of the conditional agreement auction (including rights and obligations arising out of, or in relation to, this auction),

	Yellow highlighting indicates modifications made to the application of these Regulations by Part 6 of the 2019 Regulations.
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## Electricity Capacity (Supplier Payment etc) Regulations 2014

Made 17th December 2014

Coming into force in accordance with regulation 1

The Secretary of State has before making these Regulations--

- (a) consulted the persons listed in section 40(2)(a) and (b) of the Energy Act 2013 and such other persons as the Secretary of State considered it appropriate to consult; and
- (b) had regard to the matters in section 5(2) of that Act.

In accordance with section 40(5) of that Act, a draft of this instrument was laid before Parliament and approved by a resolution of each House of Parliament.

Accordingly, the Secretary of State, in exercise of the powers conferred by sections 27, 28, 30 to 33, 36 and 40(1) of the Energy Act 2013, makes the following Regulations:

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### Part 1

#### Introduction

##### 1 Citation and commencement

- (1) These Regulations may be cited as the Electricity Capacity (Supplier Payment etc) Regulations 2014.
- (2) These Regulations come into force on the day after the day on which they are made.

##### 2 Interpretation

- (1) In these Regulations--

"the Act" means the Energy Act 2013;

"EA 1989" means the Electricity Act 1989;

"the Principal Regulations" means the Electricity Capacity Regulations 2014;

"agreement termination trigger event" has the meaning given in regulation 2(1) of the Electricity Capacity (No. 1) Regulations 2019;

"capacity market stage 2 credit default" has the meaning given by paragraph (2);

"capacity market supplier charge" means the charge payable by electricity suppliers to the Settlement Body under regulation 6(1);

"conditional agreement auction" has the meaning given in regulation 2(1) of the Electricity Capacity (No. 1) Regulations 2019;

"credit cover" has the meaning given in regulation 53(3) of the Principal Regulations;

"credit default register" means the register maintained by the Settlement Body under regulation 30;

"creditor" means an electricity supplier who is entitled to receive a payment from the Settlement Body;

"deferred capacity payment trigger event" has the meaning given in regulation 2(1) of the Electricity Capacity (No. 1) Regulations 2019;

"draw down" has the meaning given in regulation 53(3) of the Principal Regulations;

"electricity supplier" means--

- (a) a person supplying electricity to premises in Great Britain under a supply licence; or
- (b) a person who has supplied electricity to premises in Great Britain under a supply licence and who, by virtue of regulation 16, is liable to make or entitled to receive a payment following the termination of that supply licence;

"financial year" means a period of one year commencing with 1st April;

["gross demand", in relation to an electricity supplier ("S"), means the amount of electricity (expressed in MWh) supplied by S to premises in Great Britain;]

"invoiced amount" means the total amount payable by a payer as stated in an invoice issued to that payer under regulation 6, 6A, 9, 20, 20A or 21;

"late payment interest" . . . has the meaning given in regulation 11(3);

"monthly capacity market supplier charge" means the charge payable by electricity suppliers to the Settlement Body under regulation 6(3) or (4);

"mutualisation credit", in relation to a month of a delivery year, has the meaning given in regulation 7(6);

"mutualisation credit", in relation to a standstill collection period, has the meaning given in regulation 7A(12);

"non-payment register" means the register maintained by the Settlement Body under regulation 47 of the Principal Regulations;

. . .

"payer" means an electricity supplier to whom an invoice is issued under regulation 6, 6A, 9, 20, 20A or 21;

"payment due date", in relation to an invoiced amount, means the day specified in the invoice in accordance with regulation 5(2) as the day by which it is to be paid;

"payment trigger event" means—

(a) in respect of conditional capacity agreements awarded through the conditional agreement auction (including the capacity agreements these conditional capacity agreements become), the T-1 capacity agreement trigger event; or

(b) in respect of capacity agreements that existed on 15th November 2018, the deferred capacity payment trigger event;

"penalty residual supplier amount" has the meaning given in regulation 8(1);

"period of high demand" means 4 pm to 7 pm on any working day in November, December, January or February;

"post-standstill collection month" means the second month after the month in which a payment trigger event occurs;

"post-standstill payment default" has the meaning given by paragraph (2A);

"reconciliation payment" means a payment under Part 5;

"reconciliation run" means the process of recalculating and redetermining the amounts of payments due to or from electricity suppliers set out in Part 5;

"relevant financial year" means a financial year commencing in 2015 or in any subsequent year;

"settlement costs" means any costs incurred by the Settlement Body in connection with the performance of any function conferred on it by these Regulations, the Principal Regulations or capacity market rules, and includes the cost of payments made by the Settlement Body to any person who provides services to it in connection with the performance of its functions;

"settlement costs levy" means the levy payable by electricity suppliers to the Settlement Body under regulation 9 to meet its settlement costs;

"standstill collection period" means a period made up of the months of a delivery year which are standstill months which begins at the start of the first standstill month in the delivery year and ends at the end of the last standstill month in the delivery year;

"standstill collection period supplier charge" means charge payable by electricity suppliers to the Settlement Body under regulation 6A(5)(a);

"standstill month", in respect of capacity agreements that existed on 15th November 2018, means—

(a) October 2018;

(b) any month included (wholly or partly) in the standstill period; or

(c) the month after the last month (wholly or partly) included in the standstill period;

"standstill month", in respect of conditional capacity agreements awarded through the conditional agreement auction (including the capacity agreements these conditional capacity agreements become), means—

(a) any month included (wholly or partly) in the T-1 standstill period; or

(b) the month after the month in which the T-1 capacity agreement trigger event or T-1 termination trigger event occurs;

"standstill period" has the meaning given in regulation 2(1) of the Electricity Capacity (No. 1) Regulations 2019;

"supplier credit cover" means credit cover provided, or required to be provided, by an electricity supplier under regulation 28;

"supply", and cognate terms, are to be interpreted in accordance with the meaning given to "supply" in section 4(4) of EA 1989;

"supply licence" means a licence granted or treated as granted under section 6(1)(d) of EA 1989;

"T-1 capacity agreement trigger event" has the meaning given in regulation 2(1) of the Electricity Capacity (No. 1) Regulations 2019;

"T-1 standstill period" means any part of the delivery year beginning on 1st October 2019 which falls before the date on which the T-1 capacity agreement trigger event or T-1 termination trigger event occurs;

"T-1 termination trigger event" has the meaning given in regulation 2(1) of the Electricity Capacity (No. 1) Regulations 2019;

"termination trigger event" means—

(a) in respect of conditional capacity agreements awarded through the conditional agreement auction (including the capacity agreements these conditional capacity agreements become), the T-1 termination trigger event; or

(b) in respect of capacity agreements that existing on 15th November 2018, the agreement termination trigger event.

(2) For the purposes of these Regulations an electricity supplier is in capacity market stage 2 credit default, in relation to a month of a delivery year, if an entry in respect of that electricity supplier and that month has been made on the credit default register under regulation 29(2).

(2A) For the purposes of these Regulations an electricity supplier ("S") is in post-standstill payment default in relation to the standstill collection period of a delivery year ("collection period X"), if—

(a) an entry in respect of S has been made on the non-payment register in respect of an invoice issued under regulation 6A(5)(c), 6A(6) or 6A(11) in respect of collection period X; and

(b) this entry does not record the payment to which this invoice relates (including any late payment interest due in respect of this payment) as fully paid.

(3) . . .

(4) . . .

(5) Subject to paragraph (5A), in these Regulations, the following expressions have the meanings given in regulation 2(1) of the Principal Regulations (as modified by Part 5 of the Electricity Capacity (No. 1) Regulations 2019)—

. . .

"capacity agreement";

"capacity committed CMU";

"capacity payment";

"capacity provider penalty charge";

"capacity year";

"conditional capacity agreement";

"delivery year";

. . .

"MWh";

"Settlement Body";

"working day".

(5A) In these Regulations, the following expressions, when used in respect of capacity agreements that existed on 15th November 2018, have the meanings given in regulation 2(1) of the Principal Regulations (as modified Chapter 2 of Part 3 of the Electricity Capacity (No. 1) Regulations 2019)—

"capacity agreement";

"capacity provider penalty charge";

(6) Any reference in these Regulations to an amount to be paid or provided is a reference to an amount in pounds sterling and rounded to the nearest whole penny with any half of a penny being rounded upwards.

(7) For the purposes of these Regulations, an invoice, credit note or other document is issued or given when it is given [or treated as given] in accordance with the provisions of Schedule 2 to the Principal Regulations.

(8) Where anything is required or permitted by these Regulations to be done on or by a working day[, unless specified otherwise]—

(a) such thing must be done by 5.00 pm on that day; and

(b) if the thing is done—

(i) after 5.00 pm on a working day; or

(ii) on a day which is not a working day,

it is to be treated as having been done on the next working day.

## Part 2

### General

#### 3 The supplier settlement calculations

(1) The Settlement Body must make the calculations set out in Parts 3 and 5 and Schedule 1 ("the supplier settlement calculations")--

- (a) by such date as may be specified in those provisions or, where no date is specified, by such time as is necessary to enable the Settlement Body to comply with these Regulations; and
- (b) so far as possible, using the required data.

(2) Where, by the time a settlement calculation is to be made, the Settlement Body has not been provided with any required data which is necessary for that calculation, the calculation must be made using the best data available to the Settlement Body.

(2A) Where, by the time a supplier settlement calculation is to be made in respect of the delivery year beginning on 1st October 2019 the T-1 capacity agreement trigger event has not occurred, the calculation must be made using details of conditional capacity agreements included on the capacity market register in place of any details of capacity agreements awarded through the conditional agreement auction required to make the calculation.

(3) In this regulation—

"capacity market register" has the meaning given in regulation 2(1) of the Principal Regulations;  
"required data" means data which is required to be provided to the Settlement Body under these Regulations, the Principal Regulations or capacity market rules.

~~(3) In this regulation, "required data" means data which is required to be provided to the Settlement Body under these Regulations, the Principal Regulations or capacity market rules.~~

#### 4 Forecast of [gross demand]

(1) Paragraph (2) applies to a person ("S") who, on the 1st June before the start of a capacity year ("year X"), is an electricity supplier.

(2) S must, by no later than the 1st June before the start of year X--

- (a) forecast its total [gross demand] during periods of high demand in year X; and
- (b) provide the forecast to the Settlement Body.

#### 5 Invoices and credit notes etc: general

(1) An invoice or credit note issued by the Settlement Body must set out the determination of the amount which the recipient is liable to pay, or is entitled to receive, in such detail as will readily show the recipient how the determination has been made.

(2) An invoice must specify the day by which it is to be paid, which must be not less than 3 working days after the date on which the invoice is issued.

(3) Where an electricity supplier has provided the Settlement Body with an address for the electronic service of invoices and credit notes, the Settlement Body must in addition send an invoice or credit note electronically to the address provided.

(4) Any invoice, credit note or other document issued or given under these Regulations must be in writing and dated.

### Part 3

#### Calculations, Determinations and Invoicing

##### 6 Capacity market supplier charge

(1) An electricity supplier ("S") must pay a capacity market supplier charge to the Settlement Body in respect of a delivery year ("year X"), if S supplies electricity to premises in Great Britain in the period commencing with 1st November and ending with the last day of February in year X, or any part of that period.

(2) The capacity market supplier charge is a charge to meet the cost of making capacity payments to capacity providers under the Principal Regulations, calculated in accordance with paragraphs 2 and 3 of Schedule 1.

(3) Where, under regulation 4, S provided to the Settlement Body a forecast of [gross demand] for year X (other than a forecast of zero [gross demand]) S must make a monthly payment to the Settlement Body in each month of year X on account of its liability under paragraph (1) (a "monthly capacity market supplier charge").

(4) Where, in respect of year X--

(a) S supplies electricity as mentioned in paragraph (1), but

(b) S did not provide to the Settlement Body a forecast as mentioned in paragraph (3) because it was not an electricity supplier on the 1st June before the start of year X,

S must pay a monthly capacity market supplier charge to the Settlement Body in each month of year X for which the calculation of such charges is carried out using actual supplier shares.

**(4A) The Settlement Body must, as soon as reasonably practicable after the date on which the calculations in paragraph 2 of Schedule 1 are made in respect of year X--**

**(a) determine the amount of monthly capacity market supplier charge which would be payable by each electricity supplier in respect of each month of year X which is, or may become, a standstill month as part of a supplier's payment of standstill collection period supplier charge in respect of year X;**

**(b) provide the determination for each electricity supplier in the form of a schedule (a "schedule of post-standstill payments"); and**

**(c) give a notice to each electricity supplier of the schedule of post-standstill payments which applies to it.**

**(4B) The Settlement Body must, as soon as reasonably practicable after the date on which the calculations in paragraph 3 of Schedule 1 are made in respect of year X--**

**(a) make a revised determination of the amount of monthly capacity market supplier charge which would be payable by electricity suppliers in respect of each month of year X which is, or may become, a standstill month as part of a supplier's payment of standstill collection period supplier charge in respect of year X;**

**(b) produce a revised schedule of post-standstill payments for each electricity supplier; and**



(c) give a notice to each electricity supplier of the revised schedule of post-standstill payment which applies to it.

(5) The Settlement Body must, by no later than the first working day of each month of year X ("month M")—

- (a) determine the amount of the monthly capacity market supplier charge payable by each electricity supplier for month M; and
- (b) issue to each electricity supplier an invoice for the amount determined for that supplier under sub-paragraph (a) and (where necessary) under regulation 7(3).

(6) The amount payable by S under paragraph (5)(a) is the amount of MCMSCs<sub>m</sub> calculated for S under paragraph 4 of Schedule 1.

(7) If the amount of the capacity market supplier charge payable under paragraph (1) by S for year X is greater or less than the total of the monthly capacity market supplier charges and standstill collection period supplier charge paid by S for the standstill collection period of year X (if any) and each non-standstill month and each month of year X, the difference is to be calculated and paid as part of the annual reconciliation runs for year X to be carried out under Part 5.

(8) In paragraph (4), "actual supplier shares" means shares calculated under paragraph 3 of Schedule 1.

(9) Paragraphs (3) to (4) and (5) to (6) are subject to regulation 6A.

(10) If both termination trigger events have occurred, S is not be required to pay a monthly capacity market supplier charge in respect of a month which is a standstill month.

#### **6A Supplier charge: post-standstill collection**

(1) This regulation applies where a supplier ("S") is required to pay a capacity market supplier charge to the Settlement Body in respect of a standstill month.

(2) Where this regulation applies, paragraphs (3) to (13) apply in respect of capacity market supplier charge payable in respect of a standstill month of a delivery year ("year X").

(3) Where, under regulation 4, S provided to the Settlement Body a forecast of gross demand for year X (other than a forecast of zero gross demand) S must make a payment to the Settlement Body in respect of each standstill month of year X on account of its liability under regulation 6(1) (a "monthly capacity market supplier charge").

(4) Where, in respect of year X—

- (a) S supplies electricity as mentioned in regulation 6(1), but
- (b) S did not provide to the Settlement Body a forecast as mentioned in paragraph (3) because it was not an electricity supplier on the 1st June before the start of year X,

S must pay a monthly capacity market supplier charge to the Settlement Body in respect of each month of year X for which the calculation of such charges is carried out using actual supplier shares.

(5) If a payment trigger event has occurred, the Settlement Body must, by no later than 12 working days before the commencement of the post-standstill collection month—

- (a) determine the amount of standstill collection period supplier charge which is payable by each electricity supplier in respect of the standstill collection period of year X ("collection period X");
- (b) determine the amount of standstill collection period supplier charge which remains payable by each electricity supplier in respect of collection period X; and
- (c) issue to each electricity supplier ("S")—

(i) where the amount determined for S under sub-paragraph (b) is a positive amount, an invoice for the amount determined; or

(ii) where the amount determined for S under sub-paragraph (b) is a negative amount, a credit note for the amount determined (as a positive amount); or

(iii) where the amount determined for S under sub-paragraph (b) is 0, a notice informing the supplier a standstill collection period supplier charge payment is not required.

(6) The Settlement Body must, by no later than the tenth working day of the post-standstill collection month, issue an invoice to each electricity supplier required to make a mutualisation payment in respect of the collection period X under regulation 7A(4) for the amount determined for that supplier under regulation 7A(5) in respect of collection period X.

(7) Unless a payment trigger event has occurred, where S has been given notice of a schedule of post-standstill payments in respect of year X in accordance with regulation 6(4A) or (4B), S may pay some or all of the capacity market supplier charge in respect of a standstill month of year X ("month SM") by paying an amount equal to or less than the amount specified in the schedule in respect of month SM to the Settlement Body.

(8) A payment of monthly capacity market supplier charge to the Settlement Body by S in respect of month SM before the date S was given notice of a schedule of post-standstill payments which included month SM is treated as a payment by S under paragraph (7) in respect of month SM.

(9) Interest (if any) which accrues in respect of a payment under paragraph (7) (including a payment to which paragraph (8) applies) is treated as a payment by S under paragraph (7) in respect of month SM.

(10) A payment under paragraph (7) in respect of a standstill month ("month SM") does not discharge S's obligation to pay any amount determined under regulation 7A or to make a reconciliation payment for a standstill collection period or delivery year which includes month SM.

(11) If the Settlement Body is required to reduce the amount of capacity payments payable in respect of collection period X because the total amount of capacity payments payable in respect of this period exceeds the total amount of capacity market supplier charges collected in respect of this period, the Settlement Body must, by no later than 40 working days after the date on which it was required to make this reduction, issue to each electricity supplier required to make a supplementary mutualisation payment under regulation 7A(8) an invoice for the amount determined for that supplier under regulation 7A(9) in respect of collection period X.

(12) The standstill collection period supplier charge payable by S under paragraph (5)(a) is determined by—

(a) carrying out the calculations in paragraph 3 of Schedule 1 (where the necessary data is available) to redetermine the amount of monthly capacity market supplier charge payable by each electricity supplier in respect of the standstill collection period (repeating these calculations if they have already been carried out in respect of year X); and

(b) calculating the sum of the amount of MCMSC<sub>sm</sub> calculated for S under paragraph 4 of Schedule 1 in respect of each month of year X which is a standstill month, substituting the calculations remade under sub-paragraph (a) (if any) for any previous calculations under paragraph 3 of Schedule 1 in respect of these months.

(13) The amount payable under paragraph (5)(b) ("AP") must be calculated in accordance with the following formula—

$$AP = SSPSC - SCP$$

(14) In paragraph (13)—

"SSPSC" means the amount payable by S under paragraph (5)(a); and

"SCP" means the sum of the payments made by S in respect of year X under paragraph (7) which are held by the Settlement Body at the time of the calculation.

## 7 Capacity market supplier charge: mutualisation

(1) Paragraphs (2) to (4) apply in relation to a month of a delivery year ("month M") in respect of which an electricity supplier is in capacity market stage 2 credit default (a "defaulting supplier").

- (2) Where this paragraph applies, each electricity supplier who--
- (a) is liable to pay a monthly capacity market supplier charge in respect of month M; and
  - (b) is not a defaulting supplier,

must make an additional payment (a "mutualisation payment") to the Settlement Body in month M.

- (3) The Settlement Body must, by no later than the first working day of month M--
- (a) determine the amount of the mutualisation payment payable by each electricity supplier who is required to make such a payment; and
  - (b) include that amount in the invoice issued to that electricity supplier under regulation 6(5)(b).

(4) The determination under paragraph (3)(a) must be made in accordance with paragraph 5 of Schedule 1.

(5) Paragraphs (6) and (7) apply where, in relation to a month in respect of which mutualisation payments have been made ("month M")--

- (a) the Settlement Body receives payment from a defaulting supplier of--
  - (i) all or part of the monthly capacity market supplier charge invoiced to it; or
  - (ii) late payment interest on such a charge; and
- (b) as a result, the total amount of--
  - (i) monthly capacity market supplier charges,
  - (ii) late payment interest on such charges, and
  - (iii) mutualisation payments,

received by the Settlement Body exceeds the total amount of capacity payments payable to capacity providers under regulation 40 of the Principal Regulations.

(6) The Settlement Body must calculate the amount of that excess (the "surplus") and each electricity supplier who made a mutualisation payment in respect of month M is entitled to be credited with a share of the surplus (a "mutualisation credit"), such that the surplus is distributed between such electricity suppliers in the same proportions as they made mutualisation payments.

(7) The Settlement Body must calculate the amount of mutualisation credits to be credited to electricity suppliers under paragraph (6), and credit them with those amounts, as part of the next reconciliation run for month M or for the delivery year which includes month M.

**(8) Paragraphs (1) to (7) are subject to regulation 7A.**

#### **7A Mutualisation: post-standstill collection**

**(1) This regulation applies where a supplier ("S") is required to pay a capacity market supplier charge to the Settlement Body in respect of a standstill month.**

**(2) Where this regulation applies, paragraphs (3) to (13) apply in respect of capacity market supplier charge payable in respect of a standstill month of a delivery year ("year X").**

**(3) Paragraphs (4) to (6) apply in respect of the standstill collection period of a delivery year ("collection period X") where an electricity supplier is in post-standstill payment default (a "defaulting supplier").**

**(4) Where this paragraph applies, each electricity supplier who—**

(a) has been issued an invoice, credit note, or notice in respect of collection period X under regulation 6A(5)(c); and

(b) is not a defaulting supplier,

must make an additional payment (a “mutualisation payment”) to the Settlement Body in respect of collection period X.

(5) The Settlement Body must, by no later than the tenth working day of the post-standstill collection month—

(a) determine the amount of the mutualisation payment payable by each electricity supplier (“S”) who is required to make such a payment in respect of collection period X; and

(b) include that amount in the invoice issued to S in respect of collection period X under regulation 6A(6).

(6) The determination under paragraph (5)(a) must be made in accordance with sub-paragraphs (1) to (3) of paragraph 5A of Schedule 1.

(7) Paragraphs (8) to (10) apply in respect of collection period X where the Settlement Body is required to reduce the amount of capacity payments payable in respect of collection period X because the total amount of capacity payments payable in respect of this period exceeds the total amount of capacity market supplier charges collected in respect of this period.

(8) Where this paragraph applies, each electricity supplier who—

(a) has been issued an invoice, credit note, or notice in respect of collection period X under regulation 6A(5)(c); and

(b) is not a defaulting supplier,

must make a further additional payment (a “supplementary mutualisation payment”) to the Settlement Body in respect of collection period X.

(9) The Settlement Body must, by no later 40 working days after the date on which the Settlement Body was required to make the reduction referred to in paragraph (7) in respect of collection period X—

(a) determine the amount of the supplementary mutualisation payment payable by each electricity supplier (“S”) who is required to make such a payment in respect of collection period X; and

(b) include that amount in the invoice issued to S in respect of collection period X under regulation 6A(11).

(10) The determination under paragraph (9)(a) must be made in accordance with sub-paragraphs (4) to (6) of paragraph 5A of Schedule 1.

(11) Paragraphs (12) and (13) apply where mutualisation payments (including supplementary mutualisation payments where required) have been made in respect of collection period and—

(a) the Settlement Body receives payment from a defaulting supplier in relation to collection period X of—

(i) all or part of the standstill collection period supplier charge invoiced to it; and

(ii) late payment interest on such a charge; and

(b) as a result of this payment, the total amount of—

(i) standstill collection period supplier charges;

(ii) late payment interest on such charges,

(iii) mutualisation payments (including any supplementary mutualisation payments), and

(iv) late payment interest on such payments,

received by the Settlement Body exceeds the total amount of capacity payments (including residual capacity payments) payable to capacity providers.

(12) The Settlement Body must calculate the amount of that excess (the “surplus”) and each electricity supplier who made a mutualisation payment (including a supplementary mutualisation payment) in respect

of collection period X is entitled to be credited with a share of the surplus (a "mutualisation credit"), such that the surplus is distributed between such electricity suppliers in the same proportions as they made mutualisation payments (including supplementary mutualisation payments).

(13) The Settlement Body must calculate the amount of mutualisation credits to be credited to electricity suppliers under paragraph (12), and credit them with those amounts, as part of the next reconciliation run for collection period X or for the delivery year which includes collection period X.

(14) In this regulation "residual capacity payment" means an amount payable to a capacity provider in respect of a standstill collection period under—

(a) regulation 40(7)(b) of the Principal Regulations (as modified by Chapter 2 of Part 3 of the Electricity Capacity (No. 1) Regulations 2019); or

(b) regulation 40A(7)(b) of the Principal Regulations (as modified by Part 5 of the Electricity Capacity (No. 1) Regulations 2019).

## 8 Penalty residual supplier amount

(1) An electricity supplier ("S") who has paid capacity market supplier charges in respect of a delivery year ("year X") is, subject to paragraph (2), entitled to receive from the Settlement Body following the end of year X payment of a share of the capacity provider penalty charges collected from capacity providers under regulation 41 of the Principal Regulations in respect of year X (a "penalty residual supplier amount").

(2) S is not entitled to receive a penalty residual supplier amount if, in respect of year X—

(a) no capacity provider penalty charges are collected from capacity providers; or

(b) the total amount of over-delivery payments paid to capacity providers under regulation 42 of the Principal Regulations equals the total amount of capacity provider penalty charges collected from capacity providers.

(3) **Subject to paragraph (3A)**, the Settlement Body must, by no later than the [28th] working day after the end of each delivery year—

(a) determine the penalty residual supplier amount, if any, payable to each electricity supplier in respect of that delivery year; and

(b) issue to each electricity supplier—

(i) a credit note for the amount determined for that supplier under sub-paragraph (a); or

(ii) if paragraph (2) applies, a notice that no penalty residual supplier amount is payable in respect of year X.

**(3A) If year X is the delivery year beginning on 1st October 2018, the reference in paragraph (3) to "the 28th working day after the end of each delivery year" is to be construed as a reference to "the 28th working day after the end of the delivery year (if a payment trigger event occurs before that date) or otherwise as soon as reasonably practicable after a payment trigger event occurs"**

(4) The determination required by paragraph (3)(a) must be made in accordance with paragraph 6 of Schedule 1.

(5) The amounts determined under paragraph (3)(a) are subject to reconciliation under Part 5.

## 9 Settlement costs levy

- (1) An electricity supplier ("S") must pay a settlement costs levy to the Settlement Body in respect of a relevant financial year ("year Y"), if S supplies electricity to premises in Great Britain in periods of high demand in year Y.
- (2) The total amount to be charged to all electricity suppliers in respect of the settlement costs levy for year Y is [as follows--
  - (a) £7,629,000 where year Y is the relevant financial year commencing in 2018;
  - (b) £7,554,000 where year Y is the relevant financial year commencing in 2019;
  - (c) £7,502,000 where year Y is the relevant financial year commencing in 2020 or any subsequent financial year].
- (3) An electricity supplier who supplied electricity to premises in Great Britain in periods of high demand in the financial year preceding year Y must make a monthly payment to the Settlement Body (a "monthly settlement costs levy payment") in each month of year Y ("month M") on account of its liability under paragraph (1).
- (4) The Settlement Body must--
  - (a) before the start of year Y--
    - (i) calculate for each electricity supplier in accordance with paragraph 7 of Schedule 1 the amount of the monthly settlement costs levy payment to be paid by that electricity supplier in each month of year Y;
    - (ii) give notice to each electricity supplier of the amount calculated under paragraph (i) for that supplier for each month of year Y; and
  - (b) by no later than the first working day of month M, issue to each electricity supplier an invoice for the amount determined for it under sub-paragraph (a)(i) for month M.
- (5) The Settlement Body must, as soon as reasonably practicable after 16th March in year Y, calculate--
  - (a) in accordance with paragraph 8 of Schedule 1, the amount of the revised settlement costs levy payment payable by each electricity supplier in respect of month M; and
  - (b) for each electricity supplier ("S"), the difference between--
    - (i) the sum of S's revised monthly settlement costs levy payments for each month of year Y ("TRML"); and
    - (ii) the sum of the amounts paid by S pursuant to invoices issued under paragraph (4)(b) for each month of year Y ("TPML").
- (6) The Settlement Body must--
  - (a) if TRML is greater than TPML, issue to S an invoice for the amount of the difference between TRML and TPML;
  - (b) if TRML is less than TPML, subject to paragraphs (7) and (8), issue to S a credit note for the amount of the difference between TRML and TPML; and
  - (c) if TRML is equal to TPML, give S a notice that no further payment is due to or from S in respect of settlement costs levy.
- (7) Paragraph (8) applies where, by the end of the payment due date for invoices issued under paragraph (6)(a), the total amount received by the Settlement Body from payers in respect of such invoices

("TAR") is less than the total of the amounts determined under paragraph (6)(b) for all electricity suppliers to whom paragraph (6)(b) applies ("TAP").

- (8) Where this paragraph applies, the Settlement Body must--
  - (a) recalculate the amount due to each creditor under paragraph (6)(b), by reducing each credit payable by the same proportion that TAP bears to TAR; and
  - (b) issue to each creditor a credit note for the amount recalculated under sub-paragraph (a).
- (9) A credit note under paragraph (6)(b) or (8)(b) must be issued as soon as reasonably practicable after the calculation or recalculation has been made under paragraph (5)(b) or (8)(a).

## **10 Settlement costs levy refund**

- (1) The Settlement Body must, after the end of each relevant financial year--
  - (a) determine the amount of the settlement costs which it has incurred in respect of that financial year ("SC"); and
  - (b) calculate the total amount ("AR") of--
    - (i) settlement costs levy payments which it has received in respect of that financial year (not including late payment interest on such payments); and
    - (ii) interest accrued by the Settlement Body in that period on settlement costs levy payments received by it.
- (2) If, in respect of a relevant financial year, AR is greater than SC, each electricity supplier who has paid a settlement costs levy payment is entitled to receive a payment (a "settlement costs levy refund").
- (3) The Settlement Body must--
  - (a) calculate the amount of the refund payable to each electricity supplier in accordance with paragraph 9 of Schedule 1; and
  - (b) issue a credit note to each electricity supplier for the amount calculated for it.
- (4) The Settlement Body must comply with paragraphs (1) to (3) as soon as reasonably practicable after the end of the relevant financial year.

## **Part 4**

### **Payment of Invoices and Credit Notes**

#### **11 Payment of invoices and accruing interest**

- (1) A payer must pay an invoiced amount to the Settlement Body by no later than [the end of] the payment due date.
- (2) . . .
- (3) Where a payer has not paid the invoiced amount to the Settlement Body in full as required by paragraph (1), the payer must pay the Settlement Body simple interest at the rate specified in paragraph (5) ("late payment interest") on the outstanding balance of the invoiced amount from and including the payment due date until (but not including) the date of payment.

- (4) Where a payer disputes an invoiced amount under Chapter 2 of Part 10 of the Principal Regulations--
- (a) if the decision of the Settlement Body under that Part is that the invoiced amount is reduced but not extinguished, late payment interest accrues on the reduced amount from and including the payment due date until (but not including) the date of payment;
  - (b) if the decision of the Settlement Body under that Part is that the invoiced amount is extinguished, no late payment interest accrues in respect of the invoiced amount.
- (5) The rate at which late payment interest is payable is 5 per cent per annum over the Bank of England base rate in force on the 30th June (in respect of interest which starts to run between 1st July and 31st December) or the 31st December (in respect of interest which starts to run between 1st January and 30th June) immediately before the date on which the interest starts to run.
- (6) In paragraph (5), "Bank of England base rate" means--
- (a) the rate announced from time to time by the Monetary Policy Committee of the Bank of England as the official dealing rate, being the rate at which the Bank is willing to enter into transactions for providing short term liquidity in the money markets; or
  - (b) where an order under section 19 of the Bank of England Act 1998 is in force, any equivalent rate determined by the Treasury under that section.

## 12 Non-payment of invoices: draw down of credit cover

- (1) Paragraph (2) applies where an electricity supplier ("S") is in default in respect of an invoiced monthly capacity market supplier charge **for a month which is not a standstill month.**
- (2) Where this paragraph applies the Settlement Body must--
- (a) give a notice (a "credit default notice") to S which states that the Settlement Body intends to draw down on S's supplier credit cover to pay the outstanding invoiced amount and the accruing interest which applies to that amount ("the debt plus interest") if S does not pay the debt plus interest in full by no later than [the end of] the 9th working day of the month to which the invoice relates; and
  - (b) give the credit default notice by no later than the 7th working day of the month to which the invoice relates.
- (3) Where S does not pay the debt plus interest in accordance with the credit default notice, the Settlement Body must draw down on S's credit cover for the debt plus interest (or so much of it as is covered by the credit cover) by no later than the 11th working day of the month to which the invoice relates.
- (4) Where supplier credit cover is drawn down under this regulation, the Settlement Body must treat the amount drawn down as a payment, or part payment, of the debt plus interest.

## 13 Payment of credit notes

Subject to regulation 14, the Settlement Body must pay the amount due to--

- (a) each electricity supplier issued with a credit note for a penalty residual supplier amount, by no later than [the end of] the [33rd] working day after the end of the delivery year to which the payment relates **(unless the penalty residual supplier amount is collected in respect of the delivery year beginning on 1st October 2018 in which case the Settlement Body must pay the amount due no later than the end of the 5th working day after the date on which credit note was issued);** and



(b) each electricity supplier issued with a credit note under regulation 9 (settlement costs levy) or regulation 10 (settlement costs levy refund), as soon as reasonably practicable after the credit note is issued.

#### 14 Withholding credit payments to suppliers

(1) This regulation applies where, at the time when a credit note is issued to an electricity supplier ("S") under Part 3 or 5, S is in capacity market stage 2 credit default **or post-standstill payment default**.

(2) The Settlement Body must ensure that--

- (a) the credit is withheld; and
- (b) the credit note states that the payment is to be withheld and states the reason why.

#### 15 Payment of withheld credit

(1) Paragraphs (2) and (3) apply where a credit is withheld from an electricity supplier ("S") under regulation 14.

(2) If an invoice is due to be issued to S, the Settlement Body may deduct all or part of the withheld credit from the amount invoiced, **unless paragraph (4) applies**.

(3) Except where the withheld credit has been deducted in accordance with paragraph (2) **or where paragraph (4) applies**, the Settlement Body must pay the withheld credit on the next occasion which the Settlement Body considers practicable when--

- (a) credit payments are made under these Regulations; and
- (b) S is not in capacity market stage 2 credit default **or post-standstill payment default**.

**(4) If both termination trigger events have occurred, the Settlement Body must pay any credit withheld from S.**

#### 16 Consequences of termination of licence

(1) This regulation applies if the supply licence of an electricity supplier ("S") is terminated.

(2) Notwithstanding the termination of S's supply licence--

- (a) S remains liable to pay any invoices (whether issued before or after the termination of its licence) for amounts payable--
  - (i) under regulation 9, in respect of the financial year in which its supply licence is terminated or any preceding financial year; or
  - (ii) under any other provision of these Regulations, in respect of the delivery year in which its supply licence is terminated or any preceding delivery year;

(b) S remains liable to provide supplier credit cover under Part 6 in respect of each month of the delivery year in which its supply licence is terminated **(unless both termination trigger events have occurred prior to this month)**; and

(c) S remains entitled, subject to paragraph (3), to receive any payment--

- (i) under regulation 10, in respect of the financial year in which its supply licence is terminated or any preceding financial year, or

(ii) under any other provision of these Regulations, in respect of the delivery year in which its supply licence is terminated or any preceding delivery year,

to which it would have been entitled if its licence had not been terminated.

(3) Any payment to which S is entitled following the termination of its supply licence must be made in the last scheduled reconciliation run for the delivery year in which its supply licence is terminated.

(4) In this regulation, references to a licence being terminated include the licence--

- (a) being revoked by the Authority;
- (b) being surrendered by the licensee; or
- (c) expiring by effluxion of time.

## Part 5

### Reconciliation

#### 17 General

In this Part--

"annual reconciliation run" means a reconciliation run under regulation 21 in respect of payments relating to a delivery year;

"collection period X" means the standstill collection period of a delivery year;

"monthly reconciliation run" means a reconciliation run under regulation 20 in respect of payments relating to a month of a delivery year;

"month M" means a month of a delivery year which is not a standstill month;

"standstill collection period reconciliation run" means a reconciliation run under regulation 20A in respect of payments relating to the standstill collection period of a delivery year;

"T" has the meaning given in regulation 18(5);

"T-n" means the nth working day before T, where "n" is a whole number.

#### 18 Reconciliation runs

(1) The Settlement Body must, subject to paragraphs (6) and (7), carry out--

(a) at least 3 monthly reconciliation runs ("scheduled monthly reconciliation runs") in respect of each month of a delivery year which is not a standstill month ("month M"), which must be commenced no later than--

- (i) 90 working days;
- (ii) 160 working days; and
- (iii) 295 working days,

after the last day of month M; and

(aa) at least 3 standstill collection period reconciliation runs ("scheduled standstill collection period reconciliation runs") in respect of the standstill collection period of a delivery year ("collection period X"), which must be commenced no later than—

(i) 90 working days;

(ii) 160 working days; and

(iii) 295 working days,

after the date by which credit notes for capacity payments in respect of collection period X were required to be issued; and

(b) at least 3 annual reconciliation runs ("scheduled annual reconciliation runs") in respect of a delivery year ("year X"), which must be commenced no later than—

(i) 90 working days;

(ii) 160 working days; and

(iii) 295 working days,

after the last day of year X.

(2) The Settlement Body may also carry out further reconciliation runs ("ad hoc reconciliation runs") at any time, except that—

(a) no monthly reconciliation run in respect of month M may be commenced more than 28 months after the last day of month M; and

(aa) no standstill collection period reconciliation run in respect of collection period X may be commenced more than 28 months after the last day of collection period X; and

(b) no annual reconciliation run in respect of year X may be commenced more than 28 months after the last day of year X.

(3) The Settlement Body must, before the start of each delivery year ("year X")—

(a) set a timetable for—

(i) the scheduled monthly reconciliation runs for each month of year X; and

(ii) the scheduled annual reconciliation runs for year X; and

(a) publish the timetable.

(3A) The Settlement Body must, as soon as reasonably practicable after a payment trigger event occurs, for a delivery year which includes one or more standstill months ("year X")—

(a) set a timetable for the scheduled standstill collection period reconciliation runs for the standstill collection period of year X; and

(b) publish the timetable.

(4) The Settlement Body must, before commencing an ad hoc reconciliation run—

(a) set a timetable for the reconciliation run; and

(b) publish the timetable.

(5) A timetable under paragraph (3), (3A) or (4) must, in particular, specify in respect of each reconciliation run a date ("T") by which reconciliation payments due from the Settlement Body to an electricity supplier are to be made.

(6) The Settlement Body is not required--

(a) to carry out a scheduled reconciliation run if--

(i) it does not have any data which could affect any calculations or determinations previously made; or

(ii) it cannot make accurate calculations or determinations until after a payment trigger event has occurred; or

~~(a) to carry out a scheduled reconciliation run, if it does not have any data which could affect any calculations or determinations previously made; or~~

(b) to remake any calculation or determination as part of a reconciliation run, if it does not have any data which could affect that calculation or determination as previously made.

(7) The Settlement Body is not required to carry out any monthly reconciliation runs in respect of month M or collection period X after it has carried out the first annual reconciliation run in respect of the delivery year which includes month M or collection period X.

## 19 Recalculation of payments: general

The redeterminations and recalculations required by regulations 20, 20A and 21 must--

(a) make use of any revised or additional data provided to the Settlement Body under capacity market rules, in place of the data previously used or estimates made to make a calculation or determination; and

(b) take account of--

(i) any decision under Part 10 of the Principal Regulations (dispute resolution and appeals) which affects a calculation or determination previously made by the Settlement Body;

(ii) any entitlements to mutualisation credits which have arisen under regulation 7(6) and (7) or 7A(12) and (13);

(iii) any payments made by payers after the payment due date;

(iv) any payments made in previous reconciliation runs; and

(v) any adjustment to the total amount of capacity payments payable in respect of the delivery year (including payments that were prevented from being paid at the time by the law relating to state aid), as a result of a conditional capacity agreement or capacity agreement being terminated, or capacity payments being reduced or forfeited, under the Principal Regulations or capacity market rules.

(c) in sub-paragraph (b)(v) capacity payments which will be paid or become payable at a later date if a payment trigger event occurs are not considered reduced or forfeited solely because they cannot be paid or are not payable at the time of a recalculation or redetermination.

## 20 Monthly reconciliation runs: recalculation of payments

(1) By no later than T-21 the Settlement Body must make a redetermination of the amount of the monthly capacity market supplier charge payable by each electricity supplier in respect of month M.

(2) For the purpose of paragraph (1), the Settlement Body must remake the calculations under paragraphs 2 to 4 of Schedule 1.

(3) For each electricity supplier ("S"), the Settlement Body must calculate the difference between--

- (a) the amount of the capacity market supplier charge S has paid in respect of month M before the redetermination under paragraph (1) is made ("SCP"); and
  - (b) the amount redetermined for S under paragraph (1) ("SCRDA").
- (4) The Settlement Body must calculate the total amount of reconciliation payments payable by the Settlement Body ("TAP").
- (5) TAP must be calculated as the sum of the differences between SCP and SCRDA for each electricity supplier for which SCRDA is less than SCP.
- (6) The Settlement Body must, subject to paragraph (7)--
- (a) if SCRDA is greater than SCP, issue to S an invoice for the amount of the difference between SCRDA and SCP; and
  - (b) if SCRDA is less than SCP, subject to regulation 24, issue to S a credit note for the amount of the difference between SCRDA and SCP; and
  - (c) if SCRDA is equal to SCP, give S a notice that no reconciliation payment is due to or from S.
- (7) If S is entitled to a mutualisation credit under regulation 7(6) and (7) or 7A(12) and (13), the Settlement Body must adjust the amount of the invoice or credit note to be issued under paragraph (6) by the amount of that credit.

#### **20A Standstill collection period reconciliation runs: recalculation of payments**

- (1) By no later than T-21 the Settlement Body must make a redetermination of the amount of standstill collection period supplier charge payable by each electricity supplier in respect of collection period X
- (2) For the purpose of paragraph (1), the Settlement Body must remake the calculations under paragraphs 2 to 4 of Schedule 1.
- (3) For each electricity supplier ("S"), the Settlement Body must calculate the difference between--
- (a) the amount of the capacity market supplier charge S has paid in respect of collection period X before the redetermination under paragraph (1) is made ("SCP"); and
  - (b) the amount redetermined for S under paragraph (1) ("SCRDA").
- (4) The Settlement Body must calculate the total amount of reconciliation payments payable by the Settlement Body ("TAP").
- (5) TAP must be calculated as the sum of the differences between SCP and SCRDA for each electricity supplier for which SCRDA is less than SCP.
- (6) The Settlement Body must, subject to paragraph (7)--
- (a) if SCRDA is greater than SCP, issue to S an invoice for the amount of the difference between SCRDA and SCP;
  - (b) if SCRDA is less than SCP, subject to regulation 24, issue to S a credit note for the amount of the difference between SCRDA and SCP; and
  - (c) if SCRDA is equal to SCP, give S a notice that no reconciliation payment is due to or from S.
- (7) If S is entitled to a mutualisation credit under regulation 7(6) or (7) and 7A(12) and (13), the Settlement Body must adjust the amount of the invoice or credit note to be issued under paragraph (6) by the amount of that credit.

#### **21 Annual reconciliation runs: recalculation of payments**

- (1) By no later than T-21 the Settlement Body must make a redetermination in respect of year X of--

- (a) the capacity market supplier charge payable by each electricity supplier; and
  - (b) the penalty residual supplier amount (if any) payable to each electricity supplier.
- (2) For the purpose of paragraph (1), the Settlement Body must remake the calculations under--
- (a) paragraphs 2 to 6 of Schedule 1; and
  - (b) paragraph 7 of Schedule 1 to the Principal Regulations.
- (3) For each electricity supplier ("S"), the Settlement Body must calculate the amount of the reconciliation payment which, subject to regulation 24, is due to or from S ("RAS").
- (4) RAS must be calculated in accordance with the formula--
- $$\text{RAS} = (\text{ASCRDA} - \text{TMSC}) + (\text{PRSAR} - \text{PRSARDA}).$$
- (5) For the purposes of paragraph (4)--
- "ASCRDA" means the amount of the capacity market supplier charge re-determined for S under paragraph (1)(a);
- "PRSAR" means the penalty residual supplier amount which S has received before the re-determination under paragraph (1) is made;
- "PRSARDA" means the amount redetermined for S under paragraph (1)(b);
- "TMSC" means the total amount of monthly capacity market supplier charges and standstill collection period supplier charges paid by S in respect of year X before the redetermination under paragraph (1) is made, adjusted by adding the amounts of any reconciliation payments paid by S and subtracting the amounts of any reconciliation payments for which credit notes have been issued to S pursuant to monthly reconciliation runs for the months of year X which are not standstill months, or standstill collection period reconciliation runs for the standstill collection period of year X.
- (6) The Settlement Body must calculate the total amount of reconciliation payments payable by the Settlement Body ("TAP").
- (7) TAP must be calculated as the positive amount which corresponds to the sum of RAS for all electricity suppliers for which RAS is a negative amount.
- (8) The Settlement Body must, subject to paragraph (9)--
- (a) if RAS is a positive amount, issue to S an invoice for that amount; and
  - (b) if RAS is a negative amount, subject to regulation 24, issue to S a credit note for the corresponding positive amount; and
  - (c) if RAS is equal to zero, give to S a notice that no reconciliation payment is due to or from S.
- (9) If S is entitled to a mutualisation credit under regulation 7(6) and (7) or 7A(12) and (13), the Settlement Body must adjust the amount of the invoice or credit note to be issued under paragraph (7) by the amount of that credit.

## 22 Reconciliation invoices and payment

- (1) The Settlement Body must issue each invoice under regulation 20(6)(a), 20A(6)(a) or 21(8)(a) to the payer by no later than T-19.
- (2) A payer must pay the amount invoiced by no later than [T-14].

### **23 Draw down of credit cover**

- (1) Paragraph (2) applies where an electricity supplier ("S") does not pay an invoiced amount [in accordance with] regulation 22(2).
- (2) Where this paragraph applies, the Settlement Body must by T-9 draw down on any existing credit cover of S for the amount due.
- (3) In paragraph (2), "existing credit cover" means the supplier credit cover (if any) of S which applies at the time the draw down is made.

### **24 Recalculation of credit amounts**

- (1) Paragraph (2) applies where by T-7 the total amount received ("TAR") by the Settlement Body from payers (including by draw down of supplier credit cover) in respect of invoices issued under regulation 22 for a reconciliation run is less than TAP as calculated under regulation 20(5), 20A(5) or 21(7) (as appropriate to the reconciliation run being carried out).
- (2) Where this paragraph applies, the Settlement Body must--
  - (a) recalculate the amounts due to each creditor as calculated under regulation 20, 20A or 21 before making any adjustments under regulation 20(7), 20A(7) or 21(9), by reducing each credit payable by the same proportion that TAP bears to TAR; and
  - (b) make any adjustments under regulation 20(7), 20A(7) or 21(9) in respect of mutualisation credits to the amount recalculated under sub-paragraph (a).
- (3) The Settlement Body must issue to each creditor a credit note for the amount recalculated under paragraph (2).

### **25 Reconciliation credit notes and payment**

The Settlement Body must, subject to regulation 14, pay the amount shown in a credit note issued to an electricity supplier under regulation 20, 20A, 21 or 24 by no later than [the end of] T.

## **Part 6**

### **Supplier Credit Cover**

### **26 Application of Principal Regulations and interpretation**

- (1) Chapter 1 of Part 7 of the Principal Regulations (credit cover: general) applies in relation to the provision of supplier credit cover under this Part, except that--
  - (a) in regulation 53(3)--
    - (i) the definition of "credit obligation period" has effect as if the words ", under regulation 60," were omitted;

(ii) the definition of "the required amount" has effect as if, for the words "in accordance with regulation 59(1) or, if applicable, regulation 60(2)", there was substituted "in accordance with Part 6 of the Supplier Payment Regulations";

(b) regulations 55(3) and 56(2) do not apply; and

(c) regulation 58(1)(a) applies as if the words ", under regulation 60," were omitted.

(2) In this Part--

"month M" means a month of a delivery year; and

"S" means an electricity supplier who is required to provide supplier credit cover.

## 27 Calculation of supplier credit cover

(1) The Settlement Body must, by no later than 2 months before the commencement of a delivery year--

(a) determine for each month of the delivery year the amount of credit cover which each electricity supplier is required to provide for that month;

(b) provide the determination for each electricity supplier in the form of a schedule (a "schedule of monthly credit cover"); and

(c) give a notice to each electricity supplier of the schedule of monthly credit cover which applies to it.

(2) The Settlement Body must, as soon as reasonably practicable after making the calculations in paragraph 3 of Schedule 1--

(a) make, for each month of the delivery year after the month in which those calculations are made, a revised determination of the amount of credit cover which each electricity supplier is required to provide for that month;

(b) produce a revised schedule of monthly credit cover for each electricity supplier; and

(c) give a notice to each electricity supplier of the revised schedule of monthly credit cover which applies to it.

(3) The amount of credit cover to be determined under paragraph (1)(a) or (2)(a) for S in respect of month M is 110% of the monthly capacity market supplier charge which the Settlement Body estimates will be payable by S in respect of month M.

(4) If, at the time the Settlement Body makes a determination under (1)(a) or (2)(a), a month to which the determination relates is (or may become) a standstill month, the Settlement Body must--

(a) determine the amount of credit cover an electricity supplier would be required to provide for that month if it were not a standstill month; and

(b) record in the notice given to the electricity supplier under paragraph (1)(c) or (2)(c) that the supplier is not required to provide credit cover in respect of a month which is a standstill month.

## 28 Requirement to provide supplier credit cover

(1) By no later than 12 working days before the commencement of month M, each electricity supplier who has been given notice of a schedule of monthly credit cover must provide to the Settlement Body credit cover--



- (a) to at least the amount specified in the schedule for month M ("the required amount"); and
- (b) which the Settlement Body may draw down at any time during the period commencing with the date it is provided and ending with the 11th working day of month M.

(2) By no later than 9 working days before the commencement of month M, the Settlement Body must--

- (a) if S has not provided credit cover, or has provided credit cover for less than the required amount, give S notice of that fact;
- (b) if S has provided credit cover--
  - (i) determine in accordance with regulation 55(1)(a) of the Principal Regulations whether the credit cover is approved; and
  - (ii) give S the notice required by regulation 55(1)(b) of the Principal Regulations.

(3) Where a notice is given under paragraph (2)(a), or a notice is given under paragraph (2)(b) that credit cover is not approved or approved only in part--

- (a) S must be entered by the Settlement Body on the credit default register as being in "capacity market stage 1 credit default" in respect of month M; and
- (b) S must provide credit cover (or further credit cover) to the Settlement Body by no later than 5 working days after the notice is given under paragraph (2).

(4) Where credit cover is provided under paragraph (3)(b), the Settlement Body must by no later than 2 working days before the commencement of month M--

- (a) determine in accordance with regulation 55(1)(a) of the Principal Regulations whether the credit cover is approved; and
- (b) give S the notice required by regulation 55(1)(b) of the Principal Regulations.

**(5) Paragraphs (1) to (4) are subject to paragraph (6).**

**(6) An electricity supplier who has been given notice of a schedule of monthly credit cover is not required to provide credit cover to the Settlement Body in respect of a month which is a standstill month.**

## **29 Effect of non-compliance**

(1) Paragraph (2) applies where--

- (a) S has been entered on the credit default register as being in capacity market stage 1 credit default in respect of month M; and
- (b) either--
  - (i) S does not comply with regulation 28(3)(b); or
  - (ii) the Settlement Body gives S notice under regulation 28(4)(b) that credit cover provided by S under regulation 28(3)(b) is not approved, or approved only in part.

(2) Where this paragraph applies, S must be entered by the Settlement Body on the credit default register as being in "capacity market stage 2 credit default" in respect of month M.

## **30 The credit default register**

[(1) The Settlement Body must maintain a register ("the credit default register") which includes the entries on the register required by regulations 28(3)(a) and 29(2), including--

- (a) the month to which an entry on the register relates; and
- (b) whether or not the electricity supplier disputes that entry.]

(2) The Settlement Body must ensure as far as reasonably practicable that the register is kept up to date.

(3) The Settlement Body must remove an entry from the register as soon as reasonably practicable--

- (a) if the Settlement Body makes a decision under Chapter 2 of Part 10 of the Principal Regulations that the entry on the register should not have been made;
- (b) if capacity market stage 1 credit default is entered against S pursuant to regulation 28(3)(a) and supplier credit cover is subsequently approved under regulation 28(4), after that credit cover is approved;
- (c) if capacity market stage 2 credit default is entered against S pursuant to regulation 29(2) in relation to month M, after the Settlement Body has received payment of the monthly capacity market supplier charge and any late payment interest due from S for month M; or
- (d) if no previous sub-paragraph applies, after the last annual reconciliation run under Part 5 for the delivery year in respect of which the [entry was made].

(4) The Settlement Body must publish the information contained in the credit default register on a website.

### **31 Interest**

The Settlement Body must pay to S any interest received by the Settlement Body on supplier credit cover provided by S and held by the Settlement Body as a cash deposit in a bank account.

## **Part 7**

### **Miscellaneous**

### **32 Disputes**

(1) Subject to paragraph (2), an electricity supplier may use the procedure in Chapter 2 of Part 10 of the Principal Regulations to dispute any calculation or determination made by the Settlement Body under these Regulations.

(2) The procedure in that Chapter may not be used to dispute the correctness of any data used in making a calculation or determination, which has been provided to the Settlement Body by another person under these Regulations, the Principal Regulations or capacity market rules.

### **33 Duties of the Settlement Body to enforce and notify**

(1) The Settlement Body must exercise its functions in the manner best calculated to ensure the collection of all amounts which are required to be paid by electricity suppliers under these Regulations.

(2) The Settlement Body must take such steps as it considers necessary to ensure that electricity suppliers are--

- (a) informed of their obligations under these Regulations; and
- (b) provided with information about liabilities which they may incur under these Regulations.

(3) If the Settlement Body writes off any debt owed to it by an electricity supplier, it must give a notice of that fact to any electricity supplier who was required to make a mutualisation payment in relation to that debt.

34 . . .

. . .

### 35 Amendments to the Principal Regulations

Schedule 2 (amendments to the Principal Regulations) has effect.

*Matt Hancock*

Minister of State

Department of Energy and Climate Change

17th December 2014

## SCHEDULE 1

### CALCULATION OF AMOUNTS

**Regulations 3, 6 to 10, 20 and 21**

#### Interpretation

1

In this Schedule--

- (a) "WF<sub>m</sub>", in relation to a month of a delivery year, means the weighting factor calculated for that month under paragraph 2 of Schedule 1 to the Principal Regulations; and
- (b) a term preceded by "Σs" means the sum of the amounts represented by that term for all electricity suppliers.

#### Capacity market supplier charge: provisional annual calculations

2

(1) The Settlement Body must, **by no later than three months** before the start of a delivery year ("year X"), for each electricity supplier ("S") calculate--

- (a) S's provisional share of capacity market supplier charges in respect of year X ("PSCs<sub>x</sub>");
- (b) S's provisional capacity market supplier charge in respect of year X ("PACMSCs<sub>x</sub>");
- (c) S's provisional monthly capacity market supplier charge in respect of each month of year X ("PMCMSCs<sub>m</sub>").

(2) PSCs<sub>x</sub> must be calculated in accordance with the formula--

$$PSCs_x = FSSPDs_x / \sum_s FSSPDs_x.$$

(3) PACMSCs<sub>x</sub> must be calculated in accordance with the formula--

$$PACMSCs_x = \sum_i ACPI_x \times PSCs_x.$$

(4) PMCMSCs<sub>m</sub> must be calculated in accordance with the formula--

$$PMCMSCs_m = PACMSCs_x \times WFmx.$$

(5) In this paragraph--

" $\sum_i ACPI_x$ " means the sum of ACPI<sub>x</sub> (the total amount of capacity payments payable in respect of a capacity committed CMU, including payments that may be prevented from being paid by the law relating to state aid), as calculated under paragraph 3 of Schedule 1 to the Principal Regulations, for all capacity committed CMUs in respect of year X; and

"FSSPDs<sub>x</sub>" means the amount of the forecast given by S to the Settlement Body for year X under regulation 4(2).

### Capacity market supplier charge: revised annual calculations

## 3

(1) The Settlement Body must, as soon as reasonably practicable after [gross demand] data for all periods of high demand in year X is available, calculate for each electricity supplier ("S")--

- (a) S's revised share of capacity market supplier charges in respect of year X ("RSCs<sub>x</sub>");
- (b) S's revised capacity market supplier charge in respect of year X ("RACMSCs<sub>x</sub>");
- (c) S's revised monthly capacity market supplier charge in respect of each month of year X ("RMCMSCS<sub>m</sub>").

(2) RSCs<sub>x</sub> must be calculated in accordance with the formula--

$$RSCs_x = ASSPDs_x / \sum_s ASSPDs_x.$$

(3) RACMSCs<sub>x</sub> must be calculated in accordance with the formula--

$$RACMSCs_x = \sum_i AACPI_x \times RSCs_x.$$

(4) RMCMSCS<sub>m</sub> must be calculated in accordance with the formula--

$$RMCMSCS_m = RACMSCs_x \times WFmx.$$

(5) In this paragraph--

" $\sum_i AACPI_x$ " means  $\sum_i ACPI_x$ , within the meaning given in paragraph 2(5), minus any reductions in the total amount of capacity payments payable to capacity providers in respect of year X (including payments that have been or may be prevented from being paid by the law relating to state aid) as a result of--

- (a) a conditional capacity agreement or capacity agreement being terminated; or

(b) a capacity payment being reduced or forfeited under the Principal Regulations (capacity payments which will be paid or become payable at a later date if a payment trigger event occurs are not considered reduced or forfeited solely because they cannot be paid or are not payable at the time of the calculation under this paragraph).

"ASSPDs<sub>x</sub>" means the actual [gross demand] of S during periods of high demand in year X.

#### Capacity market supplier charge: monthly calculations

4

(1) The Settlement Body must, by no later than the first day of each month ("month M") of a delivery year calculate for each electricity supplier ("S") the monthly capacity market supplier charge ("MCMSCs<sub>m</sub>") payable by S in respect of month M.

(2) If the date on which the Settlement Body calculates MCMSCs<sub>m</sub> ("the calculation date") is before the date on which the Settlement Body makes the calculations required by paragraph 3, then MCMSCs<sub>m</sub> is equal to PMCMSCs<sub>m</sub>.

(3) If the calculation date is on or after the date on which the Settlement Body makes the calculations required by paragraph 3, then MCMSCs<sub>m</sub> is equal to RCMSCs<sub>m</sub>.

(4) In this paragraph--

"PMCMSCs<sub>m</sub>" means the amount calculated under paragraph 2(1)(c) for electricity supplier S and month M;

"RCMCMSCs<sub>m</sub>" means the amount calculated under paragraph 3(1)(c) for electricity supplier S and month M.

#### Capacity market supplier charge: mutualisation payments

5

(1) If, in respect of a month of a delivery year ("month M"), one or more electricity suppliers is in capacity market stage 2 credit default, the Settlement Body must calculate in accordance with sub-paragraphs (2) and (3) the mutualisation payment to be made by each electricity supplier ("S") who is not in such default ("MPs<sub>m</sub>").

(2) If the calculation date is before the date on which the Settlement Body makes the calculations required by paragraph 3, then MPs<sub>m</sub> must be calculated in accordance with the formula--

$$MP_{S_m} = (\sum dPMCMSCd_m \times (PSCs_x / \sum nPSCn_x)).$$

(3) If the calculation date is on or after the date on which the Settlement Body makes the calculations required by paragraph 3, then MPs<sub>m</sub> must be calculated in accordance with the formula--

$$MP_{S_m} = (\sum dRMCMSCd_m \times (RSCs_x / \sum nRSCn_x)).$$

(4) In this paragraph--

" $\sum dPMCMSCd_m$ " means the sum of the amounts calculated under paragraph 2(1)(c) for month M for every electricity supplier who is in capacity market stage 2 credit default in respect of month M;

"PSCs<sub>x</sub>" means the amount calculated under paragraph 2(1)(a) for supplier S and year X;

" $\sum nPSCn_x$ " means the sum of the amounts calculated under paragraph 2(1)(a) for year X for every electricity supplier who is not in capacity market stage 2 credit default in respect of month M;

" $\sum_d RMCMS C_{d_m}$ " means the sum of the amounts calculated under paragraph 3(1)(c) for month M for every electricity supplier who is in capacity market stage 2 credit default in respect of month M;

" $RSC_{s_x}$ " means the amount calculated under paragraph 3(1)(a) for supplier S and year X;

" $\sum_n RSC_{n_x}$ " means the sum of the amounts calculated under paragraph 3(1)(a) for year X for every electricity supplier who is not in capacity market stage 2 credit default in respect of month M; and

"year X" means the delivery year in which month M falls.

## 5A Standstill collection period: mutualisation payments

(1) If, in respect of the standstill collection period of a delivery year ("collection period X"), one or more electricity suppliers is in post-standstill payment default, the Settlement Body must calculate in accordance with sub-paragraphs (2) and (3) the mutualisation payment to be made by each electricity supplier ("S") who is not in such default (" $MP_{scp}$ ").

(2) If the calculation date is before the date on which the Settlement Body makes the calculations required by paragraph 3, then  $MP_{scp}$  must be calculated in accordance with the formula—

$$MP_{scp} = (\sum_d SCPSC_{dcp} \times (PSC_{s_x} / \sum_n PSC_{n_x}))$$

(3) If the calculation date is on or after the date on which the Settlement Body makes the calculations required by paragraph 3, then  $MP_{scp}$  must be calculated in accordance with the formula—

$$MP_{scp} = (\sum_d SCPSC_{dcp} \times (RSC_{s_x} / \sum_n RSC_{n_x}))$$

(4) If regulation 7A(8) applies in respect of collection period X, the Settlement Body must calculate in accordance with sub-paragraphs (5) and (6) the supplementary mutualisation payment to be made by each electricity supplier ("S") who is not in post-standstill payment default (" $SMP_{scp}$ ").

(5) If the calculation date is before the date on which the Settlement Body makes the calculations required by paragraph 3, then  $SMP_{scp}$  must be calculated in accordance with the formula—

$$SMP_{scp} = (RA - \sum_d LP) \times (PSC_{s_x} / \sum_n PSC_{n_x})$$

(6) If the calculation date is on or after the date on which the Settlement Body makes the calculations required by paragraph 3, then  $SMP_{scp}$  must be calculated in accordance with the formula—

$$SMP_{scp} = (RA - \sum_d LP) \times (RSC_{s_x} / \sum_n RSC_{n_x})$$

(7) In this paragraph—

"late payment" means a payment in respect of collection period X by an electricity supplier in post-standstill payment default of—

- (a) all or part of the standstill collection period supplier charge invoiced to it;
- (b) all or part of the mutualisation payment invoiced to it; or
- (c) late payment interest on such a charge or payment;

" $\sum_d LP$ " means the sum of all late payments in respect of collection period X from electricity suppliers who—

- (a) were in post-standstill payment default when the mutualisation payment in respect of collection period X was calculated; or
- (b) entered into post-standstill payment default in respect of this mutualisation payment;

" $PSC_{s_x}$ " means the amount calculated under paragraph 2(1)(a) for supplier S and year X;

" $\sum_n PSC_{n_x}$ " means the sum of the amounts calculated under paragraph 2(1)(a) for year X for every electricity supplier who is not in post-standstill payment default in respect of collection period X;

"RA" means the sum of the residual amounts (if any) determined in respect of collection period X under—

(a) regulation 40(7)(a) of the Principal Regulations (as modified by Chapter 2 of Part 3 of the Electricity Capacity (No. 1) Regulations 2019); and

(b) regulation 40A(7)(a) of the Principal Regulations (as modified by Part 5 of the Electricity Capacity (No. 1) Regulations 2019);

"RSC<sub>s<sub>x</sub></sub>" means the amount calculated under paragraph 3(1)(a) for supplier S and year X (taking into account any revised calculations under this paragraph required by regulation 6A(12)(a));

" $\sum_n RSC_n$ " means the sum of the amounts calculated under paragraph 3(1)(a) for year X for every electricity supplier who is not in post-standstill payment default in respect of collection period X (taking into account any revised calculations under this paragraph required by regulation 6A(12)(a));

" $\sum_d SCPSC_{dcp}$ " means the sum of the amount determined under regulation 6A(5)(b) for every electricity supplier who is in post-standstill period payment default in respect of the collection period; and

"year X" means the delivery year in which collection period X falls.

### Penalty residual supplier amount

#### 6

(1) The Settlement Body must, as soon as reasonably practicable after the end of a delivery year ("year X"), calculate for each electricity supplier ("S") the penalty residual supplier amount ("PRSA<sub>s<sub>x</sub></sub>") which is due to S in respect of year X

(2) PRSA<sub>s<sub>x</sub></sub> must be calculated in accordance with the formula--

$$PRSA_{s_x} = (TPR_x - \sum_i ODP_{i_x}) \times (CMSCPs_x / \sum_s CMSCPs_x).$$

(3) In paragraph (2)--

"CMSCPs<sub>s<sub>x</sub></sub>" means the total amount of capacity market supplier charges paid by S in respect of year X;

" $\sum_i ODP_{i_x}$ " means the sum of the amounts calculated under paragraph 7(1)(c) of Schedule 1 to the Principal Regulations for all relevant CMUs (within the meaning given in that paragraph) for year X;

"TPR<sub>x</sub>" means the total amount of capacity market penalty charge payments received by the Settlement Body under the Principal Regulations in respect of year X (and in respect of the delivery year beginning on 1st October 2019 means this amount after any repayments of overcharged penalty charge by the Settlement Body under regulation 43E of the Principal Regulations (as modified by Part 5 of the Electricity Capacity (No. 1) Regulations 2019) are subtracted).

### Settlement costs levy: provisional calculations

#### 7

(1) The Settlement Body must, by no later than the start of a relevant financial year ("year Y"), for each electricity supplier ("S") calculate--

(a) S's provisional share of the settlement costs levy in respect of year Y ("PSL<sub>s<sub>y</sub></sub>");

(b) S's provisional monthly settlement costs levy in respect of each month of year Y ("PML<sub>s<sub>m</sub></sub>").

(2) PSL<sub>s<sub>y</sub></sub> must be calculated in accordance with the formula--

$$PSL_{s_y} = ASSPD_{sr} / \sum_s ASSPD_{sr}.$$

(3) PML<sub>s<sub>m</sub></sub> must be calculated for each month of year Y ("month M") in accordance with the formula--

$$PML_{s_m} = ASCL_y \times PSL_{s_y} \times (1 / 12).$$

(4) In this paragraph--

"ASCLy" is the amount specified in regulation 9(2) as the total amount which may be charged to all electricity suppliers in respect of the settlement costs levy for year Y;

"ASSPD<sub>s<sub>r</sub></sub>" means--

- (a) subject to paragraph (b), the actual [gross demand] of S . . . during periods of high demand ("AD") in the relevant months; or
- (b) if, at the date on which the calculation in sub-paragraph (2) is to be made, the Settlement Body does not have the data necessary to calculate AD for all electricity suppliers for one or more of the relevant months, AD in the relevant months for which the Settlement Body has that data;

"the relevant months" means November to February of the financial year preceding year Y.

### Settlement costs levy: revised calculations

8

(1) The Settlement Body must, as soon as reasonably practicable after 16th March in a relevant financial year ("year Y"), calculate for each electricity supplier ("S")--

- (a) S's revised share of the settlement costs levy in respect of each month of year Y for which S is liable to pay settlement costs levy ("RSL<sub>s<sub>m</sub></sub>");
- (b) S's revised monthly settlement costs levy in respect of each month of year Y ("RML<sub>s<sub>m</sub></sub>").

(2) RSL<sub>s<sub>m</sub></sub> must be calculated in accordance with the formula--

$$RSL_{s_m} = ASSPD_{s_y} / \sum IASSPDI_y$$

(3) RML<sub>s<sub>m</sub></sub> must be calculated in accordance with the formula--

$$RML_{s_m} = ASCL_y \times RSL_{s_m} \times (1 / 12).$$

(4) In this paragraph--

"ASCLy" has the same meaning as in paragraph 7;

"ASSPD<sub>s<sub>y</sub></sub>" means the actual [gross demand] of S during periods of high demand in year Y;

" $\sum IASSPDI_y$ " means the sum of those amounts of actual [gross demand] for every electricity supplier who is liable to pay settlement costs levy in the relevant month.

### Settlement costs levy refund

9

(1) The Settlement Body must calculate the amount ("SCLR<sub>s<sub>y</sub></sub>") of the refund payable to each electricity supplier ("S") who has paid a settlement costs levy payment in a relevant financial year ("year Y") in accordance with the formula--

$$SCLR_{s_y} = (AR - SC) \times (SCLP_{s_y} / \sum sSCLP_{s_y}).$$

(2) In this paragraph--

"AR" and "SC" have the meanings given in regulation 10;

"SCLP<sub>s<sub>y</sub></sub>" means the amount of settlement costs levy paid by S in respect of year Y.



## SCHEDULE 2

### AMENDMENTS TO THE PRINCIPAL REGULATIONS

#### Regulation 35

#### Amendments to the Principal Regulations

1

The Principal Regulations are amended in accordance with paragraphs 2 to 14.

2

In regulation 2(1), after the definition of "the Rules" insert--

""the Supplier Payment Regulations" means the Electricity Capacity (Supplier Payment etc) Regulations 2014;"

3

In regulation 3--

- (a) in paragraph (1)(a), after "electrical output by a generating unit" insert "or through an electricity interconnector"; and
- (b) in paragraph (2)--
  - (i) omit "section 28(3) of the Act and"; and
  - (ii) for "customers" substitute "premises".

4

In regulation 4(9), for "1st April 2014" substitute "8th September 2014".

5

In regulation 41, after paragraph (3) insert--

- "(3A) The percentages to be included in the capacity market register under regulation 31(2)(f) are--
- (a) for the annual penalty cap, 100%; and
  - (b) for the monthly penalty cap, 200%."

6

In regulation 44(6), in the definition of "liable electricity supplier", for "customers" substitute "premises".

7

In regulation 45(1), in the definition of "payer", before "means" insert ", subject to regulation 47(7),".

8

In regulation 47, at the end insert--

"(7) In this regulation, "payer" means a person to whom an invoice is issued under these Regulations or the Supplier Payment Regulations."

**9**

In regulation 67, in paragraph (1)(b), after "these Regulations" insert ", the Supplier Payment Regulations".

**10**

In regulations 77(3)(a) and 80(3)(b), after "these Regulations" insert "or the Supplier Payment Regulations".

**11**

In regulation 81, in paragraphs (1)(a)(i) and (2)(a), after "these Regulations" insert "and the Supplier Payment Regulations".

**12**

In paragraph 2(2) of Schedule 1, for "3 decimal" substitute "10 decimal".

**13**

In paragraph 6 of Schedule 1--

(a) in sub-paragraph (4), for the formula substitute--

$$MPC_{i_m} = MCP_{i_m} \times F$$

(b) after sub-paragraph (5) insert--

"(5A) For the purpose of the second calculation,  $APC_{i_x}$  is the annual penalty cap in pounds applying to CMU  $i$  in respect of year  $X$ , and is to be calculated in accordance with the formula--

$$APC_{i_x} = ACP_{i_x} \times G.$$

(c) in sub-paragraph (6)--

(i) omit the definition of " $APC_{i_x}$ "; and

(ii) before the definition of "MaxSPI" insert--

" $ACP_{i_x}$ " means the amount of annual capacity payments calculated under paragraph 3 for CMU  $i$  in respect of year  $X$ ;

" $F$ " means the percentage stated on the capacity market register under regulation 31(2)(f) as the monthly penalty cap percentage for CMU  $i$  in respect of year  $X$ ;

" $G$ " means the percentage stated on the capacity market register under regulation 31(2)(f) as the annual penalty cap percentage for CMU  $i$  in respect of year  $X$ ."

**14**

In paragraph 1(b) of Schedule 2, after "Regulations" insert ", the Supplier Payment Regulations".