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STATUTORY INSTRUMENTS

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**2014 No. 2014**

**The Contracts for Difference (Electricity  
Supplier Obligations) Regulations 2014**

**PART 2**

Supplier obligation

CHAPTER 3

Payments for reserve

**Reserve payments**

- 10.**—(1) The CFD counterparty must determine—
- (a) the total amount of reserve payments (“the total reserve amount”) to be collected from suppliers in respect of each quarterly obligation period; and
  - (b) the amount of each electricity supplier’s reserve payment in respect of each quarterly obligation period calculated in accordance with regulation 11.
- (2) The CFD counterparty must determine the total reserve amount and the amount of each electricity supplier’s reserve payment for a quarterly obligation period—
- (a) where that period commences on 1st April 2015, before 1st January 2015;
  - (b) for any other quarterly obligation period, before the commencement of the quarterly obligation period which immediately precedes that period.
- (3) The CFD counterparty must publish its determination of the total reserve amount for a quarterly obligation period—
- (a) where that period commences on 1st April 2015, before 1st January 2015;
  - (b) for any other quarterly obligation period, before the commencement of the quarterly obligation period which immediately precedes that period.
- (4) The CFD counterparty must issue a notice to every electricity supplier which sets out the amount of that supplier’s reserve payment for a quarterly obligation period—
- (a) where that period commences on 1st April 2015, before 1st January 2015;
  - (b) for any other quarterly obligation period, before the commencement of the quarterly obligation period which immediately precedes that period.
- (5) The total reserve amount for a quarterly obligation period is the amount which the CFD counterparty determines it would need to be paid for there to be a 19 in 20 probability of it being able to make all the payments it is required to make to CFD parties during that period having regard to—
- (a) the amount of interim rate payments which it expects to be paid during the period;
  - (b) the likelihood of any supplier failing to make payments it is required to make under these Regulations during that period; and

- (c) the estimated quarterly obligation period income, estimated quarterly obligation period electricity supply and the estimated quarterly period cost in respect of that period.

### **Individual suppliers' reserve amounts**

**11.**—(1) An electricity supplier must make a reserve payment to the CFD counterparty in respect of a quarterly obligation period (“the relevant period”) by—

- (a) the 90th day after the day on which the CFD counterparty has issued a notice to that supplier under regulation 15(3) (notice of reconciliation payment) in the quarterly obligation period that immediately precedes the relevant period; or
- (b) the 7th working day of the relevant period where—
- (i) there is no quarterly obligation period which immediately precedes that period, or
- (ii) no notice was issued to that supplier under regulation 15(3) in the quarterly obligation period that immediately precedes the relevant period.

(2) Where a supplier fails to pay all or part of a reserve payment by the date by which it must be paid in accordance with paragraph (1), that supplier must pay the CFD counterparty simple interest on any unpaid amount at the rate specified in regulation 35(1) from the day after the date by which that amount should have been paid.

(3) The amount of a supplier's reserve payment in respect of the relevant period is the amount given by—

$$TRA \times \left( \frac{SRE}{RE} \right)$$

where—

TRA is total reserve amount for that period;

SRE is the amount of electricity supplied by that supplier in the reference period as determined on the date on which that total reserve amount is determined; and

RE is the total amount of electricity supplied by all suppliers in the reference period as determined on the date on which that total reserve amount is determined.

(4) The reference period is the most recent period of 30 consecutive days in respect of which the BSCCo has carried out an Initial Volume Allocation Run before the commencement of the quarterly obligation period immediately prior to the relevant period.

(5) For the purposes of paragraph (3) and regulation 14(4) the amount of electricity supplied by an electricity supplier in a reference period is the amount of all electricity which the BSCCo determines was supplied by that supplier in that period, on the basis of the most recent BSC reconciliation run which the BSCCo has carried out.