
STATUTORY INSTRUMENTS

2014 No. 2014

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

PART 2

Supplier obligation

CHAPTER 5

Reconciliation payments

Reconciliation payments

15.—(1) The CFD counterparty must calculate, in accordance with regulation 16(1), the amounts to be paid as reconciliation payments by electricity suppliers or by that counterparty (“a reconciliation determination”) in respect of a quarterly obligation period (“the reconciliation period”) —

- (a) as soon as reasonably practicable after the CFD counterparty has issued a notice under regulation 8(4) in respect of the day which is the last day of the reconciliation period, and in any event before the conclusion of the quarterly obligation period which immediately follows the reconciliation period; and
- (b) once in every subsequent quarterly obligation period until the final reconciliation determination has been carried out in respect of the reconciliation period, as soon as reasonably practicable after the CFD counterparty has issued a notice under regulation 8(4) in respect of the last day of the quarterly obligation period which concluded immediately prior to that subsequent period, and in any event before the conclusion of that subsequent period.

(2) The final reconciliation determination in respect of the reconciliation period is the 10th reconciliation determination made in respect of that period.

(3) Where the CFD counterparty makes a reconciliation determination it must, as soon as reasonably practicable, issue a notice to each electricity supplier setting out—

- (a) the amount of any reconciliation payment which the CFD counterparty must make to that supplier following that determination;
- (b) the amount of any reconciliation payment which that supplier must make to the CFD counterparty following that determination.

Determination of reconciliation payments

16.—(1) The amount of a reconciliation payment to be paid to or by a supplier in respect of the reconciliation period is—

- (a) the CFD counterparty’s calculation, at the time of making that calculation, of the CFD period contribution in relation to that supplier in respect of the reconciliation period, less

(b) the net levied amount for that supplier in respect of that period.

(2) For the purposes of the calculation of a CFD period contribution, where a Final Reconciliation Volume Allocation Run or Post-Final Volume Allocation Run has not been carried out by the BSCCo in relation to a day in the reconciliation period, the amount of electricity supplied on that day by a supplier is to be determined on the basis of the most recent BSC reconciliation run which the BSCCo has carried out in relation to that day.

(3) Where the amount of a reconciliation payment in relation to an electricity supplier—

- (a) is a positive number that supplier must pay that amount to the CFD counterparty;
- (b) is a negative number the CFD counterparty must pay the absolute value of that amount to that supplier.

(4) Where, following a reconciliation determination, the CFD counterparty must make a reconciliation payment to an electricity supplier, or that electricity supplier must make a reconciliation payment to the CFD counterparty, that payment must be made by the 90th day after the day on which the CFD counterparty has issued a notice to that supplier under regulation 15(3) in respect of that reconciliation determination.

(5) Where an electricity supplier is required to pay a reconciliation payment and it fails to pay all or part of that payment by the day on which that payment must be made, 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 day on which the payment should have been made.

(6) For the purposes of paragraph (1), the net levied amount for a supplier in respect of a reconciliation period is the sum of—

- (a) any payment that supplier was required to make under regulation 8(1) in respect of a day in the reconciliation period;
- (b) the sum of any payments that supplier was required to make under regulation 9(2) in respect of days in the reconciliation period less the sum of any payments the CFD counterparty was required to make under regulation 9(3) in respect of days in that period;
- (c) any payment that supplier was required to make under regulation 11(1) in respect of the reconciliation period;
- (d) any payment that supplier was required to make under regulation 14(3) in respect of the reconciliation period;
- (e) the sum of any reconciliation payments which that supplier was required to make under paragraph (3)(a) in respect of any previous reconciliation determination made in relation to the reconciliation period less the sum of any reconciliation payments which the CFD counterparty was required to make under paragraph (3)(b) in respect of any previous reconciliation determination made in relation to the reconciliation period.