

SCHEDULE 1

Regulation 36

Settlement calculations

Interpretation

1.—(1) In this Schedule “ AE_{ij} ”, “ $ALFCO_{ij}$ ” and “ E_{ij} ”, in relation to a capacity committed CMU and a relevant settlement period, are to be interpreted in accordance with regulation 39 and mean the amounts determined in accordance with that regulation.

(2) Where, in a formula, two values in parentheses are separated by a comma and preceded by “min”, that means that the lesser of those two values is to be used in making the calculation.

Weighting factor

2.—(1) The Settlement Body must, by no later than 3 months before the commencement of a capacity year (“year X”), calculate in respect of each month of year X (“month M”) the weighting factor (“ WF_{mx} ”) which is to be used for the purpose of calculating capacity payments in respect of that month.

(2) WF_{mx} must be calculated to 3 decimal places in accordance with the formula—

$$WF_{mx} = \frac{A}{B}.$$

(3) In this paragraph—

“A” means the sum of the amounts of electrical demand in GWh in Great Britain during each of the months corresponding to month M in the calculation period;

“B” means the sum of the amounts of electrical demand in GWh in Great Britain during the calculation period;

“the calculation period” means the period of 3 years ending on the last day of the month preceding the month in which WF_{mx} is calculated.

Capacity payments: calculations to be made annually for each capacity committed CMU

3.—(1) The Settlement Body must, by no later than 3 months before the commencement of a delivery year (“year X”), calculate in respect of each capacity committed CMU (“CMU i”)—

(a) the total amount in pounds of the capacity payments which, subject to regulation 40(5) and (6) and to regulations 49 to 51, are payable in respect of CMU i for year X (“ ACP_{ix} ”); and

(b) in respect of each month of year X (“month M”), the amount in pounds of the capacity payment which, subject to those regulations, is payable in respect of CMU i for that month (“ MCP_{im} ”).

(2) ACP_{ix} must be calculated in accordance with the formula—

$$ACP_{ix} = CO_{ix} \times PE_{ix}.$$

(3) MCP_{im} must be calculated in accordance with the formula—

$$MCP_{im} = ACP_{ix} \times WF_{mx}.$$

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(4) For the purpose of sub-paragraph (2), “ PE_{ix} ” means the price in pounds per MW at which capacity payments are payable in respect of CMU i for year X, which is to be determined in accordance with sub-paragraphs (5) and (6).

(5) If the relevant capacity auction was a T-4 auction, PE_{ix} is to be calculated in accordance with the formula—

$$PE_{ix} = CCP_i \times \frac{CPI_x}{CPI_{base}}$$

(6) If the relevant capacity auction was a T-1 auction or a DSR transitional auction, PE_{ix} is equal to CCP_i .

(7) In this paragraph—

“ CCP_i ” means the capacity cleared price for CMU i, as recorded on the capacity market register;

“ CO_{ix} ” means the capacity obligation in MW, as recorded on the capacity market register, applying to CMU i for year X;

“ CPI_{base} ” means the average of the monthly values of CPI for the months of the base period determined under regulation 11 for the relevant capacity auction;

“ CPI_x ” means the average of the monthly values of CPI for the months of the winter ending on the 30th April preceding the start of year X;

“relevant capacity auction” means the capacity auction in which the capacity obligation applying to CMU i was awarded;

“ WF_{mx} ” means the weighting factor determined under paragraph 2 for month M.

Capacity payments: calculations to be made monthly for each capacity provider

4.—(1) The Settlement Body must, after the end of each month of a delivery year (“month M”), calculate for each capacity provider (“C”) the amount in pounds of the capacity payment which, subject to regulation 40(5) and (6) and to regulations 49 to 51, is payable to C in respect of month M (“ MCP_{cm} ”).

(2) MCP_{cm} must be calculated as the sum of—

(a) MCP_{im} , as calculated under paragraph 3, for each capacity committed CMU for which C was the capacity provider for the whole of month M; and

(b) C’s proportion of MCP_{im} , as calculated under paragraphs 3 and 8, for each capacity committed CMU for which C was the capacity provider for part of month M.

Capacity provider penalty charges: calculation of settlement period penalty applying to a capacity committed CMU

5.—(1) The Settlement Body must, after the end of each month of a delivery year (“year X”) in which one or more relevant settlement periods occur (“month M”), calculate in respect of each relevant CMU (“CMU i”) and each relevant settlement period (“settlement period j”) the settlement period penalty in pounds applying to CMU i in respect of settlement period j (“ SPP_{ij} ”).

(2) SPP_{ij} must be calculated in accordance with the formula—

$$SPP_{ij} = PR_{ix} \times (ALFCO_{ij} - AE_{ij}).$$

(3) For the purpose of sub-paragraph (2), PR_{ix} is the penalty rate in pounds per MWh applying to CMU i in respect of year X, and is to be calculated in accordance with the formula—

$$PR_{ix} = PE_{ix} \times \frac{1}{24}.$$

(4) In this paragraph—

“ PE_{ix} ” means the price in pounds per MW determined in accordance with paragraph 3(4) for CMU i and year X;

“relevant CMU” means a capacity committed CMU in respect of which AE_{ij} is less than $ALFCO_{ij}$ in one or more relevant settlement periods in month M.

Capacity provider penalty charges: calculation of monthly penalty charge for a capacity committed CMU

6.—(1) The Settlement Body must, after the end of each month of a delivery year (“year X”) in which one or more relevant settlement periods occur (“month M”), calculate for each relevant CMU (“CMU i”) the monthly penalty charge to be paid in respect of month M (“ $SPPSA_{im}$ ”).

(2) For the purpose of sub-paragraph (1), the Settlement Body must perform both of the calculations in sub-paragraphs (3) and (5), and $SPPSA_{im}$ is equal to whichever is the lesser of the two amounts so calculated.

(3) The first calculation is—

$$\left(\frac{SP_i}{MaxSP_i} \right) \times \min (MaxSP_i, MPC_{im}).$$

(4) For the purpose of the first calculation, MPC_{im} is the monthly penalty cap in pounds applying to CMU i in respect of month M, and is to be calculated in accordance with the formula—

$$MPC_{im} = 2 \times MCP_{im}.$$

(5) The second calculation is—

$$APC_{ix} - \sum SPPSA_{i(m-1)}.$$

(6) In this paragraph—

“ APC_{ix} ” means the annual penalty cap in pounds applying to CMU i in respect of year X, as stated in the capacity market register;

“ $MaxSP_i$ ” is the sum in pounds of all settlement period penalties which would have applied to CMU i in respect of relevant settlement periods in month M, as calculated in accordance with paragraph 5, if AE_{ij} had been 0 for all such settlement periods;

“ MCP_{im} ” means the amount of the monthly capacity payment calculated under paragraph 3 for CMU i and month M;

“relevant CMU” has the same meaning as in paragraph 5;

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“ SP_i ” is the sum of all settlement period penalties applying to CMU i in respect of relevant settlement periods in month M, as calculated in accordance with paragraph 5;

“ $\sum SPPSA_{i(m-1)}$ ” means the sum of the monthly penalty charges paid or payable in respect of CMU i for each of the months of year X preceding month M.

Over-delivery payments

7.—(1) The Settlement Body must, after the end of each delivery year (“year X”), determine for each relevant CMU (“CMU i”)—

- (a) the over-delivery rate in £/MWh applying to CMU i in respect of relevant settlement periods in year X (“ ODR_{ix} ”);
- (b) the amount in pounds of the over-delivery payment applying to CMU i in respect of each such settlement period in which CMU i over-delivered (“ ODP_{ij} ”); and
- (c) the amount in pounds of the total over-delivery payment applying to CMU i in respect of year X (“ $TODP_{ix}$ ”).

(2) ODR_{ix} must be calculated in accordance with the formula—

$$ODR_{ix} = \min \left(PR_{ix}, \frac{TPR_x}{TODV_x} \right).$$

(3) ODP_{ij} must be calculated in accordance with the formula—

$$ODP_{ij} = ODR_{ix} \times (AE_{ij} - ALFCO_{ij}).$$

(4) $TODP_{ix}$ must be calculated as the sum of ODP_{ij} for all the relevant settlement periods in year X in which CMU i over-delivered.

(5) For the purposes of this paragraph—

“over-delivered” is to be interpreted in accordance with regulation 42(2);

“ PR_{ix} ” means the penalty rate in pounds per MWh applying to CMU i in respect of year X, as calculated in accordance with paragraph 5;

a “relevant CMU” means a capacity committed CMU in respect of which AE_{ij} is greater than $ALFCO_{ij}$ in one or more relevant settlement periods in year X;

“ $TODV_x$ ” means the aggregate in MWh of the total amounts over-delivered in year X by all relevant CMUs;

“ TPR_x ” means the total amount of capacity market penalty charge payments received by the Settlement Body in respect of year X.

Apportionment between capacity providers

8.—(1) This paragraph applies if—

- (a) an amount in pounds (“AC”) has been calculated under paragraph 3(1)(b), 6(1) or 7(1)(c) in respect of a CMU (“CMU i”); and

(b) two or more persons were each registered on the capacity market register as the capacity provider in respect of CMU i for different parts of the period for which the calculation was made.

(2) For each of the persons referred to in sub-paragraph (1)(b) (“CX”), the Settlement Body must calculate CX’s share of AC (“ AC_{cx} ”).

(3) AC_{cx} must be calculated in accordance with the formula—

$$AC_{cx} = AC \times \frac{DP_{cx}}{DP}$$

(4) In sub-paragraph (3)—

“DP” means the number of days in the period for which AC was calculated; and

“ DP_{cx} ” means the number of days during that period for which CX was registered on the capacity market register as the capacity provider in respect of CMU i.

Settlement costs levy: the first levy period

9.—(1) The Settlement Body must, in respect of the first levy period, calculate the amount of settlement costs levy (“ SL_s ”) to be paid by each liable electricity supplier (“S”) in accordance with the formula—

$$SL_s = PA \times \frac{D_s}{\sum D_s}$$

(2) In this paragraph—

“ D_s ” means the net demand of S for the first levy period;

“ $\sum D_s$ ” means the sum of the net demand of all liable electricity suppliers for the first levy period;

“the first levy period” has the same meaning as in regulation 44;

“liable electricity supplier” has the same meaning as in regulation 44;

“net demand” means the sum of the demand for active energy for which an electricity supplier is responsible including demand directly connected to the transmission system or a distribution network, less the output of any generation for which an electricity supplier is responsible that is connected to a distribution network, and for the purposes of this paragraph net demand cannot be less than zero; and

“PA” means the prescribed amount, as specified in regulation 44(2).

SCHEDULE 2

Regulation 86

Documents

1. The provisions of this Schedule—

(a) apply to a document, which includes an application, notice, invoice or credit note; and

(b) are subject to any specific provisions in these Regulations or capacity market rules about—

(i) a particular kind of document; or

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- (ii) the provision of documents by or to a particular person or class of persons.
- 2. A document must be in writing and dated.
- 3. A document given to a person on a non-working day is to be treated as given on the next following working day.
- 4. A document may be given to a person by—
 - (a) delivering it to that person in person;
 - (b) leaving it at that person’s proper address;
 - (c) sending it by post or fax to that person’s proper address;
 - (d) sending it by email to that person; or
 - (e) submitting it by means of a dedicated portal on that person’s website.
- 5. For the purposes of paragraph 4(a) a document is given to—
 - (a) a body corporate, where it is given to a person having control or management of that body;
 - (b) a partnership, where it is given to a partner or a person having control or management of the partnership business;
 - (c) an unincorporated association, where it is given to a person having management responsibilities in respect of the association.
- 6. For the purposes of paragraph 4(d), a document is given to—
 - (a) a body corporate, where it is sent to an email address of—
 - (i) the body corporate; or
 - (ii) a person having control or management of that body,where that address is supplied by that body for the conduct of the affairs of that body;
 - (b) a partnership, where it is sent to an email address of—
 - (i) the partnership; or
 - (ii) a partner or a person having control or management of the partnership business,where that address is supplied by that partnership for the conduct of the affairs of that partnership;
 - (c) an unincorporated association, where it is sent to an email address of a person having management responsibilities in respect of the association, where that address is supplied by that association for the conduct of the affairs of that association.
- 7. A person may, in substitution for the proper address which would otherwise apply, specify an address in the United Kingdom at which that person or someone on that person’s behalf may be given documents, which address is to be treated instead as that person’s proper address.
- 8. In this Schedule—
 - “dedicated portal” means a facility on a person’s website which is established to allow electronic communication with that person;
 - “proper address” means in the case of—
 - (a) a body corporate, the registered office (if it is in the United Kingdom) or the principal office of that body in the United Kingdom;
 - (b) a partnership, the principal office of the partnership in the United Kingdom;
 - (c) any other person, that person’s last known address, which includes an email address.