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STATUTORY INSTRUMENTS

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**2014 No. 3354**

**The Electricity Capacity (Supplier Payment etc.) Regulations 2014**

**PART 3**

**Calculations, determinations and invoicing**

**Capacity market supplier charge**

**6.—**(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 net demand for year X (other than a forecast of zero net 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.

(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  $MCMSC_{sm}$  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 paid by S for 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.

### **Capacity market supplier charge: mutualisation**

7.—(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) In paragraph (5), “late payment interest” means interest payable by a capacity provider under regulation 46(2) of the Principal Regulations.

### **Penalty residual supplier amount**

8.—(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) The Settlement Body must, by no later than the 26th 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.
- (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.

#### **Settlement costs levy**

**9.—**(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 £1,374,000.

(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).

### **Settlement costs levy refund**

**10.—**(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.