
STATUTORY INSTRUMENTS

2014 No. 3354

The Electricity Capacity (Supplier Payment etc.) Regulations 2014

PART 6

Supplier credit cover

Application of Principal Regulations and interpretation

26.—(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.

Calculation of supplier credit cover

27.—(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.

Requirement to provide supplier credit cover

28.—(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.

Effect of non-compliance

29.—(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.

The credit default register

30.—(1) The Settlement Body must maintain a register (“the credit default register”) which includes—

- (a) where supplier credit cover has been drawn down under regulation 12 or 23—
 - (i) the name of the electricity supplier whose credit cover has been drawn down;
 - (ii) the date of draw down;
 - (iii) the amount of credit cover drawn down; and
 - (iv) whether or not the electricity supplier disputes that the credit cover was required to be drawn down; and
- (b) the entries on the register required by regulations 28(3)(a) and 29(2), including—
 - (i) the month to which an entry on the register relates; and
 - (ii) 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 credit cover was drawn down.

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

Interest

31. 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.