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DRAFT STATUTORY INSTRUMENTS

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**2014 No.**

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

**PART 5**

**Reconciliation**

**General**

**17.** In this Part—

“annual reconciliation run” means a reconciliation run under regulation 21 in respect of payments relating to a delivery year;

“monthly reconciliation run” means a reconciliation run under regulation 20 in respect of payments relating to a month of a delivery year;

“month M” means a month of a delivery year;

“T” has the meaning given in regulation 18(5);

“T-n” means the nth working day before T, where “n” is a whole number.

**Reconciliation runs**

**18.—(1)** The Settlement Body must, subject to paragraphs (6) and (7), carry out—

(a) at least 3 monthly reconciliation runs (“scheduled monthly reconciliation runs”) in respect of each month of a delivery year (“month M”), which must be commenced no later than—

(i) 90 working days;

(ii) 160 working days; and

(iii) 295 working days,

after the last day of month M; and

(b) at least 3 annual reconciliation runs (“scheduled annual reconciliation runs”) in respect of a delivery year (“year X”), which must be commenced no later than—

(i) 90 working days;

(ii) 160 working days; and

(iii) 295 working days,

after the last day of year X.

(2) The Settlement Body may also carry out further reconciliation runs (“ad hoc reconciliation runs”) at any time, except that—

(a) no monthly reconciliation run in respect of month M may be commenced more than 28 months after the last day of month M; and

- (b) no annual reconciliation run in respect of year X may be commenced more than 28 months after the last day of year X.
- (3) The Settlement Body must, before the start of each delivery year (“year X”)—
  - (a) set a timetable for—
    - (i) the scheduled monthly reconciliation runs for each month of year X; and
    - (ii) the scheduled annual reconciliation runs for year X; and
  - (b) publish the timetable.
- (4) The Settlement Body must, before commencing an ad hoc reconciliation run—
  - (a) set a timetable for the reconciliation run; and
  - (b) publish the timetable.
- (5) A timetable under paragraph (3) or (4) must, in particular, specify in respect of each reconciliation run a date (“T”) by which reconciliation payments due from the Settlement Body to an electricity supplier are to be made.
- (6) The Settlement Body is not required—
  - (a) to carry out a scheduled reconciliation run, if it does not have any data which could affect any calculations or determinations previously made; or
  - (b) to remake any calculation or determination as part of a reconciliation run, if it does not have any data which could affect that calculation or determination as previously made.
- (7) The Settlement Body is not required to carry out any monthly reconciliation runs in respect of month M after it has carried out the first annual reconciliation run in respect of the delivery year which includes month M.

### **Recalculation of payments: general**

- 19.** The redeterminations and recalculations required by regulations 20 and 21 must—
- (a) make use of any revised or additional data provided to the Settlement Body under capacity market rules, in place of the data previously used or estimates made to make a calculation or determination; and
  - (b) take account of—
    - (i) any decision under Part 10 of the Principal Regulations (dispute resolution and appeals) which affects a calculation or determination previously made by the Settlement Body;
    - (ii) any entitlements to mutualisation credits which have arisen under regulation 7(6) and (7);
    - (iii) any payments made by payers after the payment due date;
    - (iv) any payments made in previous reconciliation runs; and
    - (v) any adjustment to the total amount of capacity payments payable in respect of the delivery year, as a result of a capacity agreement being terminated, or capacity payments being reduced or forfeited, under the Principal Regulations or capacity market rules.

### **Monthly reconciliation runs: recalculation of payments**

- 20.**—(1) By no later than T-21 the Settlement Body must make a redetermination of the amount of the monthly capacity market supplier charge payable by each electricity supplier in respect of month M.

(2) For the purpose of paragraph (1), the Settlement Body must remake the calculations under paragraphs 2 to 4 of Schedule 1.

(3) For each electricity supplier (“S”), the Settlement Body must calculate the difference between—

- (a) the amount of the capacity market supplier charge S has paid in respect of month M before the redetermination under paragraph (1) is made (“SCP”); and
- (b) the amount redetermined for S under paragraph (1) (“SCRDA”).

(4) The Settlement Body must calculate the total amount of reconciliation payments payable by the Settlement Body (“TAP”).

(5) TAP must be calculated as the sum of the differences between SCP and SCRDA for each electricity supplier for which SCRDA is less than SCP.

(6) The Settlement Body must, subject to paragraph (7)—

- (a) if SCRDA is greater than SCP, issue to S an invoice for the amount of the difference between SCRDA and SCP; and
- (b) if SCRDA is less than SCP, subject to regulation 24, issue to S a credit note for the amount of the difference between SCRDA and SCP; and
- (c) if SCRDA is equal to SCP, give S a notice that no reconciliation payment is due to or from S.

(7) If S is entitled to a mutualisation credit under regulation 7(6) and (7), the Settlement Body must adjust the amount of the invoice or credit note to be issued under paragraph (6) by the amount of that credit.

### **Annual reconciliation runs: recalculation of payments**

**21.**—(1) By no later than T-21 the Settlement Body must make a redetermination in respect of year X of—

- (a) the capacity market supplier charge payable by each electricity supplier; and
- (b) the penalty residual supplier amount (if any) payable to each electricity supplier.

(2) For the purpose of paragraph (1), the Settlement Body must remake the calculations under—

- (a) paragraphs 2 to 6 of Schedule 1; and
- (b) paragraph 7 of Schedule 1 to the Principal Regulations.

(3) For each electricity supplier (“S”), the Settlement Body must calculate the amount of the reconciliation payment which, subject to regulation 24, is due to or from S (“RAS”).

(4) RAS must be calculated in accordance with the formula—

$$RAS = (ASCRDA - TMSC) + (PRSAR - PRSARDA).$$

(5) For the purposes of paragraph (4)—

“ASCRDA” means the amount of the capacity market supplier charge re-determined for S under paragraph (1)(a);

“PRSAR” means the penalty residual supplier amount which S has received before the re-determination under paragraph (1) is made;

“PRSARDA” means the amount redetermined for S under paragraph (1)(b);

“TMSC” means the total amount of monthly capacity market supplier charges paid by S in respect of year X before the redetermination under paragraph (1) is made, adjusted by adding the amounts of any reconciliation payments paid by S and subtracting the amounts of any

reconciliation payments for which credit notes have been issued to S pursuant to monthly reconciliation runs for the months of year X.

(6) The Settlement Body must calculate the total amount of reconciliation payments payable by the Settlement Body (“TAP”).

(7) TAP must be calculated as the positive amount which corresponds to the sum of RAS for all electricity suppliers for which RAS is a negative amount.

(8) The Settlement Body must, subject to paragraph (9)—

(a) if RAS is a positive amount, issue to S an invoice for that amount; and

(b) if RAS is a negative amount, subject to regulation 24, issue to S a credit note for the corresponding positive amount; and

(c) if RAS is equal to zero, give to S a notice that no reconciliation payment is due to or from S.

(9) If S is entitled to a mutualisation credit under regulation 7(6) and (7), the Settlement Body must adjust the amount of the invoice or credit note to be issued under paragraph (7) by the amount of that credit.

### **Reconciliation invoices and payment**

**22.**—(1) The Settlement Body must issue each invoice under regulation 20(6)(a) or 21(8)(a) to the payer by no later than T-19.

(2) A payer must pay the amount invoiced by no later than T-16.

### **Draw down of credit cover**

**23.**—(1) Paragraph (2) applies where an electricity supplier (“S”) does not pay an invoiced amount by the date required under regulation 22(2).

(2) Where this paragraph applies, the Settlement Body must by T-9 draw down on any existing credit cover of S for the amount due.

(3) In paragraph (2), “existing credit cover” means the supplier credit cover (if any) of S which applies at the time the draw down is made.

### **Recalculation of credit amounts**

**24.**—(1) Paragraph (2) applies where by T-7 the total amount received (“TAR”) by the Settlement Body from payers (including by draw down of supplier credit cover) in respect of invoices issued under regulation 22 for a reconciliation run is less than TAP as calculated under regulation 20(5) or 21(7) (as appropriate to the reconciliation run being carried out).

(2) Where this paragraph applies, the Settlement Body must—

(a) recalculate the amounts due to each creditor as calculated under regulation 20 or 21 before making any adjustments under regulation 20(7) or 21(9), by reducing each credit payable by the same proportion that TAP bears to TAR; and

(b) make any adjustments under regulation 20(7) or 21(9) in respect of mutualisation credits to the amount recalculated under sub-paragraph (a).

(3) The Settlement Body must issue to each creditor a credit note for the amount recalculated under paragraph (2).

### **Reconciliation credit notes and payment**

**25.** The Settlement Body must, subject to regulation 14, pay the amount shown in a credit note issued to an electricity supplier under regulation 20, 21 or 24 by no later than T.