

WP41 - Late Payment Procedure

EMRS Working Practice

Public

Version: 10.0
Date: 24 August 2020



Table of Contents

1. Change Amendment Record	3
2. Introduction	4
2.1 <i>Scope and Purpose</i>	4
2.2 <i>Main Users and Responsibilities</i>	5
2.3 <i>Associated Documents</i>	7
3. Payment Terms	7
3.1 <i>Supplier late payment interest</i>	7
3.2 <i>Capacity Provider late payment interest</i>	8
3.3 <i>CfD Generator late payment interest</i>	9
4. Interface and Timetable Information	10
4.1 <i>Supplier Non-Payment of a CfD amount</i>	10
4.2 <i>Supplier Non-Payment of a CM Amount</i>	14
4.3 <i>CfD Generator late payment of negative net payable amount within cure period</i>	17
4.4 <i>CfD Generator Non-Payment of negative net payable amount after cure period</i> .	20
4.5 <i>CfD Generator late payment of termination amount within cure period</i>	21
4.6 <i>CfD Generator Non-Payment of termination amount after cure period</i>	22
4.7 <i>Capacity Provider Non-Payment of Termination fee and Repayment of Capacity Payments</i>	23
4.8 <i>Capacity Provider Non-Payment of Monthly Penalty Charge</i>	26
6. Acronyms and Definitions.....	28
7. Appendices	29
7.1 <i>Appendix 1 – Example of Non-Payment Notice under the CfD Scheme</i>	29
7.2 <i>Appendix 2 – CM Supplier Non Payment Notice</i>	30
7.3 <i>Appendix 3 – Payment Terms</i>	31

1. Change Amendment Record

Version	Date	Description
1.0	7 May 2015	Go-live version.
2.0	12 January 2016	Amendments including addition of NPA and Termination Fee.
3.0	17 June 2016	Updated to include new CM payment Types (Settlement Costs Levy Revision, CM Monthly Supplier Charge, Supplier Reconciliation, Termination Fees and Repayment of Capacity Payments), plus other minor housekeeping changes.
4.0	6 October 2016	Updated to include late payment procedure for Capacity Provider payments.
5.0	7 March 2017	Updates to accommodate changes to payment terms 3 to 5 Working Days.
6.0	1 July 2017	Updates to reduce payment terms from 90 to 5 WD (Section 6.3.1).
7.0	16 August 2017	Transfer to new template and updated details on late payment interest.
8.0	15 April 2019	Housekeeping updates.
9.0	20 June 2019	Housekeeping updates.
10.0	24 August 2020	Annual Review

2. Introduction

The Contract for Difference (CfD) scheme and Capacity Market (CM) have associated payments which are due from Suppliers, CfD Generators and Capacity Providers. Those payments have payment terms which must be met by the obligated party as noted in the appropriate Regulations, rules or contract terms and conditions. Where these are not met this document covers the procedure which will be followed.

2.1 Scope and Purpose

The purpose of this Working Practice is to provide Suppliers, CfD Generators and Capacity Providers with information on the process which is followed where payments are not made by their due date. Initially payments past the due date are considered late payments. Subsequently they are considered overdue if they exceed a cure period (where there is one) and the party due to make the payment may be considered in default.

Different actions are taken for different payment types and EMR Parties, where payments are late or overdue. The entire process is referred to as the late payment process, as the trigger for the late payment process is the failure to pay by the due date.

A Supplier is obliged to make payments as stated in the Regulations covering both schemes.

CfD Generators have an obligation in their CfD agreement to make certain payments to the Low Carbon Contracts Company (LCCC). Difference payments which a CfD Generator is required to pay the LCCC are referred to as negative Net Payable Amounts in the CfD Standard Terms and Conditions. Please note that values of Net Payable Amounts (data item J1971) in the backing data (D0365 - CfD Generator Invoice Backing Data¹) will follow the sign convention specified in the contract but will appear as a positive amount on an invoice if the CfD Generator is required to pay.

This document also covers late payment of termination amounts for CfD Generators.

Capacity Providers are required to make payments to the Electricity Settlements Company (ESC) in limited instances, as provided for by the Regulations and CM Rules, for example if a Termination Fee is due for particular Termination Events. (For further detail see the Capacity Agreements Termination guidance note²).

The payment types covered in this document are listed below in Table 1.

This document does not cover the payments made by the LCCC nor the ESC to any party.

This document does not contain information on Credit Cover. Please refer to the Working Practice section on our website for the Credit Cover Working Practices, which have been drafted per EMR Party role i.e. Supplier, CfD Generator and Capacity Provider/Applicant.

¹ <https://dte.mrasco.com/DataFlow.aspx?FlowCounter=0365&FlowVers=2&searchMockFlows=False>

² <https://www.emrsettlement.co.uk/publications/guidance/>

Table 1: Payments covered in this document.

Supplier payments under the CfD scheme	Supplier Payments under the CM scheme
<ul style="list-style-type: none"> ✓ Interim Levy Rate ✓ Reconciliation of Interim Levy Rate ✓ Reserve ✓ Additional Reserve ✓ Reconciliation ✓ Mutualisation ✓ Operational Costs. 	<ul style="list-style-type: none"> ✓ Settlement Costs Levy (including revision) ✓ CM Monthly Supplier Charge ✓ Reconciliation – Monthly and Annual.
CfD Generator payments	Capacity Provider payments
<ul style="list-style-type: none"> ✓ Negative Net Payable Amount (NPA)³ ✓ Termination fee. 	<ul style="list-style-type: none"> ✓ Termination Fee ✓ Repayment of Capacity Payments ✓ Penalty Charge.

2.2 Main Users and Responsibilities

This document is intended to be of used by Suppliers, CfD Generators and Capacity Providers.

Table 2 summarises the roles and responsibilities of those involved in this procedure only.

³ CfD Standard Terms and Conditions, Condition 23.1. This amount is calculated in respect of each Billing Period. If it is negative then the CfD Generator must pay the CfD Counterparty.

Table 2: Roles and Responsibilities under EMR Late Payment Procedure.

Role	Responsibilities
Low Carbon Contracts Company Ltd (LCCC) ⁴	Authorises credit draw down, mutualisation and the sending of non-payment notices. Also publishes non-payment notices ⁵ which have been sent to Suppliers. Sends notices ⁶ to CfD Generators directly.
Electricity Settlements Company Ltd (ESC) ⁷	Publishes non-payment register. ⁸
Ofgem	Notified of a Supplier non-payment as this is a breach of Supply licence conditions.
Supplier	Makes payments under CM and CfD schemes and is subject to consequences if they fail to meet the payment terms.
EMR Settlement Ltd (EMRS)	Administers the process detailed in this EMRS Working Practice procedure.
CfD Generator	Makes payments according to their Contracts for Difference and is subject to consequences if they fail to meet the payment terms.
Capacity Provider	Makes payments under the CM scheme and is subject to consequences if they fail to meet the payment terms.

⁴ Please see <https://lowcarboncontracts.uk/> for more information

⁵ For an example of a non-payment notice please refer to [Appendix 1 and 2](#)

⁶ As specified in the pro forma notices section in the contract.

⁷ Please see <https://www.lowcarboncontracts.uk/> for more information

⁸ The non-payment register can be found on <https://www.lowcarboncontracts.uk/non-payment-registers>

2.3 Associated Documents

This Working Practice should be read in conjunction with the following documents:

Document ⁹
CfD Standard Terms and Conditions ¹⁰ and subsequent amendments.
Investment Contracts ¹¹
The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014 and subsequent amendments.
The Electricity Capacity Regulations 2014, and subsequent amendments.
The Electricity Capacity (Supplier Payment etc.) Regulations 2014, and subsequent amendments.

3. Payment Terms

For a list of payment terms for each payment type please refer to [Appendix 3](#). Please note that for both **CfD payments** and **CM payments** the deadline for payment is **before midnight on the due date**. Payments made after this point will be considered late and treated as being received on the next calendar day.

3.1 Supplier late payment interest

The late payment interest rate is calculated in accordance with Regulation 35 in the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014¹². The relevant regulations for the Capacity Market scheme are Regulation 11(3), 11(5) and 11(6) in the Electricity Capacity (Supplier Payment etc.) Regulations 2014¹³ and Regulations 46(2), 46(4) and 46(5) of the [Electricity Capacity Regulations 2014](#)¹⁴ and any subsequent amendments.

Under both the CfD and CM schemes, the rate at which late payment interest is payable is currently set at five per cent per annum over the Bank of England base rate in force on the 30 June or the 31 December immediately before the date on which the interest starts to run and it is simple interest that is charged.

⁹ Regulations can be found at <http://www.legislation.gov.uk/>

¹⁰ <https://www.gov.uk/government/publications/contracts-for-difference-standard-terms-and-conditions>

¹¹ <https://www.gov.uk/government/publications/final-investment-decision-fid-enabling-for-renewables-investment-contracts>

¹² <http://www.legislation.gov.uk/uksi/2014/2014/contents/made>

¹³ <http://www.legislation.gov.uk/uksi/2014/3354/made>

¹⁴ <http://www.legislation.gov.uk/uksi/2014/2043/contents/made>

Supplier late payment interest is calculated on calendar days between the due date and the paid date. Please note that interest will appear on the next available invoice once the principal amount has been cleared.

Example 1 – Supplier CfD payment:

- ✓ Reserve Payment of £10,000.00 due on 13 April 2015 before midnight
- ✓ Payment received on 15 April 2015 (two days late)
- ✓ Two days of interest accrued
- ✓ Interest rate of 5.5 per cent per annum, being 0.5 per cent which was the Bank of England rate in force on 31 December 2014 plus 5 percent
- ✓ £3.01 for late payment interest added to next invoice.

Example 2 – Supplier CM payment:

- ✓ Capacity Market Settlement Costs Levy payment of £4,000.00 due on 8 April 2015
- ✓ Payment received on 9 April 2015 (one day late)
- ✓ One day of interest accrued
- ✓ Interest rate of 5.5 per cent per annum, being 0.5 per cent which was the Bank of England rate in force on 31 December 2014 plus 5 per cent
- ✓ £0.60 for late payment interest added to next invoice.

3.2 Capacity Provider late payment interest

The late payment interest rate is calculated in accordance with Regulations 46(2), 46(4) and 46(5) of the [Electricity Capacity Regulations 2014](#)¹⁵ and any subsequent amendments.

CM schemes, the rate at which late payment interest is payable is currently set at five per cent per annum over the Bank of England base rate in force on the 30 June or the 31 December immediately before the date on which the interest starts to run and it is simple interest that is charged.

For Capacity Providers late payment interest is calculated on calendar days between the due date and the paid date. Please note that interest will appear on the next available invoice once the principal amount has been cleared.

Example – CM Capacity Provider payment:

- ✓ Termination Fee of £20,000 due on 15 February 2016
- ✓ Payment received on 20 February 2016 (five days late)
- ✓ 5 days of interest accrued

¹⁵ <http://www.legislation.gov.uk/ukxi/2014/2043/contents/made>

- ✓ Interest rate of 5.5 per cent per annum, being 0.5 per cent which was the Bank of England rate in force on 31 December 2015 plus 5 per cent
- ✓ £15.07 for late payment interest to be invoiced.

3.3 CfD Generator late payment interest

CfD Generator should refer to their **Investment Contract** or **Contracts for Difference Standard Terms and Conditions** for further details on how late payment interest is applied.

4. Interface and Timetable Information

The payment types that fall under this process are captured in the Scope and Purpose.

4.1 Supplier Non-Payment of a CfD amount

Ref	Regulations ¹⁶	When	Action	From	To	Input Information Required	Method
4.1.1		Every Working Day.	Monitor payments received, If received and dated as either before or on the due date then END PROCESS . If received in full but late proceed to step 3.1.3 and then END PROCESS . If not received, or only partially paid, proceed to step 3.1.3 and continue.	EMRS	-	Amount; and Due date.	Internal process
4.1.2	31(4)(b).	At the same time as 4.1.1	Where invoices are partially paid, send a partial payment notice.	EMRS	Supplier.	Amount; Due date; and Payment Type.	Email
4.1.3	8(6), 9(7), 11(2), 14(8), 16(5), 17(6), 23(6).	After 4.1.1, daily until amount is paid.	Where any payment was not received by due date in full, interest accrues on the late amount and is added to Supplier's liabilities. Interest is calculated and invoiced when the outstanding amount has been paid in full.	EMRS	-	Amount; Due date; and Interest rate.	Internal process

¹⁶ https://www.legislation.gov.uk/ukdsi/2014/9780111116784/pdfs/ukdsi_9780111116784_en.pdf

Ref	Regulations ¹⁶	When	Action	From	To	Input Information Required	Method
4.1.4		Following 4.1.3, daily for 2WDs where amount remains outstanding (i.e. due date plus 1WD and then due date plus 2 WDs).	Send late payment advice for all late amounts.	EMRS	Supplier	EMR Party ID; Amount; Payment Type; Due date; and Invoice number.	Email
4.1.5	21(6)	Following 4.1.4 and where outstanding payment is a relevant payment ¹⁷ and is now overdue (over 2WDs past the due date).	Credit Cover check (to see how much Credit Cover is available and in what form).	EMRS	-	-	Internal process
4.1.6	17(3)	Following 4.1.5	Credit stress check ¹⁸ (internal validation) for mutualisation decision.	EMRS	-	Credit Cover check.	Internal process
4.1.7		Following 4.1.6	Notify LCCC of the outcome of the credit stress check and recommend mutualisation where appropriate.	EMRS	LCCC	Credit stress check.	Email

¹⁷ As per The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, Regulation 21 (6).

¹⁸ This is to fulfil the Contracts for Difference (Electricity Supplier Obligations) Regulations 2014, Regulation 17 (3), as part of the internal validation EMRS will check for whether the total value of all invoices due in the following 4 days (including the current outstanding) exceeds the amount of Credit Cover held.

Ref	Regulations ¹⁶	When	Action	From	To	Input Information Required	Method
4.1.8		Dependent on 4.1.5. Sent with 4.1.7 where possible.	Request credit draw down if there is credit remaining. ¹⁹	EMRS	LCCC	Credit Cover check.	Email
4.1.9		Following 4.1.7 and 4.1.8	LCCC respond to recommendation and credit draw down request where these were made.	LCCC	EMRS	-	Email
4.1.10		Following 4.1.9	Where LCCC authorises credit draw down initialise draw down Credit Cover process.	EMRS	-	Approval from 3.1.8	WP42 - Supplier CfD Credit Cover
4.1.11		Following 4.1.9	Where LCCC authorises mutualisation, initialise mutualisation process.	EMRS		Approval from 3.1.8	Separate process
4.1.12		Depending on 3.1.13	Where Credit Cover did not clear the overdue amount, send Non-Payment Notice ²⁰ to Supplier and Ofgem.	EMRS	Supplier Ofgem LCCC	EMR Party ID; Default amount; Payment Type; Due date; and Invoice number Interest accrued to date	Email

¹⁹ This table does not go into detail on the Credit Cover draw down process; this is contained [WP42- Supplier CfD Credit Cover](#) published on the EMRS website.

²⁰ See [Appendix 1](#) for example.

Ref	Regulations ¹⁶	When	Action	From	To	Input Information Required	Method
4.1.13		Following 4.1.12	Publish a copy of the Non-Payment Notice. END PROCESS.	LCCC	External	-	Website notice

4.2 Supplier Non-Payment of a CM Amount²¹

Ref	Regulations ²²	When	Action	From	To	Input Information Required	Method
4.2.1		Every Working Day.	Monitor payments received. If received by on the due date then END PROCESS . If not received in full, proceed to step 4.2.2.	EMRS	-	Amount; and Due date.	Internal process
4.2.2	11(3)	Following step 4.2.1, daily until amount is paid.	Where any payment was not received by due date in full interest accrues on the late amount and is added to Supplier's liabilities. Interest is calculated and invoiced when the outstanding amount has been paid in full.	EMRS	-	Amount; Due date; and Interest rate.	Internal process
4.2.3		Following 4.2.1, daily for 2WDs where amount remains outstanding (i.e. due date plus 1WD and then due date plus 2WDs).	Send late payment advice for all late amounts ²³ .	EMRS	Supplier	EMR Party ID; Amount; Payment Type; Due date; Invoice number; and Amount of credit available to be drawn down (not Settlement Costs Levy).	Email

²¹ NB: Mutualisation occurs when a Supplier fails to provide Credit Cover and this is covered in more detail in [WP45 – CM Supplier Credit Cover](#) available on the EMRS website.

However, for CfD mutualisation takes place due to non-payment of invoices.

²² https://www.legislation.gov.uk/ukxi/2014/3354/pdfs/ukxi_20143354_en.pdf or https://www.legislation.gov.uk/ukdsi/2014/9780111116852/pdfs/ukdsi_9780111116852_en.pdf

²³ See [Appendix 2](#) for example.

Ref	Regulations ²²	When	Action	From	To	Input Information Required	Method
4.2.4		Following 4.2.1 and within 1WD.	Put details on Non-Payment register and send to ESC.	EMRS	ESC	Non-Payment register	Email
4.2.5	47(5)	Following 4.2.4	Publish Non-Payment register. ²⁴	ESC		Non-Payment register	Website
4.2.6		Following 4.2.1	Where a payment received is to clear an outstanding amount put details on the Non-Payment register and send the updated register to ESC.	EMRS	ESC	-	Email
4.2.7	12(2)	Following 4.2.6 and within 3WD of payment due date.	For CM Monthly Supplier Charge: Send a Non-Payment Notice advising of intention to draw down. For outstanding reconciliation amount Credit Cover can be used without a notice – go to step 4.2.11	EMRS	Supplier	Amount; Due Date; Credit Cover amount; and Appendix 2 – CM Supplier Non-Payment Notice	Email
4.2.8	12(3)	Following 4.2.7 and within 2WDs.	Monitor payment. If received update Non-Payment register and calculate accrued interest END PROCESS. If not received within 2WDs go to 4.2.11	EMRS	-	Non-Payment register	
4.2.9		Following 4.2.8	Send Non-Payment register.	EMRS	ESC	Non-Payment register	Email

²⁴ <https://www.lowcarboncontracts.uk/non-payment-registers>

Ref	Regulations ²²	When	Action	From	To	Input Information Required	Method
4.2.10	47(5).	Following 4.2.9	Publish Non-Payment register. ²⁵	ESC	-	Non-Payment register	Website
4.2.11		Following 4.2.7 or 4.2.8 and within 1WD.	Credit Cover, if lodged can be drawn down – send authorisation request.	EMRS	ESC	Amount; Due Date; and Credit Cover amount	Email
4.2.12		Within 1WD of 4.2.11	ESC respond to authorisation request for Credit Cover draw down.	ESC	EMRS	As provided in 4.2.11	Email
4.2.13		Following 4.2.12	If request approved initialise draw down Credit Cover process. If request declined END PROCESS.	EMRS	-	Approval from 4.2.12	WP45 – CM Supplier Credit Cover
4.2.14	47(4)(b).	12 months after 4.2.4	Remove Supplier from Non-Payment register (if it hasn't already been removed due to a dispute) and send updated Non-Payment register to ESC.	EMRS	ESC	-	Email
4.2.15	47(5)	Following 4.2.14	ESC to publish updated Non-Payment register ²⁶ END PROCESS.	ESC		Updated Non-Payment register	Website

²⁵ <https://www.lowcarboncontracts.uk/non-payment-registers>

²⁶ <https://www.lowcarboncontracts.uk/non-payment-registers>

4.3 CfD Generator late payment of negative net payable amount within cure period

Ref	Regulations	When	Action	From	To	Input Information Required	Method
4.3.1		Every Working Day.	<p>Monitor payments received.</p> <p>If received and dated as either before or on the due date (DD) then END PROCESS.</p> <p>If received in full but late proceed to step 4.3.2 and then END PROCESS.</p> <p>If not received, or only part paid, proceed to step 4.3.2 and continue.</p>	EMRS	-	Amount; and Due date	Internal process
4.3.2	24(2)	Following 4.3.1, daily until amount is paid.	Where any payment was not received by due date in full, interest accrues on the late amount and is added to CfD Generator's liabilities.	EMRS	-	Amount; Due date; and Interest rate	Internal process
4.3.3		Following 4.3.1 on DD+1WD, DD+6WDs and DD+10WDs where amount remains outstanding.	Send late payment advice for all late amounts ²⁷ .	EMRS	CfD Generator	Invoice	Email
4.3.4		Following 4.3.1	Check whether there have been any other late payments in the previous 12 months:	EMRS	-	Account history	Internal process

²⁷ See [Appendix 1](#) for example

Ref	Regulations	When	Action	From	To	Input Information Required	Method
			<p>If there are no other late payments then END PROCESS.</p> <p>If there is one other late payment then proceed to step 4.3.5 (i.e. this is the second instance).</p> <p>If there are two other late payments then proceed to step 4.3.6 (i.e. this is the third instance).</p> <p>If there are three or more other late payments (and collateral is already in place) then proceed to step 4.3.8.</p>				
4.3.5	55(1)	Dependent on 4.3.4, within 1WD	Where second late payment in previous 12 months, send Second Payment Failure Notice and END PROCESS	LCCC	CfD Generator	-	Email
4.3.6	55(2)	Dependent on 4.3.4, within 1WD	Where third late payment in previous 12 months, send Collateral Posting Notice.	LCCC	CfD Generator	Collateral Amount	Email
4.3.7		Within 10WDs following 4.3.6	Post Credit Cover and END PROCESS	CfD Generator	LCCC	Bank account details or Letter of	WP43 - CfD Generator

Ref	Regulations	When	Action	From	To	Input Information Required	Method
						Credit template	Collateral ²⁸
4.3.8	55(3)	Dependent on 4.3.4, within 1WD.	Where collateral is already in place and a subsequent late payment has occurred, send Replacement Collateral Notice.	LCCC	CfD Generator	Collateral Amount	-
4.3.9		Following 4.3.8	Amend or replace collateral as necessary. END PROCESS	CfD Generator	LCCC	Bank account details or Letter of Credit template	WP43 - CfD Generator or Collateral

²⁸ This table does not go into detail on the Credit Cover draw down process; this is contained in [WP43 - CfD Generator Collateral](#) available on the EMRS website.

4.4 CfD Generator Non-Payment of negative net payable amount after cure period

Ref	Regulations	When	Action	From	To	Input Information Required	Method
4.4.1		11WDs after first Late Payment Advice sent	Where cure period has ended and outstanding payment remains, check for collateral held. If no collateral held notify LCCC who determine any action to be taken and END PROCESS. If collateral held then initiate draw down procedure and prepare Collateral Correction Notice.	EMRS	LCCC	Details for Collateral Correction Notice	WP43 - CfD Generator Collateral
4.4.2	56(5)	Following 4.4.1, within 1WD	Send Collateral Correction Notice.	LCCC	CfD Generator	Collateral Correction Notice	Email
4.4.3		Within 5WDs of 4.4.2	Post collateral.	CfD Generator	LCCC	Bank details or Letter of Credit template	WP43 - CfD Generator Collateral

4.5 CfD Generator late payment of termination amount within cure period

Ref	Conditions	When	Action	From	To	Input Information Required	Method
4.5.1		Every Working Day.	<p>Monitor payments received.</p> <p>If received and dated as either before or on the due date (DD) then END PROCESS.</p> <p>If received in full but late proceed to step 4.5.2 and then END PROCESS.</p> <p>If not received, or only part paid, proceed to step 4.5.2 and continue.</p>	EMRS	-	Amount; and Due date	Internal process
4.5.2	24(2)	Following 4.5.1, daily until amount is paid.	<p>Where any payment was not received by due date in full, interest accrues on the late amount and is added to CfD Generator's liabilities.</p> <p>Interest is calculated and invoiced when the outstanding amount has been paid in full.</p>	EMRS	-	Amount; Due date; and Interest rate	Internal process
4.5.3		Following 4.5.1 on DD+1WD, DD+5WDs, DD+8WDs, DD+14WDs, DD+17WDs and DD+20WDs where amount remains outstanding.	<p>Send late payment advice for all late amounts²⁹.</p> <p>END PROCESS</p>	EMRS	CfD Generator	Invoice	Email

²⁹ See [Appendix 1](#) for example

4.6 CfD Generator Non-Payment of termination amount after cure period

Ref	Condition	When	Action	From	To	Input Information Required	Method
4.6.1		20WDs after first Late Payment Advice sent.	Where cure period has ended and payment not received in full, check for collateral held. If no collateral held notify LCCC who determine any action to be taken and END PROCESS . If collateral held then proceed to step 4.6.2.	EMRS	LCCC	-	Internal process and email
4.6.2		Following 4.6.1	Determine type of collateral available. If cash then proceed to step 4.6.3. LoC will not be returned until payment of the termination amount is made. Conversion to cash may occur prior to expiry as per WP43. Where this happens, proceed to step 4.6.3 with the resulting cash.	EMRS	-	Details of collateral held	Internal process
4.6.3		Following 4.6.2	Request credit draw down. END PROCESS .	EMRS	LCCC	Details of collateral held	WP43 - CfD Generator Collateral

4.7 Capacity Provider Non-Payment of Termination fee and Repayment of Capacity Payments

Ref	Regulations	When	Action	From	To	Input Information Required	Method
4.7.1		Due date.	Monitor payments received. If received on the due date then END PROCESS . If not received in full, proceed to step 4.7.2	EMRS	-	Amount; and Due date	Internal process
4.7.2	46(2)	Following 4.7.1 and daily, until amount is paid.	Where any payment was not received by due date in full, interest accrues on the late amount and is added to Capacity Provider liabilities. Interest is invoiced when the outstanding amount has been paid in full.	EMRS	-	Amount; Due date; and Interest rate	Internal process
4.7.3		Following 4.7.1, and daily for 2WDs where amount remains outstanding (i.e. due date plus 1WD and then due date plus 2WDs).	For Capacity Provider payments – send late payment advice for late amounts.	EMRS	Capacity Provider	Amount; Due date	Email

Ref	Regulations	When	Action	From	To	Input Information Required	Method
4.7.4	47(1)	Following 4.7.1 and within 1WD	Put details on Non-Payment register and send to ESC.	EMRS	ESC	Amount; Due Date	Email
4.7.5	47(5)	Following 4.7.4	Publish Non-Payment register. ³⁰	ESC	External	Non-Payment register	Website
4.7.6	47(3)	Following 4.7.1 and on the same WD	Where a payment received is to clear an outstanding amount put details on the Non-Payment register and send the updated register to ESC.	EMRS	ESC	-	Email
4.7.7		At the same time as 4.7.4	For Termination Fees: Credit Cover, if available, can be drawn down. Send authorisation request.	EMRS	ESC	Reason for Termination; and Credit Cover amount	Email
4.7.8		Within 1WD of 4.7.9	ESC respond to authorisation request for Credit Cover draw down.	ESC	EMRS	-	-
4.7.9		Following 4.7.8	If request approved initialise draw down Credit Cover process. If request declined END PROCESS.	EMRS	-	Approval from 4.7.8	Internal Process
4.7.10	47(4)(b)	12 months after 4.7.4	Remove Capacity Provider from Non-Payment register (if it hasn't already been removed due to a dispute) and	EMRS	ESC	-	Email

³⁰ <https://www.lowcarboncontracts.uk/non-payment-registers>

Ref	Regulations	When	Action	From	To	Input Information Required	Method
			send updated Non-Payment register to ESC.				
4.7.11	47(5)	Following 4.7.10	ESC to publish updated Non-Payment register END PROCESS.	ESC		Updated Non-Payment register	Website

4.8 Capacity Provider Non-Payment of Monthly Penalty Charge

Ref	Regulation	When	Action	From	To	Input Information Required	Method
4.8.1		Due date.	Monitor Payments received. If received by on the due date then END PROCESS . If not received in full by, proceed to step 4.8.2	EMRS	-	Amount; Due Date	Internal Process
4.8.2	46(2)	Following 4.8.1 and daily, until amount is paid.	Where any payment was not received by due date in full, interest accrues on the late amount. Interest is invoiced when the outstanding amount has been paid in full.	-	-	Amount; Due date; and Interest rate	Internal Process
4.8.3		Following 4.8.1 and within 1WD.	Send late payment advice.	EMRS	Capacity Provider	-	Email
4.8.4	47(1) 47(3)	At the same time as 4.8.3	Put details on Non-Payment register and send to ESC.	EMRS	ESC	Amount; and Due Date	Email
4.8.5	47(5)	Following 4.8.4	Publish Non-Payment register ³¹	ESC	External	Non-Payment register	Website

³¹ <https://lowcarboncontracts.uk/publications>

Ref	Regulation	When	Action	From	To	Input Information Required	Method
4.8.6	49(2)	Following 4.8.1 and within 2WD.	Allocate outstanding payments to reduce the amount of Capacity Payment to be made ³²	EMRS	-	Amount.	Internal Process
4.8.7	47(3)	Following 4.8.1 and within 1WD of receiving outstanding amount.	Where a payment is received ³³ to clear an outstanding amount put details on the Non-Payment register and sends the updated register to ESC.	EMRS	ESC	-	Email
4.8.8	47(4)(b)	12 months after 4.8.5	Remove Capacity Provider from Non-Payment register (if it hasn't already been removed due to a dispute) and send updated Non-Payment register to ESC.	EMRS	ESC	-	Email
4.8.9	47(5)	Following 4.8.8	ESC to publish updated Non-Payment register ³⁴ END PROCESS.	ESC		Updated Non-Payment register.	Website

³² To avoid double counting we will not be showing unpaid Penalty Charges on Capacity Payment Credit Notes but we will be reducing BAC's payments accordingly.

³³ If outstanding amount has been allocated against Capacity Payment this is considered a payment and Non-Payment Register is updated.

³⁴ <https://www.lowcarboncontracts.uk/non-payment-registers>

5. Contact Information

For queries regarding either invoices or the process contained in this document please contact:

Contact Organisation	Contact	Activity
EMR Settlement Ltd (EMRS)	Telephone: 020 7380 4333 Email: contact@emrsettlement.co.uk	Queries on invoices, payments, Credit Cover, Notices.
Low Carbon Contracts Company Ltd (LCCC)	Telephone: 020 7211 8881 Email: info@lowcarboncontracts.uk	CfD related queries.
Electricity Settlements Company Ltd (ESC)	Telephone: 020 7211 8881 Email: info@electricitysettlementscompany.uk	CM related queries.

6. Acronyms and Definitions

A full list of acronyms and definitions included within this document can be found on the EMRS website³⁵.

³⁵ <https://emrsettlement.co.uk/publications/working-practices/>

7. Appendices

7.1 Appendix 1 – Example of Non-Payment Notice under the CfD Scheme

Dear Supplier,

Non Payment Notice – [EMR Party ID]

We, EMR Settlement Limited, the Settlement Service Provider for Low Carbon Contracts Company Limited (“LCCC”), are writing to you on behalf of LCCC to give you notice that the following amount(s), in respect of charges relating to the Contract for Difference (Electricity Supplier Obligations) Regulations 2014 (“Regulations”) has not been paid in accordance with the payment terms:

Payment Type	Invoice Number	Total Default Payment Amount	Payment Due Date
Interim Levy Payment	XXXX	£ x,xxx.xx	DD MM YYYY

The total default payment amount (set out above) was determined on the basis set out in the information enclosed with the invoice referred to above.

Please note that interest on the total default payment amount, at the Bank of England Base Rate + 5%, will continue to accrue until the total default payment amount has been paid. Once the total default payment is cleared accrued interest will be shown on your next invoice.

This notice is given pursuant to Regulation 25(2) of the Regulations and a copy of this notice has been sent to Ofgem, the Authority under the Regulations.

Should you have any queries regarding this matter please contact us by email at contact@emrsettlement.co.uk or call 020 7380 4333.

Kind regards,

EMRS Settlement Team

EMR Settlement Limited

Helpdesk: 020 7380 4333

contact@emrsettlement.co.uk | www.emrsettlement.co.uk

EMR Settlement Limited, 4th Floor, 350 Euston Road, London, NW1 3AW

7.2 Appendix 2 – CM Supplier Non Payment Notice

Dear Supplier,

Non Payment Notice – [EMR Party ID]

We are writing to you to give you notice that the following amount(s), in respect of charges relating to the Electricity Capacity (Supplier Payment etc.) Regulations 2014, as amended have not been paid in accordance with the payment terms:

Payment Type	Invoice Number	Total Default Payment Amount	Payment Due Date
CM Monthly Supplier Charge	NNNN	£ N,NNN.NN	DD MMMM YYYY

If you do not pay the outstanding amount within 2 working days of this notice, credit cover will be drawn down, and this will be treated as payment.

Please note that interest on the total default payment amount, at the Bank of England Base Rate + 5%, will continue to accrue until the total default payment amount has been paid. Once the total default payment is cleared accrued interest will be shown on your next invoice.

Should you have any queries regarding this matter please contact us by email at contact@emrsettlement.co.uk or call 020 7380 4333

Kind regards,

EMRS Settlement Team

EMR Settlement Limited

Helpdesk: 020 7380 4333

contact@emrsettlement.co.uk | www.emrsettlement.co.uk

EMR Settlement Limited, 4th Floor, 350 Euston Road, London, NW1 3AW

7.3 Appendix 3 – Payment Terms³⁶

7.3.1 Supplier Payments under the CfD

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Payment Default Cure Period ³⁷	Credit Cover Draw Down	Regulation ³⁸
Interim Rate Payment	Daily	D + 5WDs.	✓	Day after payment was due.	2 WDs.	✓	Regulation 8(1) 8 (5)
Reconciliation of Interim Rate Payment	Daily	D + 5WDs.	✓	Day after payment was due.	2 WDs.	✓	Regulation 9(2) 9 (5)
Operational Costs Payment	Daily	D + 5WDs.	✓	Day after payment was due.	2 WDs.	✗	Regulation 23(1) 23 (5)
Reserve Payment	Quarterly	D + ~5 calendar days (due on a WD).	✓	Day after payment was due.	2 WDs.	✓	Regulation 11(1)
Reconciliation Payment	Quarterly	D + ~5 calendar days (due on a WD).	✓	Day after payment was due.	2 WDs.	✓	Regulation 16(3)(a)

³⁶ Please note that these tables are not exhaustive. Also, please follow the due date given on invoices.

³⁷ LCCC will normally wait until the cure period has expired before sending non-payment notices, calling on Credit Cover and initiating mutualisation where the Regulations allow.

³⁸ The Contracts for Difference (Electricity Supplier Obligations) Regulations 2014

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Payment Default Cure Period ³⁷	Credit Cover Draw Down	Regulation ³⁸
Additional Reserve Payment	Ad-hoc	The later of: Date by which a reserve payment is due from that Supplier in respect of that period; The 30 th day after the amount is published in a notice; Any later date specified in the published notice.	✓	Day after payment was due.	2 WDs	✓	Regulation 14(3)
Mutualisation Payment	Ad-hoc	For interim rate payments no earlier than 5 WDs after the date on which the notice was issued; For other payment types no earlier than 30 days after the date on which the notice was issued.	✓	Day after payment was due.	2 WDs	✓	Regulation 17(5) Reg 17 (2) (f)
Ad-hoc payment e.g.	Ad-hoc	As soon as reasonably	✓	Day after payment was due.	2 WDs	✗	

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Payment Default Cure Period ³⁷	Credit Cover Draw Down	Regulation ³⁸
following a dispute.		practicable as determined by the LCCC after making that determination.					

7.3.2 Supplier Payments under the Capacity Market

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Credit Cover Draw Down	Regulation ³⁹
Settlement Costs Levy ⁴⁰	Monthly	D + not less than 5 WDs.	✓	Payment due date.	x	Regulation 9(1)
Revised Settlement Costs Levy.	Annually	D + not less than 5 WDs.	✓	Payment due date.	x	Regulation 9(5)
CM Monthly Supplier Charge	Monthly	D + not less than 5 WDs.	✓	Payment due date.	✓	Regulation 6
Reconciliation	Up to 3 times per month	D + not less than 5 WDs.	✓	Payment due date.	✓	Regulation 20
Ad-hoc payment e.g. following a dispute.	Ad-hoc	As soon as reasonably practicable as determined by the ESC after making that determination.	✓	Payment due date.	x	Regulation 32

³⁹ The Electricity Capacity (Supplier Payment etc.) Regulations 2014

⁴⁰ For the first Settlement Cost Levy period, the relevant regulation is Regulation 44 of the Electricity Capacity Regulations 2014

7.3.3 CfD Generator Payments

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Payment Default Cure Period	Credit Cover Draw Down	Regulations ⁴¹
Negative Net Payable Amount.	Daily	D + 10WDs.	✓	Day after payment was due.	10 WDs from when first Late Payment Advice sent.	✓	Condition 22.7
Termination Fee.	Ad-hoc	D + ~30WDs (the 30WDs starts counting from the termination notice sent by LCCC).	✓	Day after payment was due.	20 WDs from when first Late Payment Advice sent.	✓	

⁴¹ CfD Standard Terms and Conditions Version: 1 August 2014

7.3.4 Capacity Provider Payments

Payment Type	Frequency of Calculation	Payment Due (where 'D' is Day invoice sent)	Default Interest Applied	Interest Applies From (where 'D' is Day invoice sent)	Credit Cover Draw Down	Regulations ⁴²
Termination Fee	Ad-hoc	D + not less than 5WDs.	✓	Payment due date.	✓	Regulation 43
Repayment of Capacity Payments	Ad-hoc	D + not less than 5WDs.	✓	Payment due date.	✗	Regulation 43B ⁴³
Ad-hoc payment (e.g. following a dispute).	Ad-hoc	As soon as reasonably practicable as determined by the ESC after making that determination.	✓	Payment due date.	✗	PART 10 Dispute resolution and appeals, CHAPTER 2 ESC decisions.
Penalty Charge	Ad-hoc	D + not less than 5WDs.	✓	Payment due date.	✗	

⁴² The Electricity Capacity Regulations 2014 as amended

⁴³ The Electricity Capacity (Amendment) Regulations 2015

