

Press notice

31 July 2019

ESC's Annual Report and Accounts 2018-2019 published

The Low Carbon Contracts Company (LCCC) is pleased to announce that it published today the Annual Report and Accounts 2018/19 for its sister company The Electricity Settlements Company Ltd (ESC).

The report provides a review of the main strands of work and achievements of ESC in the past financial year, including:

- Settling 437 capacity agreements for capacity available between 1 October 2017 and 30 September 2018
- Testing 100 components for Capacity Market units
- Implementing 9 significant process or system changes to our settlement operations
- Publishing the first Capacity Market Stress Event guide in response to industry feedback during the Mock Stress Event

ESC has seen a challenging year as a result of a decision in favour of Tempus Energy Ltd.'s 2014 legal action against the Capacity Market, with the European Court of Justice ruling against the 'State aid' clearance of the scheme on 15 November 2018. This brought about the suspension of the scheme, with both the payments ESC was making to capacity providers and its collection of the Capacity Market Supplier Charge from electricity suppliers halted.

However, the legal challenge stimulated ESC's proactive collaboration with Department for Business Energy and Industrial Strategy (BEIS) to minimise uncertainty among suppliers and maintain investor confidence. This ongoing work will also ensure that ESC is ready to operate the scheme if and when 'State aid' approval is reinstated.

ENDS

Notes to Editor:

- The Electricity Settlements Company (ESC) is an operationally independent, not-for-profit private company wholly owned by the Secretary of State for Business, Energy and Industrial Strategy (BEIS). The company carries out the key role of Capacity Market Settlement Body, supporting the delivery of the government's objective of "ensuring that the country can deliver its goal to provide reliable, low cost and clean energy system".
- The Capacity Market is designed to use competition to achieve a defined level of electricity security in Great Britain at the lowest cost to consumers:
https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/664272/capacity-market-consultation-improving-framework-response.pdf
- As Capacity Market Settlement Body, ESC is responsible for managing all financial transactions and associated assurances under the Capacity Market scheme, such as credit cover, meter assurance, penalties and payments to capacity providers.
- ESC's activities are carried out in full by the Low Carbon Contracts Company (LCCC) through a cost-sharing arrangement that delivers efficiencies of scale.
- For more information, please visit our website www.lowcarboncontracts.uk or email info@lowcarboncontracts.uk.