

Sohail Ahmed
Ofgem
10 South Colonnade
Canary Wharf
London
E14 4PU

18 June 2021

Dear Sohail,

Statutory Consultation on Capacity Market Rules change proposals

Thank you for the opportunity to respond to Ofgem's Statutory Consultation on proposals to change Capacity Market Rules. Further to our response to the Capacity Market Rules change consultation in July 2020, we welcome the opportunity to continue to engage with the process of review and improvement of the Capacity Market Rules to ensure that they remain fully effective and fit for purpose.

ScottishPower is a major UK energy company with renewable generation, retail supply and networks businesses; we are a leading developer of wind power in the UK, and part of the Iberdrola Group, the world's leading renewables developer. Iberdrola, is a global leader in tackling climate change, with a commitment to reaching carbon neutrality by 2050. ScottishPower is a Principal Partner of COP26, this partnership is another clear demonstration of our commitment to climate action.

We broadly support the approach set out in the Statutory Consultation and agree that the proposals should reduce the administrative burden for Applicants. However, we are disappointed that many of the changes will not be implemented in time for Pre-qualification 2021.

We have provided our response to the specific questions in the Statutory Consultation document in Annex 1; however, we wish to highlight the following key points:

1. It is disappointing that proposals such as those to amend Rule 4.4.4 (which would provide Generating CMUs with greater flexibility to change their components between Prequalification and Delivery) will be delayed until the outcome of further consultations. We would hope that this process can proceed without further delay to ensure that the intended benefits of these proposals can be realised as soon as is practicable.
2. We welcome the 'minded to' position that changes to Applicant Notice and the use of electronic signatures will be introduced for Prequalification 2021. Changes to

electronic signatures reduced the burden of Prequalification 2020 and we welcome the continued use of this process improvement.

3. We understand that portal changes are required to implement proposals in relation to Evergreen Prequalification and look forward to seeing this development being progressed and introduced for Prequalification 2022. However, we would welcome clarity as to how the first year of Evergreen Prequalification will be managed, for example, will it be necessary to submit applications in 2022 or will the applications submitted in 2021 be used as the baseline for this process?
4. We look forward to having the opportunity to engage with Ofgem and BEIS on Connection Capacity issues with the aim that these will provide a holistic approach to the issues identified around Previous Settlement Period Performance.
5. In addition, we welcome the update that the Capacity Market Advisory Group ("CMAG") is a priority area for Ofgem this year and look forward to reviewing the consultation on the formation of this group.
6. Finally, we welcome the changes to be brought forward by this Statutory Consultation and welcome the opportunity for further consultation in relation to additional areas to improve the operation of the system and process, such as reducing the complexity of maintaining Capacity Agreements and fulfilling obligations.

If you have any comments or queries on any aspect of this response, please do not hesitate to contact me.

Yours sincerely,



Richard Sweet
Head of Regulatory Policy

**STATUTORY CONSULTATION ON CAPACITY MARKET RULES CHANGE PROPOSALS
- SCOTTISHPOWER RESPONSE**

Relevant Balancing Services

Question 1: Do you have any comments on the proposed revised governance framework and change process for the Relevant Balancing Services?

We welcome the proposals to revise the governance framework and change process for the Relevant Balancing Services. We believe that the proposals will ensure that the Capacity Market is able to quickly adapt to changes in Balancing Services as these are introduced by National Grid Electricity System Operator ("NGESO"), ensuring that assets are able to offer maximum benefit to the overall system. We look forward to reviewing the details of the guidelines and, in particular, we are keen to understand how services in development and trial phases, such as Stability Pathfinder and Inertia services, will be dealt with in the guidance documents.

Question 2: Do you have any comments on the specific Rule amendments proposed in Annex A?

We have no specific comments on the proposed Rule amendments in Annex A.

Question 3: Do you have any comments on the definitions of "Declared Availability" and "Contracted Output" outlined in Table 4?

We have no comments on the definitions outlined in Table 4. We believe that these are appropriate and correct.

Planning Consents

Question 4: We believe the process for an Applicant to declare that RPC has been obtained is no different to the existing process where the declaration is made within the Portal via a checkbox. Do stakeholders foresee any further changes required to be made to the existing declaration process to facilitate our proposal?

We welcome the proposed changes to the process for Planning Consents and have not identified the need for any further changes to facilitate this proposal.

Question 5: In scenarios where capacity is required to be redistributed among components, specifically where RPC has been deferred, do stakeholders believe that deadlines should be prescribed to ensure these changes are enacted before confirmation of entry to the relevant Auction?

We welcome the proposal to clarify, within the Rules, the interaction between Connection Capacity and the maximum allowable capacity stated in an Applicant's RPC. We support the proposal for prescribed deadlines when RPC is deferred, and capacity is required to be redistributed among components. This will provide a clear set of guidelines to applicants.

Capacity Market Register

Question 6: Do you have any comments on the Rule drafting provided in Annex A?

We welcome the proposals to amend the Capacity Market Register. The proposed changes support the efficient operation of the Capacity Market by improving market transparency and providing a better understanding of the capacity operating in the Capacity Market.

We agree with the proposed drafting on the Capacity Market Register (amendment to Rule 7.4.1(d) and Rule 7.5 in the Rules Guidance document for changes to be implemented in 2021 and look forward to engaging further in the process to have the other identified changes implemented for 2022.

Further amendments to the Rules - Maximum Obligation Period

Question 7: Do you agree with our suggestion to amend the definition of Maximum Obligation Period to allow greater flexibility for Prospective Generating CMUs in selecting a Capacity Agreement length?

We support the suggestion to amend the definition of Maximum Obligation Period and agree that this provides greater flexibility and improved clarity.

Question 8: Do you foresee any unintended consequences as a result of implementing this proposal?

We have not identified any unintended consequences as a result of implementing the proposal.

ScottishPower
June 2021