

---

# FINAL ADE response | Ofgem Capacity Market - Rule changes | October 2020

---

## Context

The ADE is the UK's leading decentralised energy advocate, focused on creating a more cost effective, efficient and user-orientated energy system. The ADE has over 150 members active across a range of technologies, including both the providers and the users of energy. Our members have particular expertise in combined heat and power, district heating networks, demand side energy services and energy efficiency.

The ADE strongly supports many of the proposals in this consultation. Further to the specific response below, the ADE would note that many of these changes will require changes to the Portal and therefore, it is important that these IT changes can be done well. Ideally, the ADE would also that more of Capacity Market process is automated through the Portal.

## Response

### Amendments to Rule 4.4.4

- 1. Do you agree with our suggestion to allow changes to a Generating CMUs configuration between Prequalification and delivery? Do you think that a similar amount of flexibility should be provided to Generating CMUs during Delivery Years?**

The ADE supports Ofgem's proposal to allow changes to Generating CMUs between prequalification and delivery. It would also support the proposal to allow changes within delivery years.

- 2. Do you have any views on the suggested level of assurance that should be necessary for CMUs who would undergo changes of components?**

The ADE supports Ofgem's proposal.

- 3. Are you aware of any unintended consequences introduced by our proposals on Rule 4.4.4, including any other Rules which may need amendment to avoid conflict?**

No.

- 4. Should there be a limit of the number of times a CMU undergoes a change of component(s), and the number of components that can be changed? If so, how many and why?**

The ADE does not support a limit on changes to a CMU configuration.

- 5. Should there be a point in the lead up to delivery, after which changes in components should not be permitted? If so, when and why?**

The ADE does not support such a limit ahead of delivery.

### Evergreen prequalification

- 6. Are you aware of any Rules which may need to be changed to ensure that the principle of 'evergreen' Prequalification can be implemented?**

The ADE is not aware of any specific Rules that would need to be changed.

**7. Is there any information provided during Prequalification which would prevent this from being an effective change?**

This change needs to consider how the use of historic outputs for Generating CMUs will work for calculating Connection Capacity. It should not be the case that one CMU could use 'unit registered capacity' whereas another must use 'historic output'. A mechanism is required to ensure this is equivalent.

**8. Do you have any feedback on the proposal to look at reforming the method by which exhibits are submitted and signed?**

The ADE supports exhibits being able to be submitted and signed through the Portal and allowing electronic signatures.

In addition, we would encourage Ofgem to consider addressing the issues created for obtaining Directors' signatures currently where the legal owner and Despatch Controller are not the same.

**9. Do you know of a reason to maintain the requirement to provide Exhibits annually?**

No.

**Pre-qualification data**

**10. Do you agree with our proposal to remove the Previous Settlement Period Performance requirement in cases where Applicants are prequalifying a CMUs, which has previously delivered upon its Capacity Market Agreement obligations in the previous two Delivery Years?**

Yes, providing that the data does not need to be re-submitted at prequalification. Further to this, the ADE assumes that the application would not need to be accompanied by a letter of confirmation of historic metered output or line loss factors. If this is still required, it will not reduce the administrative burden.

**11. Do you see any unintended consequences related to delivery assurance associated with our proposal?**

No.

**12. Should the Previous Settlement Period Performance requirement under Rule 3.6A.1 also be removed for Interconnector CMUs?**

The ADE has no comment.

**Planning consents**

**13. Is the proposal outlined in paragraphs 5.12.1 to 5.12.4 appropriate – do you think any amendments should be made?**

Yes.

**14. Do you agree with our proposal to clarify who should make an associated planning declaration when the Despatch Controller and legal owner are separate companies?**

Yes.

**15. Do you have any views on our proposal to clarify the Rules when the RPC states the maximum output of the New Build CMU is smaller than the Connection Capacity?**

The ADE supports this clarification.

### Capacity Market register

**16. Do you have any comments on our proposals to add the information outlined in paragraphs 6.5.1 to 6.5.7, paragraph 6.6, 6.9.4, along with the CP270 and 271 proposals to the CMR?**

The ADE supports including the further information included in paragraphs 6.5.1 to 6.5.7, 6.6 and 6.9.4.

In addition to these comments, the ADE would also note that there remain issues with the introduction of component re-allocation through Of12. Specifically, it is not possible to re-allocate DSR components ahead of a delivery year. This means that components cannot be moved from one aggregator to another, inhibiting competition.

**17. Do you have a view on our proposal outlined in paragraph 6.18, to record the new CMR information items additions proposed for capacity providers who hold valid capacity agreements, where the information has already been collected at the time of application?**

The ADE supports this, as long as it doesn't require any further information from the Applicant.

### Reporting requirements

**18. Do you agree with our proposal, outlined in paragraph 7.9, to remove progress reports and corresponding ITE assessments for the scenarios detailed, and replace with an alternative reporting milestone?**

The ADE supports this change.

**19. Do you have any views on the timing of the proposed new reporting milestone?**

The ADE supports requiring an update on construction and/or SCM 22 months prior to the start of the relevant delivery year.

**20. Do you have a view on whether the new reporting milestone should be implemented with a corresponding termination event? Should the proposed reporting milestone have to be validated by an ITE?**

The ADE does not support introducing a new termination event with the reporting milestone.

**21. Do you have a view on what information should be included as part of any update given to the Delivery Body in relation to the proposed reporting milestone?**

The ADE has no comment.

**22. Is the current definition of "material change" clear enough – do you have any suggestions on how it could be amended/clarified?**

The ADE considers that this definition is clear enough.

**23. Should the proposed amendments to reporting requirements be applied to all capacity providers who hold Capacity Agreements that have not expired or been terminated when these Rules changes come into force?**

Yes.

### Applicant notice

**24. Do you believe it is appropriate to amend the Rules to mandate the Delivery Body to send a formal notice to an Applicant, as well as an update to the CMR, when their**

**corresponding Prequalification Status changes from 'Conditionally Prequalified' to 'Not Prequalified'?**

Yes.

**25.Are there any other changes that should be proposed relating to the notice(s) issued by the Delivery Body to an Applicant?**

The timelines for the EMR DB to respond to Applicants is 5 or 10 working days. These timeframes should be enforced more strictly as they are not always met.

**Outstanding areas of the First Consultation**

**26.Do you agree with our proposal to include Category 2 and 4 intertrips as Relevant Balancing Services in Schedule 4?**

Yes.

**27.Do you believe Category 3 intertrips should be included as a Relevant Balancing Service in Schedule 4?**

Yes.

**28.Do you think that the Relevant Balancing Services list in Schedule 4 should be updated to include the Trans European Replacement Reserve Exchange?**

Yes.

Further to this, the ADE would also note further changes that need to be made to the Relevant Balancing Services schedule. There remain services listed that are no longer tendered for and ESO reserve and response services are currently under significant reform with new services being introduced now (for example, Optional Downward Flexibility Management, Dynamic Containment, Dynamic Moderation and Dynamic Regulation). It is important that the Schedule is updated to reflect this and going forward, an approach is found that can respond more quickly to changes in system services at both ESO and DNO level. The ADE would strongly support removing a prescribed list of services from legislation and adopting a more principles-based approach.

---

**For further information please contact:**

Caroline Bragg  
Head of Policy  
Association for Decentralised Energy

[Caroline.bragg@theade.co.uk](mailto:Caroline.bragg@theade.co.uk)

---