

Consultation on Capacity Market Rules change proposal – RWE Responses

Section & Q No	Clause No	Comment
1.	1.18	General Feedback
Q1		Do you have any comments about the overall process of this consultation? No comments.
Q2		Do you have any comments about its tone and content? No comments.
Q3		Was it easy to read and understand? Or could it have been better written? The dual numbering system of the questions was confusing, and a summary page of questions would have been helpful.
Q4		Were its conclusions balanced? Yes we felt its conclusions were balanced.
Q5		Did it make reasoned recommendations for improvement? Yes
Q6		Any Further Comments? No further comments
2.		Amendments to Rule 4.4.4
Q1	2.26	Do you agree with our suggestion to allow changes to a Generating CMU's configuration between prequalification and delivery? Do you think that a similar amount of flexibility should be provided to Generating CMUs during Delivery Years? Yes, we are supportive of this proposal both at Prequalification and during the Delivery Years, provided that the relevant ZA certification for Newbuild CMUs and ZB certification for Existing CMUs has been submitted and approved in time, and that the derated capacity remains the same. In addition, the CMU would need to supply new metering assessments and a new Single Line Diagram (SLD), if appropriate. We would urge that any changes would be recorded without delay in the Capacity Market Register.
Q2	2.27	Do you have any views on the suggested level of assurance that should be necessary for CMUs who would undergo changes of components? As above.

Q3	2.28	<p>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?</p> <p>We note that Rule Changes would be required for updated ZB Certificates for Newbuild CMUs, and for ZA Certificates for Existing CMUs and supporting data sheets and signed ITE certificates to support each change.</p> <p>Also, the Rules covering metering assessments and SLDs.</p> <p>An appeal process would also need to be set up for proposed changes that are rejected by the EMR Delivery Body.</p>
Q4	2.29	<p>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, when and why?</p> <p>We believe the requirement for new emissions certifications and ITE Certificates would form a natural limit to the number of times a CMU undergoes a change of components.</p> <p>We note that “components” is not defined in this Consultation.</p>
Q5	2.30	<p>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?</p> <p>No – the decision as to the time required to submit the necessary certifications and submissions should be up to the CMU.</p>
3.		Evergreen Prequalification
Q6	3.21	<p>Are you aware of any Rules which may need to be changed to ensure that the principle of “evergreen” Prequalification can be implemented?</p> <p>The Rules on submitting 3 x HH of historic output data for the previous two years would need to be changed.</p> <p>Historically, there have been changes to the Rule and Regulations each year – it would be important to make entrants aware when a Rule or Regulation change meant that “evergreen” Prequalification applications may need to be revised.</p> <p>The EMR Delivery Body has been known in the past to reject an application that it accepted for a previous auction. This means that there remains a risk that an “evergreen prequalification” could be rejected, even though it had been previously accepted, which implies that it is simply not possible to have an “evergreen” application.</p>
Q7	3.22	<p>Is there any information provided during Prequalification that would prevent this from being an effective change?</p> <p>See above.</p>
Q8	3.23	<p>Do you have any feedback on the proposal to look at reforming the method by which Exhibits are submitted and signed?</p> <p>Exhibits A and C could be combined into a single Exhibit for each company.</p>

		Also, the individual declarations for each CMU application with regards to market manipulation, etc, could be combined into the Exhibit A/C, so that the applicant does not need to make the same declaration multiple times.
Q9	3.24	<p>Do you know of a reason to maintain the requirement to provide Exhibits annually?</p> <p>Yes. The annual requirement for Exhibits A and C ensures that the current Directors of a company have personally endorsed the statements made in the Applications. As discussed above, we would recommend combining Exhibits A and C into a single Exhibit.</p>
4.		Prequalification Data
Q10	4.17	<p>Do you agree with our proposal to remove the Previous Settlement Period Performance requirement in cases where Applicants are prequalifying a CMU, which has previously delivered upon its Capacity Market Agreement obligations in the previous two Delivery Years.</p> <p>Yes we support this proposal. We would suggest that CMU applicant has a choice as to whether to use the previous Satisfactory Performance Day output or three half hour periods of its own choice within those two years, if the latter option is higher.</p>
Q11	4.18	<p>Do you see any unintended consequences related to delivery assurance associated with our proposal?</p> <p>No we do not see any unintended consequences.</p>
Q12	4.19	<p>Should the Previous Settlement Period Performance requirement under Rule 3.6A.1 also be removed for Interconnector CMUs?</p> <p>Yes we support this proposal.</p>
5.		Planning Consents
Q13	5.19	<p>Is the proposal outlined in paragraphs 5.12.1 to 5.12.4 appropriate – do you think any amendments should be made?</p> <p>We accept the proposal in general. However there should be absolute clarity over which consents are required, and that the new Director's Declaration is absolutely clear in that respect.</p>
Q14	5.20	<p>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.</p> <p>Yes – we agree that the legal owner would be the appropriate party.</p>
Q15	5.21	<p>Do you have any views on our proposal to clarify the Rules when the RPC states the maximum output of the Newbuild CMU is smaller than the Connection Capacity?</p> <p>Yes - The we agree with the intent of the proposed clarification.</p>
6.		Capacity Market Register

Q16	6.21	<p>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 CP2701 and 271 proposals to the CMR?</p> <p>Yes we support the proposals.</p>
Q17	6.22	<p>Do you have a view on our proposal outlined in paragraph 6.18, to record the new CMR information proposed for capacity providers who hold valid capacity agreements, where the information has already been collected at the time of application.</p> <p>Yes we support the proposals.</p>
7.		Reporting Requirements (ITE)
Q18	7.11	<p>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?</p> <p>Yes, we agree with Ofgem’s proposal to remove the 6 monthly progress reports and the associated ITE assessments (excluding those ITE assessments associated with the SCM and FCM and project spend). However, we would suggest that you do not replace these with an alternative reporting milestone, unless it can be proven that both the Delivery Body, Ofgem and/or the Secretary of State currently use the information provided in the 6 monthly construction reports which feed into the current capacity modelling requirements for T-1 Auction volumes.</p>
Q19	7.12	<p>Do you have any views on the timing of the proposed new reporting milestone?</p> <p>We would seek more clarity from Ofgem as to why the new reporting milestone is actually required, since the volume of the T-1 Auction can be adjusted only 15 days before the actual Auction.</p>
Q20	7.13	<p>Do you have any views on whether the new reporting milestone should be implemented with a corresponding termination event? Should the proposed reporting milestone has to be validated by an ITE?</p> <p>We do not think that the new reporting milestone is necessary, for the reasons discussed above, and therefore do not agree with introducing a corresponding termination event.</p> <p>If Ofgem does decide to introduce a new reporting milestone, then we do not think that this should be validated by an ITE.</p>
Q21	7.14	<p>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?</p> <p>We do not think that a new reporting milestone is required. However, if Ofgem does decide to introduce one then the information should be extremely limited and be related to the expected date of the SCM - is it still on track (and what MW of derated capacity is expected to be provided).</p>
Q22	7.15	<p>Is the current definition of “material change” clear enough – do you have any suggestions of how it could be amended/clarified?</p> <p>Yes we believe the definition is clear enough. However, we would question why a material date would include achieving key dates 2 months early – if the purpose of the</p>

		report is to flag up concerns that the capacity may be delivered late (or not at all, and therefore additional capacity needs to be procured in the T-1).
Q23	7.16	<p>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 Rule changes come into force?</p> <p>Yes, we agree with this proposal. However, we would urge the removal of the construction progress reporting requirement to apply to all existing capacity providers who hold capacity agreements. However we do not believe that the new planned construction report and associated termination event are required.</p>
8.		Applicant Notice
Q24	8.9	<p>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”?</p> <p>Yes we agree with this proposal.</p>
Q25	8.10	<p>Are there any other changes that should be proposed relating to the notice(s) issued by the Delivery Body to an Applicant?</p> <p>In the event that a Prequalification application is rejected, then we would ask that the EMR Delivery Body send a clear and detailed explanation as to the reason for the rejection.</p>
9.		Outstanding areas of First Policy Consultation
Q26	9.36	<p>Do you agree with our proposal to include Category 2 and 4 intertrips as Relevant Balancing Services in Schedule 4?</p> <p>RWE welcomes the decision to classify Category 2 and Category 4 intertrips as Relevant Balancing Services, under the CM Rules. However, this does not go far enough. The omission of Commercial Intertrip Schemes from this classification, despite them being mentioned earlier in the section, is somewhat bemusing, since the post-trip obligations are largely identical. The consultation document refers stakeholder feedback in relation to commercial intertrips highlighting that participants would take the commercial arrangements into account when entering the Capacity Market. However, a participant may not have entered into commercial arrangements at the point of entering the CM and, in any case, this is no different from other commercial services that are already Relevant Balancing Services.</p> <p>If commercial services are not included in the Relevant Balancing Services, providers will have no choice but to “price in” the potential CM penalties resultant from not responding to an SSE. This is due to the contractual obligation to restrict output to the Restricted MW Export Level for several Settlement Periods in accordance with the intertrip arming instruction. This, of course, will result in an unnecessary and avoidable, additional cost to the end consumer. Alternatively, providers may be reluctant to make the service available, thereby removing an important system service from the System Operator.</p>

		<p>We consider that the key principle is that CM participants should not be incentivised to withdraw from or to fail to deliver services required by the System Operator in order to avoid CM penalties.</p>
Q27	9.37	<p>Do you believe Category 3 intertrips should be included as a Relevant Balancing Service in Schedule 4?</p> <p>As for Q26, we consider that the key principle is that CM participants should not be incentivised to withdraw from or to fail to deliver services required by the System Operator in order to avoid CM penalties. Therefore, it would seem reasonable to include Category 3 intertrips.</p> <p>However, it is not clear from the consultation document whether such intertrips are used in order for the connecting party to receive a cheaper and/or earlier connection than would otherwise be the case. If this is the case, then it would be sensible to treat these in the same way as Category 1 intertrips.</p>
Q28	9.38	<p>Do you think that the Relevant Balancing Services list in Schedule 4 should be updated to include the Trans European Replacement Reserve Exchange (TERRE)?</p> <p>CMUs providing the TERRE service should have their Capacity Market Obligations adjusted to take account of instructions received by the System Operator. Rather than treating TERRE as a relevant balancing service, we believe it would be more effectively dealt with within Rule 8.5.2(a), since the units providing TERRE will be registered as either BMUs or Secondary BMUs.</p>