Proposal for a Capacity Market Rules Change

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Making a positive difference for energy consumers

Reference number *(to be completed by Ofgem):* **CP360**

Name of Organisation(s) / individual(s): Click here to enter text.	**Date Submitted:** **29-Jan-2021**
Type of Change: ☐ **Amendment** ☒ **Addition** ☐ **Revoke** ☐ **Substitution**	**If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:** Click here to enter text.

Proposal summary *(short summary, suitable for published description on our website)*

To promote the build out of reliable energy that has the least impact on the environment, I propose that assets participating in the Capacity Market are paid the Capacity Market Price multiplied by the efficiency of the asset.

What the proposal relates to and if applicable, what current provision of Rules the proposal relates to *(please state provision number)***:**

This would be in addition to the yearly cap on emissions, which levels the playing field between ~60% efficient CCGTs and ~36% Gas recip/peaking plant assets as this rule is assessed over a year. This proposal will help build out the required amount of MW needed for the system while promoting the right type of assets to meet our NetZero ambitions.

Description of the issue that the change proposal seeks to address:

The least efficient assets with the smallest capital cost are being supported by the Capacity Market at the expense of new technologies and much more efficient and assets. This has resulted in Gas (recip engines) peaking plant that are 36-38% efficient being built and given 15-year contracts at the expense of batteries, tidal, pumped storage and the much more efficient CCGTs. This is at odds with our Climate Change goals.

If applicable, please state the proposed revised drafting *(please highlight the change)***:**

The proposal is to multiply the Final capacity price by the assets efficiency allowing those assets that can help us meet our Climate Change target compete against the more polluting assets. For example: A battery would receive the Capacity Market Price it would normally receive multiplied by ~80%, renewables would be multiplied by 100%, CCGT by ~60% and Gas peaking plant by ~36%.

Analysis and evidence on the impact on industry and/or consumers including any risks to note when making the revision - including, any potential implications for industry codes:

Cheap to build gas recip engines are being supported through the Capacity Market with 15-year contracts. This has led to a massive uptake in this type of asset at the expense of the environment and other assets.
Details of Proposer *(please include name, telephone number, email and organisation)***:** **Energy Consultant, 07769696601, chrisfisher.ccet@gmail.com**