

Decision on Amendments to the Capacity Market Rules 2022

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This document sets out our decisions regarding the implementation of the Capacity Market Rules change proposals outlined in our Statutory Consultation on Capacity Market Rule amendments (Evergreen, CMR and Applicant Notice), published in November 2021¹, having considered and taken into account stakeholder feedback received.

¹ <https://www.ofgem.gov.uk/publications/consultation-capacity-market-rule-amendments-evergreen-cmr-and-applicant-notice>

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Executive summary

This document sets out our² decision on amendments to the Capacity Market Rules 2014 (as amended) (the “Rules”) that we consulted on in our Statutory Consultation on Capacity Market Rule amendments (Evergreen, CMR and Applicant Notice) (the “November 2021 Consultation”)³, published on 26 November 2021. In the November 2021 Consultation, we provided our minded-to position on three policy areas: Evergreen Prequalification, Capacity Market Register (“CMR”) and Applicant Notices. Alongside our minded-to position, we also provided draft Rule amendments to implement the aforementioned policy areas.

The decisions provided in this document have been made following our review and consideration of stakeholder responses received to the November 2021 Consultation. Table 1 provides a summary of our decision for each of the Rule amendments we consulted upon.

Table 1: Summary of Rule decisions

Policy Area	OF##	Decision	Rule Amendments
Evergreen Prequalification	[OF41]	Proceed	Rule 3.3.6A (new Rule) Rule 3.4.2 (amended) Exhibit A (amended)
Capacity Market Register			
CP270	[OF42]	Proceed	Primary Fuel (new definition) Rule 3.4.5 (amended) Rule 3.4.5A (amended) Rule 7.4.1(a)(ic) (new Rule) Rule 7.4.1(a)(id) (new Rule) Rule 7.4.1(d)(ix) (amended) Rule 7.5.1(ra) (amended) Rule 7.5.1(gg) (amended)
CP271	[OF43]	Proceed	Primary Fuel (new definition) Rule 7.4.1(a)(id) (new Rule) Rule 7.5.1(hh) (new Rule)

² References to the “Authority”, “Ofgem”, “us”, “we”, “our” are used interchangeably in this document. The Authority refers to GEMA, the Gas and Electricity Markets Authority. The Office of Gas and Electricity Markets (Ofgem) supports GEMA in its day-to-day work.

³ <https://www.ofgem.gov.uk/publications/consultation-capacity-market-rule-amendments-evergreen-cmr-and-applicant-notice>

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Substantial Completion Milestone data	[OF44]	Proceed	Rule 7.4.5(j)(iv) (new Rule) Rule 7.5.1(ii) (new Rule)
Metering Test Certificate data	[OF45]	Proceed	Rule 7.4.5(l) (amended) Rule 7.4.5(la) (new Rule) Rule 7.5.1(la) (new Rule)
Applicant Notice	[OF46]	Proceed	Rule 4.5D (new Rule)

1. Introduction

Capacity Market Rules proposals we are deciding on

- 1.1. This document sets out our decisions on amendments to the Capacity Market Rules 2014 (as amended) (the “Rules”) pursuant to Regulation 77 of The Electricity Capacity Regulations 2014 (“Regulations”). The amended Rules will apply with immediate effect.
- 1.2. These decisions follow the November 2021 Consultation. Within that consultation, we provided our minded-to position on a total of three policy proposals and provided draft Rule amendments for these proposals. Table 2 summarises the proposals we consulted on. The Rule amendments we are deciding on had corresponding [OF##] references which were included within the November 2021 Consultation and are also included in Table 2.

Table 2: Summary of proposals we consulted on

Policy area	OF## reference in Annex A
Evergreen Prequalification	[OF41]
Capacity Market Register	
CP270	[OF42]
CP271	[OF43]
Substantial Completion Milestone data	[OF44]
Metering Test Certificate data	[OF45]
Applicant Notice	[OF46]

- 1.3. We prioritised consulting on Rules proposals which would directly impact the functionality of the new EMR Portal for the Prequalification process. The new EMR Portal has been highlighted as a stakeholder priority for a number of years and, in our view, is a key enabler for reducing the administrative burden within the Prequalification process.
- 1.4. We received a total of 11 responses to the November 2021 Consultation and thank all stakeholders who provided feedback on our proposed changes. We have

published all consultation responses marked as non-confidential together with this decision letter.

- 1.5. Alongside feedback on the proposed changes, some respondents expressed disappointment in the delayed publication of this consultation and its scope, and in general with the pace at which rule changes have been progressed by Ofgem. Some stakeholders also highlighted that 'minded to' proposals in the November 2021 consultation have been consulted on before, and that asking industry to repeat feedback is not an efficient way to enact change. We acknowledge these points raised by stakeholders, which have also been included in some responses to our call for evidence on the establishment of CMAG⁴. Given the broader scope of our forthcoming decision on CMAG, we intend to address these comments more directly in the CMAG decision letter.

Your feedback

General feedback

- 1.6. We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this report. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments?

Please send any general feedback comments to stakeholders@ofgem.gov.uk

⁴ <https://www.ofgem.gov.uk/publications/establishing-capacity-market-advisory-group>

2. Evergreen Prequalification

Section summary

In this section we provide our decision to progress with the implementation of Evergreen Prequalification. Our decision will allow an Applicant the option to re-use specific information from a previous successful Application, from 2022 onwards, for a maximum of 4 years from when that information was first used.

Background

- 2.1. Evergreen Prequalification was first proposed in the Five- Year Review of the Capacity Market Rules (the “First Policy Consultation”) ⁵. This proposal was further developed in subsequent consultations, with our recent minded-to position outlined in the November 2021 Consultation.
- 2.2. The aim of Evergreen Prequalification is to reduce the administrative burden for Applicants during the Capacity Market Prequalification process, whilst ensuring a robust Prequalification process is in place and the integrity of the Capacity Market is maintained. Evergreen Prequalification would also facilitate increased functionality of the new EMR Portal, being developed by the EMR Delivery Body (the “Delivery Body”), which is scheduled to be released prior to the opening of the 2022 Prequalification Window.
- 2.3. We wish to clarify the definition of “Evergreen Prequalification” with respect to the intent of the proposed change, as outlined in Paragraph 2.2. The role of Evergreen Prequalification is to facilitate the re-use of certain previously submitted Exhibits, declarations and additional information, from a previous successful Application, where no change has occurred. It remains the case that the Application needs to be submitted by the Applicant each year they apply to the Capacity Market, including under a scenario where Exhibits and/or other information is being re-used. Evergreen Prequalification would allow previously submitted data (Exhibits, declarations and other additional information), which formed a successful

⁵ <https://www.ofgem.gov.uk/publications/five-year-review-capacity-market-rules-first-policy-consultation>

Application, to be re-used in a new Application providing that no change has occurred to that data.

- 2.4. For the avoidance of doubt, a 'successful' Application is an Application where an Applicant has been notified by the Delivery Body or the Authority that they have Prequalified for the relevant Capacity Market Auction (the "Auction").

Minded-to position

- 2.5. This section summarises the minded-to position we outlined in the November 2021 Consultation with respect to Evergreen Prequalification.
- 2.6. We proposed that Applicants should be able to re-use specific Exhibits, which previously formed part of a successful Application, in a new Application providing there are no changes to those Exhibits. We set out which Exhibits could be re-used in Table 3 of the November 2021 Consultation. We also proposed that declarations and other additional information should be able to be re-used in a new Application, where this formed part of a previous successful Application. The Applicant must ensure that Exhibits, declarations or other additional information which is being re-used remains compliant with the Rules and Regulations.
- 2.7. Under our proposal, Applicants would still be required to submit an Application each time they seek to participate in an Auction, with Evergreen Prequalification allowing previous data to be re-used should an Applicant wish to do so. Each Application would still be subject to the full Prequalification assessment process conducted by the Delivery Body.
- 2.8. We outlined that **any** change to an Exhibit which formed part of a previous successful Application would deem that Exhibit not re-usable for the relevant Prequalification Window. Under this scenario, an Applicant would need to populate a new Exhibit for their Application. This would also apply to other information being re-used, for example, a declaration or other additional information. Specifically, our proposed Rule 3.3.6A sets out whether information could be re-used under Evergreen Prequalification.
- 2.9. We proposed that Evergreen Prequalification would only apply to Applications submitted during the 2022 Prequalification Window and onwards. Data from Applications submitted prior to the 2022 Prequalification Window would not be able to be re-used. We also set out that data from a previous Application may only be re-

used for a maximum of 4 years as an additional quality assurance measure to ensure Applications are compliant with the Rules. To allow tracking of when an Exhibit was previously used, we proposed to reverse our previous minded-to position for the Exhibits to be made non-year specific (i.e. the Exhibits would remain year specific).

- 2.10. We proposed that Exhibit A would not be able to be re-used by an Applicant and must be populated and submitted by an Applicant each time they apply to the Capacity Market. We proposed amendments to Exhibit A, which included a declaration stating that the Application being submitted has been completed in accordance with the Rules, and that Exhibits, declarations or other additional information which is being re-used, remain valid.
- 2.11. We outlined our position that the Rules changes being introduced as part of Evergreen Prequalification did not affect Exhibits related to carbon emission limits. This was also our position with respect to previous settlement performance data.

Consultation questions and stakeholder feedback

Question 1

Do you agree with our proposed Rule amendments to facilitate the implementation of reusing Exhibits and other information?

- 2.12. Nine stakeholders responded in support of the general principles of Evergreen Prequalification. One stakeholder highlighted they would be supportive of a more expansive approach to Evergreen Prequalification and therefore were unable to support fully the changes proposed in the November 2021 Consultation. Another stakeholder did not directly comment in support or disagreement with our proposals. Two stakeholders highlighted that the draft Rule amendments require cross-referencing of the Rules which may undermine the benefit of Evergreen Prequalification. One stakeholder did not support our proposal for declarations to be re-usable under Evergreen Prequalification as, in their view, the administrative effort of making a declaration within the EMR Portal is low and will continue to be low with the release of the new EMR Portal.
- 2.13. Three stakeholders sought clarity on what information could be re-used through Evergreen Prequalification, with a suggestion that this could be set out in the 2023 prequalification guidance document. Two of these stakeholders also sought clarity on whether Evergreen Prequalification would apply to carbon emission Exhibits; one of these responses suggested Evergreen Prequalification should apply to Exhibit ZB.

Another stakeholder commented that evidence of connection arrangements should not be included within Evergreen Prequalification, however, they did not provide specific reasons as to why this should not be included. One stakeholder supported a previous proposal to amend the Exhibits to be non-year specific as they were of the view that directors' signatures on each Exhibit would be dated and would allow tracking of when an Exhibit was previously used.

2.14. Three stakeholders expressed their view that Evergreen Prequalification should also apply to Applications which are submitted prior to the 2022 Prequalification Window.

2.15. Two stakeholders directly opposed the introduction of a 4-year limit on re-usable data, with three other stakeholders questioning why a 4-year limit was required. The general view across these five stakeholders was that the declaration contained within Exhibit A would put sufficient onus on the Applicant to ensure the Rules are being reviewed and the Application is being amended as appropriate. One of the five stakeholders commented that should Ofgem proceed with a 4-year time limit, there would be no need for the Exhibits to be made non-year specific as the signature date could be used as a tracking reference. One stakeholder viewed the 4-year time limit as an appropriate measure with the remainder of consultees not commenting on this aspect of our proposal.

Additional comments from stakeholders

2.16. One other stakeholder expressed disappointment that an extended Prequalification Window (referred to as "rolling prequalification") is not being progressed. This was first outlined as a proposal in the First Policy Consultation. This stakeholder also requested clarity as to whether an incorrect Exhibit can be corrected through the Capacity Market dispute resolution process⁶.

2.17. One stakeholder also requested clarity regarding the interaction between our proposed Rules amendment for Evergreen Prequalification and Capacity Market Unit ("CMU") ID functionality within the new EMR Portal. Another stakeholder requested further clarity from the Delivery Body regarding the way in which Exhibits would be created and managed within the new EMR Portal. One stakeholder also requested clarity regarding the timeframe for the release of the new EMR Portal and highlighted

⁶ <https://www.ofgem.gov.uk/publications/electricity-market-reform-dispute-resolution-guidance-2>

they would welcome engagement from the Delivery Body regarding the process for migration to the new EMR Portal.

- 2.18. Six stakeholders expressed disappointment that two proposals related to “tick-box” declarations and signatures from delegated authority were not progressed or consulted upon in the November 2021 Consultation. These proposals had been put forward by stakeholders responding to previous Rules change consultations and not through the formal Rules change process⁷.

Decision

- 2.19. We have decided to proceed with the Evergreen Prequalification proposals outlined in the November 2021 Consultation, noting that the majority of stakeholders agree with the general principles of Evergreen Prequalification. We are of the view that proceeding with implementation will reduce administrative burden during the Prequalification process. Evergreen Prequalification will also enable a substantial functionality improvement within the new EMR Portal, when compared to the previous portal, which should address a number of stakeholder concerns raised with respect to EMR Portal functionality.
- 2.20. Through the implementation of Evergreen Prequalification, an Applicant will be able to re-use specific Exhibits, declarations and other additional information which previously formed part of a successful Application. A previous Exhibit, declaration or other additional information may only be re-used where **no** change has occurred. Where a change has occurred, for example a change of company director, an Applicant would need to populate a new Exhibit for submission. Exhibit A, which contains a declaration that the Application is compliant with the Rules, cannot be re-used under Evergreen Prequalification and must be populated each time an Applicant seeks to submit a new Application.
- 2.21. Two stakeholders highlighted the administrative burden of cross-referencing the Rules with respect to Evergreen Prequalification. We acknowledge that there is an element of burden on an Applicant in cross-referencing new Rule amendments, however, we note that this has always been the case with respect to a new Application. The onus is on an Applicant to ensure that their Application meets the

⁷ <https://www.ofgem.gov.uk/publications/final-guidance-capacity-market-cm-rules>

requirements of the Rules. Stakeholders have suggested that the prequalification guidance published by the Delivery Body could be used to clarify what can and cannot be re-used under Evergreen Prequalification. These comments will be available for the Delivery Body to review and consider.

- 2.22. Table 3 provides a summary of the Exhibits which are re-usable under Evergreen Prequalification with the implementation of Rule 3.3.6A. To confirm, it is the responsibility of the Applicant to ensure that elements of previous successful Applications which are being re-used remain compliant with the relevant Rules and Regulations. One stakeholder said that declarations should not be re-usable under Evergreen Prequalification. However we are of the view that allowing a declaration to be re-used aligns with the overall aim of reducing administrative burden. We are also of the view that the submission of Exhibit A, alongside the decision outlined in Paragraph 2.26, provides a robust level of assurance regarding the declarations being re-used during the Prequalification process.
- 2.23. Carbon emissions limits Exhibits (i.e. Exhibits ZA, ZB and ZC) will not be re-usable under Evergreen Prequalification. As outlined in the November 2021 Consultation, the Rules already allow these Exhibits to be re-used under specific circumstances and Evergreen Prequalification will more closely align the re-usability of the other Exhibits with the re-usability of carbon emission Exhibits.
- 2.24. Evergreen Prequalification will enable the re-usability of elements from previous Applications. However, for the avoidance of doubt, an Applicant must submit a complete Application each time they apply to the Capacity Market. Each Application will be subject to a full Prequalification assessment conducted by the Delivery Body.
- 2.25. We can confirm that elements which are being re-used from previous successful Applications may only be re-used for a maximum of 4 years from the Prequalification Window for which they were **first** used. This is to ensure the Rules are being actively reviewed by Applicants. We note that a few stakeholders questioned whether this was required as the declaration contained within Exhibit A would, in their view, put sufficient onus on the Applicant to ensure that the Rules and Regulations are actively being reviewed. We acknowledge this point, however, we are of the view that a set timeframe would go further in ensuring robustness within the Prequalification process.
- 2.26. We will not amend the Exhibits to be non-year specific and they will remain as they currently are. This will allow the Delivery Body to maintain a record and track the

number of years an Exhibit is being used. We acknowledge stakeholder feedback received regarding a previous proposal to amend each Exhibit to be non-year specific. However we anticipate that the date at the top of each Exhibit would allow tracking of when an Exhibit was previously used within the EMR Portal.

2.27. We confirm that information (Exhibits, declarations and other additional information) may only be re-used from Applications submitted in the 2022 Prequalification Window and onwards. As previously highlighted, three stakeholders requested that information submitted prior to the 2022 Prequalification Window should also be re-usable. Information submitted prior to the 2022 Prequalification Window did not contain the declaration in Exhibit A confirming that where information is being re-used it remains valid and in accordance with the Rules. We are of the view that information should not be re-used without this assurance in place. In addition, as highlighted in the November 2021 Consultation, our decision would allow the Delivery Body to capture all information through the new EMR Portal without the need to migrate data from the previous EMR Portal, thereby reducing the risk of any delay to the release of the new EMR Portal.

Table 3 Summary of Exhibits that can be reused under Evergreen Prequalification

Re-usable Exhibits	Comments
Exhibit C Exhibit D Exhibit DA Exhibit DB Exhibit DC Exhibit E Exhibit F Exhibit G	Exhibits not listed in this table cannot be re-used under Evergreen Prequalification. This is because the Exhibit must be submitted as a new Exhibit with each Application or because the Exhibit is only submitted on an ad-hoc basis.

Response to additional stakeholder comments

Rolling Prequalification

2.28. With respect to rolling prequalification, which would have led to a longer Prequalification Window, we have previously outlined our position in the Consultation on Capacity Market Rules change proposals (the “July 2020 Consultation”)⁸, not to take this forward due to lack of stakeholder support. This continues to be our position.

Dispute resolution

2.29. We note the feedback from one stakeholder requesting clarity on whether incorrect Exhibits may be “correctable” through the existing dispute resolution process provided for under the Rules and Regulations. This process is engaged on a case-by-case basis and the specific circumstances which resulted in the Application being rejected at Prequalification. We reiterate our previously stated position that should an Applicant believe there are valid grounds to seek an appeal of the Delivery Body’s decision at Prequalification to the Authority, the Applicant may do so.

EMR Portal comments

2.30. Stakeholders put forward requests for the Delivery Body to clarify a number of areas regarding the new EMR Portal. These comments will be available for the Delivery Body to review and consider and we would encourage both parties to engage on the particular issues raised.

‘Tick-box’ declarations and signatures from delegated authority

2.31. Regarding so-called “tick box” declarations, we note that this has not been submitted to us for consideration as a change proposal in accordance with the current Rules change guidance⁹. It is therefore not a proposal which has been consulted on with stakeholders. It is our role to ensure that the Rules change process is robust and the relevant policy and Rules analysis has been conducted. This necessarily includes relevant stakeholder consultations and sufficient evidence

⁸ <https://www.ofgem.gov.uk/publications/consultation-capacity-market-rules-change-proposals>

⁹ <https://www.ofgem.gov.uk/publications/final-guidance-capacity-market-cm-rules>

being provided justifying why proposals should be taken forward. In view of this, we are not able to progress this proposal as part of the current changes.

2.32. In relation to the specific suggestion to allow individuals with delegated authority to execute declarations on behalf of a company Director, we again note that this has not been submitted to us for consideration as a change proposal in accordance with the current Rules change guidance. However, any such proposal would need to include a legal explanation for how it could be reconciled with, amongst other things, the requirements of the Companies Act 2006, which includes restrictions on who may legally bind a company through the execution of documents. Beyond potential legal impediments such as this, we would also need to consider evidence that such change is beneficial against the objectives of the Capacity Market¹⁰.

¹⁰ “The Authority must when making capacity market rules, in addition to having regard to its principal objective and general duties, have regard to the following objectives—

(a) promoting investment in capacity to ensure security of electricity supply;
(b) facilitating the efficient operation and administration of the capacity market;
(c) ensuring the compatibility of capacity market rules with other subordinate legislation under Part 2 of the Act.”

3. Capacity Market Register

Section summary

In this section we provide our decision to proceed with full implementation of CP270 and partial implementation of CP271 alongside displaying Substantial Completion Milestone (“SCM”) Data and Metering Test Certificate Data on the Capacity Market Register (“CMR”). The changes to the CMR will improve transparency and provide a greater clarity of the capacity operating in the Capacity Market.

Background

3.1. We consulted on changes to the CMR, to increase transparency within the Capacity Market, in the Statutory Consultation on Capacity Market Rules change proposals (the “May 2021 Consultation”)¹¹. We further consulted on outstanding CMR proposals that were not implemented in the 2021 Prequalification Window in the November 2021 Consultation.

Table 4: Summary of CMR proposals

Proposal	Detailed changes
CP270 ¹²	<ul style="list-style-type: none"> • Component level information for each CMU component of Generating Unit including: <ul style="list-style-type: none"> ○ Primary Fuel ○ Generating Technology Class ○ Connection Capacity ○ De-rated Capacity
CP271 ¹³	<ul style="list-style-type: none"> • Information on whether a proven Demand Side Response (“DSR”) CMU includes an On-Site Generating Unit and, if so, information on: <ul style="list-style-type: none"> ○ Primary Fuel

¹¹ <https://www.ofgem.gov.uk/publications/statutory-consultation-capacity-market-rules-change-proposals>

¹² <https://www.ofgem.gov.uk/publications/edf-energy-capacity-market-rules-cp270>

¹³ <https://www.ofgem.gov.uk/publications/edf-energy-capacity-market-rules-cp271>

	<ul style="list-style-type: none"> ○ Capacity of the On-Site Generating Unit
SCM Data	<ul style="list-style-type: none"> • Whether the CMU is subject to meeting SCM • The earliest and latest dates SCM is expected to be achieved
Metering Test Certificate Data	<ul style="list-style-type: none"> • The date on which a Metering Test Certificate was awarded to the CMU

- 3.2. CP270 and CP271 were considered as part of our 2017 Rules change process and sought to improve market transparency and provide greater clarity of the capacity operating in the Capacity Market by publishing component information for Generating CMUs and DSR CMUs.
- 3.3. In response to the Open Letter on the Five-Year Review of the Capacity Market (the “2018 Open Letter”)¹⁴, it was raised that displaying information on the CMR regarding whether a CMU is subject to the SCM, and the expected date on which the SCM would be achieved, would provide a more accurate view of forthcoming capacity and benefit various workstreams being led by National Grid Electricity System Operator (“NGESO”).
- 3.4. Stakeholders responding to the 2018 Open Letter also proposed that the CMR should display when a Metering Test Certificate was awarded to a CMU. We outlined our intention to proceed with this change in the May 2021 Consultation and November 2021 Consultation.

Minded-to position

- 3.5. We outlined our minded-to position with respect to CMR changes in the November 2021 Consultation and have summarised it in this section.
- 3.6. We proposed full implementation of CP270 and partial implementation of CP271 in the November 2021 consultation. Our minded-to position to partially implement CP271 was based on our view that an On-Site Generating Unit is considered a DSR component within Regulation 2 of the Regulations¹⁵. Therefore, fully applying

¹⁴ <https://www.ofgem.gov.uk/publications/open-letter-five-year-review-capacity-market-rules-and-ngets-incentives>

¹⁵ “demand side response CMU component” means— (a) a DSR customer’s consumption of electricity as measured by a single half hourly meter; or (b) a permitted on-site generating unit, which forms part of the means by which a DSR provider commits to provide capacity as described in regulation 5(1)

Schedule 3 of the Rules with respect to an On-Site Generating Unit may not be applicable in relation to displaying the Generating Technology Class on the CMR.

- 3.7. We also highlighted that, in our view, the definition of “Primary Fuel Type” within the Rules would not allow component level information to be displayed on the CMR. Therefore we proposed a Rule amendment such that an Applicant would provide the “Primary Fuel” at component level. We also proposed that the CMR would display the Primary Fuel at component level where there are multiple fuel types.
- 3.8. We outlined that we were minded not to proceed with the CMR displaying information regarding Satisfactory Performance Days (“SPD”) as we were of the view that this would be better suited to be reviewed as part of any Secondary Trading workstream.

Consultation questions and stakeholder feedback

Question 2

Do you agree with the draft Rules to implement CP270 and the partial implementation of CP271?

- 3.9. Nine stakeholders supported the implementation of CP270 and the partial implementation of CP271, stating that the proposed changes will make the Capacity Market Register more transparent and informative.
- 3.10. Two stakeholders stated that, while they supported the implementation of the proposals, their view was that CP271 should be fully implemented.
- 3.11. Two stakeholders also stated that the changes should be applied retrospectively to previous versions of the CMR.
- 3.12. All the stakeholders that directly answered this question (seven respondents) supported our proposals to improve transparency within the Capacity Market by including displaying SCM and Metering Test Certificate data on the CMR, with no stakeholder opposing the proposal. One stakeholder was of the view that SCM data may not be accurate as there are Capacity Providers who do not provide six-monthly construction reports. This stakeholder believed that the proposal could be more

effective through the progression of our Reporting Requirements proposal, which we outlined in the July 2020¹⁶ consultation.

- 3.13. One stakeholder commented that they have some concerns regarding the publication of SCM data on the CMR. This stakeholder supported SCM status being published on the CMR, however they could see no value in the publication of SCM dates as payments were not made until the start of the relevant Delivery Year. This stakeholder also stated SCM dates may be inaccurate as they can substantially change between Prequalification and the specific project timescales as it progresses towards completion.

Question 3

Do you agree with our proposal where Applicants would provide the “Primary Fuel” for each Generating Unit or Component comprising a CMU?

- 3.14. All the stakeholders that directly answered this question supported our proposal regarding the provision of “Primary Fuel” in an Application for each Generating Unit or component comprising a CMU.

Additional comments from stakeholders

- 3.15. One stakeholder reiterated support for the CMR displaying the address and metering point location for a DSR CMU with an On-Site Generating Unit. This stakeholder commented that this information would align information provision requirements with other technologies.
- 3.16. One other stakeholder raised that the Delivery Body should migrate previously submitted data to the new EMR Portal to reduce the burden on Applicants when first using the new EMR Portal. The Delivery Body raised that migrating previously submitted data would be a considerable exercise and would require a formal obligation within the Rules.

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https://www.ofgem.gov.uk/sites/default/files/docs/2020/07/capacity_market_rules_change_consultation.pdf

- 3.17. One stakeholder highlighted that further information on defaulting CMUs should be included on the CMR and would welcome further consultation on this.
- 3.18. One stakeholder stated that the implementation of Secondary Trades within the CMR was confusing as they were already visible.

Decision

- 3.19. We have decided to proceed with full implementation of CP270 and partial implementation of CP271, as outlined in our minded-to position. We will also proceed with our amendment to the Rules such that Applicants provide the “Primary Fuel” for CMU components.
- 3.20. We will proceed with implementation of our proposal whereby the CMR would display whether a CMU is subject to SCM and, if so, the earliest and latest dates SCM is expected to be achieved. We will also proceed with our Rule amendment where the CMR would display the date a Metering Test Certificate was awarded to a CMU.
- 3.21. We note one stakeholder raised concerns regarding what the CMR displaying the earliest and latest dates the SCM is expected to be achieved. We are of the view that our proposal will further increase transparency within the Capacity Market, with additional benefits of further understanding delivery assurance and providing a view of forthcoming capacity. This is without any additional risk being placed on an Applicant, noting that the Rules acknowledge the SCM dates displayed are estimated.
- 3.22. One stakeholder stated our proposal could be made more beneficial through progression of our Reporting Requirements proposal. We anticipate that this proposal will be considered further by CMAG, alongside other outstanding Rules proposals.
- 3.23. We confirm that the additional information displayed on the CMR as a consequence of our decision will not be applied retrospectively to CMRs from previous auction years. There was no obligation for Applicants to provide this data historically, therefore the data that is available is incomplete and would be held on the previous EMR Portal and will not be migrated into the new EMR Portal.
- 3.24. We have decided to progress with partial implementation of CP271. Following specific stakeholder feedback, we have undertaken a further review of the Rules and

Regulations and held discussions with Capacity Market Delivery Partners. As a result, we can confirm there is no specific blocker in the Rules and Regulations which would prevent full implementation of CP271. However, we have identified a number of Rules where such change would lead to ambiguity and lack of clarity regarding the application of these Rules to areas such as DSR component reallocation, among others. Therefore, we believe that full implementation would require further consultation.

- 3.25. On balance, our preference is to proceed with partial implementation rather than delay. Through partial implementation, the CMR will display whether a DSR CMU has an On-site Generating Unit and, if so, it's Primary Fuel and capacity. Given this, and in light of the relative materiality of the information that will not be displayed (Generating Technology Class of the On- Site Generating Unit), we believe that partial implementation will go a long way in meeting the objective of the original proposal, which is to provide distinction between the nature of DSR operating in the Capacity Market.

Response to additional stakeholder comments

- 3.26. In the First Policy Consultation, we excluded a proposal where the CMR would display the address and metering point location for a CMU. This decision was bolstered by feedback received from stakeholders regarding the need to ensure a level of commercial confidentiality between aggregators who participate in the Capacity Market and their respective customers. Given this, we are not proposing to re-open this proposal and take it forward.
- 3.27. One other stakeholder highlighted that further information on the CMR regarding defaulting CMUs would be beneficial for Capacity Market participants. However, as we have stated in relation to other feedback received, this was not raised as a change proposal in accordance with the current Rules change guidance. Any proposals put forward by stakeholders should be through the formal Rules change process¹⁷ such that the benefits can be assessed, and that proposal can be prioritised.

¹⁷ <https://www.ofgem.gov.uk/publications/final-guidance-capacity-market-cm-rules>

3.28. We note a stakeholder response seeking clarity on Secondary Trading information on the CMR. To clarify, we are not proposing through this decision to display further details of Secondary Trading on the CMR.

4. Applicant Notice

Section summary

In this section we provide our decision to progress changes to the Applicant Notice. Changes to the notice will require the Delivery Body to notify applicants when a status change has occurred, from 'Conditionally Prequalified' to 'Prequalified' or 'Not Prequalified'.

Background

- 4.1. The aim of this proposal is for the Delivery Body to notify an Applicant of a Prequalification status change, beyond the requirement of updating the CMR. We proposed that the Delivery Body issue a formal notice through the EMR Portal to an Applicant when their Prequalification status changes from 'Conditionally Prequalified' to 'Prequalified' or 'Not Prequalified' as applicable. The Delivery Body would still be required to update the CMR, and the notice would be issued alongside CMR updates.

Minded-to position

- 4.2. In the November 2021 Consultation, we proposed that the Delivery Body notify Applicants, via the EMR Portal, when their Prequalification status changes from 'Conditionally Prequalified' to 'Not Prequalified' or 'Prequalified' as applicable.
- 4.3. The Delivery Body would still be required to revise the CMR where a status change has occurred, in addition to notifying the Applicant directly.
- 4.4. We expect the changes to be implemented for the 2022 Prequalification Window with notifications being sent directly through the new EMR Portal.

Consultation questions and stakeholder feedback

Question 4

Do you agree with our proposed amendments to the Rules to facilitate our Applicant Notice proposal?

- 4.5. Nine stakeholders agreed with our proposed amendment, with one stakeholder stating that they are impartial to the change.
- 4.6. One stakeholder noted that a similar approach should be followed for unproved DSR CMUs, whereby regular check-ins and confirmations of the progress against milestones are introduced.
- 4.7. Two stakeholders highlighted that they seek confirmation that the Delivery Body will continue to update the CMR where a status change has occurred, in addition to notifying the Applicant directly.
- 4.8. One Stakeholder raised that the notices sent by the Delivery Body should also reference CMU IDs.

Decision

- 4.9. We have decided to proceed with the proposals consulted on in the November 2021 Consultation, noting that a significant majority of stakeholders agreed with our proposals. Through our proposal, an Applicant will be notified through the EMR Portal when their Prequalification status changes from 'Conditionally Prequalified' to 'Prequalified' or 'Not Prequalified', as applicable. For the avoidance of doubt, the Delivery Body will still be required to revise the CMR where a status change has occurred, as is required by the Rules.
- 4.10. We recognise stakeholders seek further notices and updates through the EMR Portal alongside the inclusion of CMU IDs. We anticipate the new EMR Portal will address many of these points and encourage stakeholders to engage with the Delivery Body through the various EMR Portal User Group workshops facilitated by the Delivery Body.