

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

SSE plc
Inveralmond House
200 Dunkeld Road
Perth
PH1 3AQ

Fiona.Morrison2@sse.com

13th January 2022

Dear Sohail

Consultation on Capacity Market Rule amendments (Evergreen, CMR and Applicant Notice)

SSE's Energy Businesses comprise of the generation assets developed, owned and operated by SSE Renewables, SSE Thermal, Business Energy, SSE's non-domestic energy supply business and the distributed energy solutions provided by SSE Enterprise. In this response, the terms "SSE's Energy Businesses", "SSE" and "we" are used interchangeably. For the avoidance of doubt, this response does not represent the views of SSE's Networks Businesses (SSEN Transmission and SSEN Distribution).

SSE welcomes the opportunity to provide, and have published, its views in response to Ofgem's consultation on Capacity Market Rule amendments. While we are pleased to now see the outcome of the work compiled during the five-year rule change process, we hold reservations on the outcome. We sympathise with the pressure that Ofgem is under, especially in the last 20 months; however, we are disappointed by the lack of vision shown by these minor amendments. Additionally, claims that these recommendations will "*significantly reduce the administrative burden*" appear to indicate a lack of understanding as to the source of burden for Participants.

SSE also has concerns that Ofgem regularly relies on a lack of support to justify actions. In some instances, this can simply mean that a particular area of the rules does not apply to the majority of participants.

We look forward to further engagement on the points raised within this response.

Yours sincerely,

Fiona Morrison

Regulation Manager – Wholesale Markets and Generation

SSE plc

Registered Office: Inveralmond House 200 Dunkeld Road Perth PH1 3AQ Registered in Scotland No. SC117119.

Authorised and regulated by the Financial Conduct Authority for certain consumer credit activities.

[sse.com](https://www.sse.com)

QUESTIONS

Evergreen Prequalification

Question 2: *Do you agree with our proposed Rule amendments to facilitate the implementation of reusing Exhibits and other information?*

SSE would be supportive of a more expansive approach being adopted towards Evergreen prequalification. Consequently, we are unable to support fully the changes proposed as they bring very limited benefit

The ongoing requirement to submit Exhibit A annually does not significantly reduce the administrative burden of prequalification given that, in large part, this stems from the need to obtain the signatures of Company Directors. The difference in effort between getting one Exhibit or two Exhibits signed off is negligible.

The introduction of a tick-box confirming that the documentation supplied previously is still valid would have helped considerably. To that end, the need for further consultation on this potential improvement is not completely clear as tick boxes are routinely used within the Portal. Indeed, SSE highlighted to the Delivery Body again this year that there are “mandatory” tick boxes within the Portal for statements that are already included within the Exhibits. We would therefore welcome clarification from Ofgem as to why it is necessary to follow the formal change process.

Additional points to note:

Paragraph 2.2.3

The paragraph states that “an annual Exhibit would provide sufficient assurance without substantially increasing administrative burden”. Whilst perhaps not “substantially increasing administrative burden”. Our understanding was that one of the primary drivers of this work was to reduce the burden on Participants rather than simply avoiding substantially increasing the workload therefore we are disappointed by the limited impact of this suggested change.

Paragraph 2.12

The reasoning behind introducing a 4-year lifespan for certain Exhibits is not immediately clear. If the documentation continues to comply with the rules, then we can see no reason why it should not continue to be accepted.

This proposal adds unnecessary complication to the rules. We are cognisant that this measure may be used to provide Ofgem with assurance that Participants are reviewing the Rules on a regular basis however, we do not follow how implementing a “sunset clause” on the documentation assists with this aim. Whilst it is SSE’s view that ensuring an awareness of rule changes is good practice for a responsible energy generator, we consider that a unit not failing prequalification should provide Ofgem with the required assurance.

We would propose that the documentation should be allowed to stand for as long as it satisfies the rules.

Paragraph 2.16

As discussed above, we are confused that further consideration would be required to implement a tick box for the Annual Exhibit within the EMR Portal given tick-boxes already exist within the portal.

Paragraph 2.18

There appears to be a discrepancy between the wording within this paragraph and Table 3. Paragraph 2.18 states that Exhibits ZA, ZB and ZC can be reused, but Table 3 states that they cannot.

Paragraph 2.19

This paragraph seems to suggest that if a Participant does not submit the correct Exhibit at Prequalification, they will be permitted to do so during the dispute process. We would appreciate further discussion to confirm that our understanding is correct.

Paragraph 2.20

We are disappointed by the continued assertion that there was a lack of support for rolling prequalification. Whilst we understand that the implementation of a rolling prequalification could present its own challenges, larger capacity providers were generally supportive of this proposal. We believe it is important to note that this change will not provide all Participants with the same benefit. For example, a participant with one application to submit during the 8-week application window is unlikely to see the same need for rolling prequalification as a participant with tens of units to prequalify. The implementation of this rule change would help to relieve pressure on resources and perhaps serve to increase the volume of capacity prequalifying for the auction at the first time of asking.

Paragraph 2.22

Whilst cautiously welcoming this change, SSE is of the opinion that the success or otherwise of implementing electronic signatures is dependent upon the implementation. If the change is not implemented well, this could potentially serve to cause further burden.

Capacity Market Register

Question 2: *Do you agree with the draft Rules to implement CP270 and the partial implementation of CP271?*

The suggestion of the implementation of secondary trades within the CMR is confusing as these are already visible within the CMR. SSE would welcome additional information on the exact details of this change,

Question 3: *Do you agree with our proposal where Applicants would provide the “Primary Fuel” for each Generating Unit or Component comprising a CMU?*

No Response

Applicant Notice

Question 4: *Do you agree with our proposed amendments to the Rules to facilitate our Applicant Notice proposal?*

SSE is impartial to this change. However, we note that there is “Limited feedback” on the amendment which suggests that there is no support for it. Therefore, we question whether it is necessary to progress with this.

SSE plc

Registered Office: Inveralmond House 200 Dunkeld Road Perth PH1 3AQ Registered in Scotland No. SC117119.

Authorised and regulated by the Financial Conduct Authority for certain consumer credit activities.

[sse.com](https://www.sse.com)