

The Office of Gas and Electricity Markets

Establishing the Capacity Market Advisory Group

Fichtner Response

1 Background

The Office of Gas and Electricity Markets (Ofgem) has published a call for input on "Establishing the Capacity Market Advisory Group (CMAG)"¹. The consultation seeks stakeholder views on the intention to establish a CMAG, its proposed key design features and proposed updates to the Capacity Market Rules change process.

Fichtner Consulting Engineers Limited (Fichtner) has been appointed as the Independent Technical Expert (ITE), as defined in the Capacity Market Rules, for over 140 Capacity Market Units (CMUs). These CMUs cover a range of different plant classifications and generating technologies, including New Build and Refurbishing Units, and include Capacity Agreements from every capacity auction since 2014.

Fichtner wishes to respond to the questions outlined in Annex C of the call for input published by Ofgem on 14th January 2022. This response represents the views of the Fichtner organisation and is submitted via email to EMR_CMRules@ofgem.gov.uk on 11th February 2022. We consent to our organisation being listed publicly as a respondent to this call for input. However, we request that the details and content of our response be treated as confidential.

2 Response to call for input

Question 1: In general, do you agree with our intention to establish CMAG? If not, please explain your concerns.

Yes, we agree with the proposed CMAG concept.

Question 2: Do you agree with the objectives and role of CMAG as set out in Section 2 of the new Guidance?

Yes, we agree with the proposed objectives and role of CMAG.

Question 3: Do you foresee any unintended consequences from following the indicative process as set out in Section 3 of the new Guidance?

At this stage we have not yet identified any potential unintended consequences from the proposed process.

¹ <https://www.ofgem.gov.uk/publications/establishing-capacity-market-advisory-group>

Question 4: Do you have any concerns about the suitability of Elexon to act as Secretariat? If so, do you have a view on a suitable alternative?

We are satisfied with the suitability of Elexon to act as Secretariat.

Question 5: Do you agree that levying the administrative costs of CMAG on BSC users is an appropriate funding route? Please outline any concerns and/or alternative approaches, if appropriate.

We agree in principle that this would be the most appropriate funding route provided that doing so would not put disproportionate burden on smaller BSC users.

Question 6: Do you have any comments on the indicative template for the CMAG Terms of Reference we have included as part of this call for input?

We assume that the "Role of the Secretariat" should refer to paragraphs 2.9 and 2.10 of the draft guidance document and that the "Role of the Delivery Partners" should refer to paragraphs 2.11 and 2.12 of the draft guidance. Other than this, we have no comments at this stage.

Question 7: Please indicate if you or a suitable representative from your company or stakeholder group are provisionally interested in joining the inaugural CMAG. Please do not provide names at this stage. We will formally ask for expressions of interest when we publish the new Guidance.

We can confirm that we would like to put forward a representative to join the inaugural CMAG.

3 Summary

We would be happy to discuss any of the above comments further and are open to receiving any follow-up questions. The relevant contact details for this response are as follows:

phone: 0161 476 0032

email: timothyloh@fichtner.co.uk

Yours sincerely

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