

## Confidential

Heather Stewart  
Generation and Wholesale Market

By Email: EMR\_CMRules@ofgem.gov.uk  
11 February 2022

Dear Heather

### **Call for input – establishment of the Capacity Market Advisory Group and updating the Capacity Market Rules change proposal process**

This response is on behalf of National Grid Ventures (NGV) interests in our interconnectors, Interconnexion France-Angleterre (IFA), IFA2, North Sea Link (NSL) and Viking Link, together with Nemo Link Limited and BritNed Development Limited referred to in this response, collectively as “National Grid Interconnectors”.

NGV is the business unit within the National Grid Group and is responsible for the following companies that are interconnector BSC parties and holders of Capacity Market Agreements:

National Grid Interconnectors Limited  
National Grid IFA2 Limited  
National Grid NSL Limited  
Nemo Link Limited (50% shareholding)  
BritNed Development Limited (50% shareholding)

Our Viking Link interconnector also holds a Capacity Market Agreement and will also accede to the BSC ahead of its operational go-live in 2023.

National Grid Interconnectors welcomes Ofgem’s “call for input” on the establishment and operation of the CMAG and recognises the efficiencies CMAG will provide in reviewing change proposals to the CM Rules therefore improving the effective functioning of the CM. National Grid Interconnectors would like to highlight that it is our view such efficiencies can only be recognised with a broad and complete representation from industry parties and other non-industry stakeholders on the CMAG, including interconnector parties.

Our responses to the specific questions are provided below.

I am happy to discuss this response in further detail should that be of use.

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

We support the establishment of CMAG as a means of improving the current CM Rules change process. We believe the efficiency of the current change proposal process for the CM Rules can be improved through having engagement from wider industry expertise in the early stages of the change proposal process and a forum which can consider proposals holistically. National Grid Interconnectors supports Ofgem’s view that the establishment of the CMAG should enable the development and prioritisation of robust and well-considered proposals. Lastly, we support the principle of retaining the optionality for proposers to submit CM Rules change proposals directly to Ofgem as it allows non-CMAG members to put forward changes.

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

We broadly support the three core objectives and role of CMAG as detailed in Section 2.2, however would welcome clarity on the following points:

- In reference to Section 2.5, greater clarity is required on the application for CMAG membership process including application timings. Whilst Section 2.10 details the Secretariat as responsible

for designing and operating the membership process, input from industry parties and other non-industry stakeholders would be beneficial. Furthermore, greater transparency is needed on the suitability criteria. We suggest that as Ofgem legally establishes the Secretariat, it should set out, in a clear and transparent manner, the detailed process for designing and implementing the membership process.

- In other industry codes, such as the CUSC and the BSC, the panel which oversees the change process typically vote to form their panel recommendation, prior to sending the final modification report to the Authority for determination. If such an approach is to also be adopted by the CMAG, it would be worthwhile to clarify the voting process for CMAG members.

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

We have not identified any unintended consequences with the proposed process. Our one comment would relate to a scenario where non-CMAG members submit a change proposal directly to Ofgem perhaps due to it containing sensitive information. Should Ofgem deem it appropriate for the proposal to first be considered by the CMAG, National Grid Interconnectors recommends that the proposer should first be given the opportunity to re-evaluate their proposal. This will allow the proposer to ensure any potential sensitivities are appropriately addressed prior to wider CMAG review.

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 do not have any concerns with the proposal for Elexon to act as Secretariat, however we would query as to whether EMR Settlement Limited (EMRS), a wholly owned subsidiary of Elexon, would be more suitable, noting our rationale in Question 5 below.

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 have no strong opinion as to what mechanism for levying administration costs is most suitable, however recognise that there is no 1:1 relationship on BSC parties and those who active in the CM. An alternative approach to levying the administration costs might be to pass through the cost of the Secretariat administered via EMRS to the Electricity Settlements Company, in the event EMRS are deemed as the appropriate body to act as Secretariat of the CMAG.

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?

National Grid Interconnectors only point on the Terms of Reference, is that there should be clarity on the appointment of the first CMAG Chair and on the review process for re-establishing the Chair.

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 would be provisionally interested in joining the inaugural CMAG.

Yours sincerely

**Mark Duffield**  
**Regulatory Policy Manager – National Grid Ventures and on behalf of Nemo Link Limited and BritNed Development Limited**