

Consultation



Making a positive difference
for energy consumers

Statutory Consultation on Capacity Market Rule change proposals CP371, CP376, CP377, CP378 and CP381

Publication date: 09/01/2025

Response deadline: 18/02/2025

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Consultation – Statutory Consultation on Capacity Market Rule change proposals
CP371, CP376, CP377, CP378 and CP381

We are consulting on five Change Proposals (CP) to the Capacity Market Rules plus some housekeeping changes:

- CP371 – Protection from Very Late Network Connections
- CP376 – Clarifying Restrictions on the Role of Agent
- CP377 – Increasing Flexibility for Satisfactory Performance Day Portfolios
- CP378 – Removing 50MW Limit on Individual Capacity Market Units in a Portfolio
- CP381 – Change to the definition of Station Connection Entry Capacity in Rule 3.5.5
- Housekeeping Changes – Changes to reflect the transition from the Electricity System Operator to the National Energy System Operator

We would like views from stakeholders with an interest in the Capacity Market. We particularly welcome responses from Capacity Market participants, but we also welcome responses from other stakeholders and the public.

This document outlines the scope, purpose, and questions of the consultation and how you can get involved. Once the consultation is closed, we will consider all responses. We want to be transparent in our consultations. We will publish the non-confidential responses we receive alongside a decision on next steps on our website at [ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations).

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1. Introduction

What are we consulting on?

- 1.1 The Capacity Market is governed by primary legislation (the Energy Act 2013)¹ and secondary legislation through a combination of the Electricity Capacity Regulations² (the Regulations) and the Capacity Market Rules³ (the Rules). The Rules provide the detail for implementing much of the Capacity Market operating framework, set out in the Regulations. Ofgem, in our role as the Gas and Electricity Authority, shares responsibility for the Rules with the Secretary of State and we are granted the power to amend, add to, revoke or substitute any provision of the Rules under Regulation 77.⁴
- 1.2 Ofgem created the Capacity Market Advisory Group (CMAG) in 2022, with Elexon acting as the secretariat. This provides a platform for industry participants and delivery partners to discuss issues and opportunities in the Capacity Market and evaluate potential Capacity Market rule changes.
- 1.3 This Statutory Consultation details five Capacity Market rule change proposals plus some housekeeping changes.
- CP371⁵ – Protection from Very Late Network Connections
 - CP376⁶ – Clarifying Restrictions on the Role of Agent
 - CP377⁷ - Increasing Flexibility for Satisfactory Performance Day Portfolios
 - CP378⁸ – Removing 50MW Limit on Individual Capacity Market Units in a Portfolio
 - CP381⁹ – Change to the definition of Station Connection Entry Capacity in Rule 3.5.5
 - Housekeeping Changes – Changes to reflect the transition from the Electricity System Operator to the National Energy System Operator
- 1.4 For each change proposal, we explain the policy background, giving an overview of the proposed solutions and its implications, summarise the CMAG discussion, and

¹ [Energy Act 2013](#)

² [The Electricity Capacity Regulations 2014](#)

³ [Informal Consolidation of Capacity Market Rules](#)

⁴ [Regulation 77 of The Electricity Capacity Regulations 2014](#)

⁵ [Protection from Very Late Network Connections - Elexon CMAG](#)

⁶ [Clarifying restrictions on the role of Agent - Elexon CMAG](#)

⁷ [Increasing flexibility for SPD Portfolios - Elexon CMAG](#)

⁸ [Removing 50MW Limit on Individual CMUs in a Portfolio - Elexon CMAG](#)

⁹ [Change to the definition of SCEC in Rule 3.5.5 - Elexon CMAG](#)

provide our minded-to position. We include the suggested changes to the legal text for each of the change proposals in Annex A. Annex B includes EMR DB's proposed changes to the Rules. Annex C contains views on how each change proposal facilitates the Capacity Market rule change objectives and Ofgem's principal objective, according to CMAG and the party proposing the rule change. We are seeking feedback from stakeholders on the proposed rule changes. Each proposal section ends with questions for stakeholders who wish to contribute their views.

How to respond

- 1.5 We want to hear from anyone interested in this consultation. Please send your response to the person or team named on this document's front page.
- 1.6 We've asked for your feedback in each of the questions throughout. Please respond to each one as fully as you can.
- 1.7 We will publish non-confidential responses on our website at:
www.ofgem.gov.uk/consultations.

Your response, data and confidentiality

- 1.8 You can ask us to keep your response, or parts of your response, confidential. We'll respect this, subject to obligations to disclose information, for example, under the Freedom of Information Act 2000, the Environmental Information Regulations 2004, statutory directions, court orders, government regulations or where you give us explicit permission to disclose. If you do want us to keep your response confidential, please clearly mark this on your response and explain why.
- 1.9 If you wish us to keep all of your response confidential, please clearly mark your document as confidential. If you wish to keep part of your response confidential, please put the confidential material in a separate appendix to your response and clearly mark this as confidential. If necessary, we'll get in touch with you to discuss which parts of the information in your response should be kept confidential, and which can be published. If you wish to respond confidentially, we'll keep your response itself confidential, but we will publish the number (but not the names) of confidential responses we receive. We won't link responses to respondents if we publish a summary of responses, and we will evaluate each response on its own merits without undermining your right to confidentiality.
- 1.10 If the information you give in your response contains personal data under the General Data Protection Regulation (Regulation (EU) 2016/679) as retained in domestic law following the UK's withdrawal from the European Union ("UK GDPR"), the Gas and Electricity Markets Authority will be the data controller for the purposes

of GDPR. Ofgem uses the information in responses in performing its statutory functions and in accordance with section 105 of the Utilities Act 2000. Please refer to our Privacy Notice on consultations, see Appendix 4.

General feedback

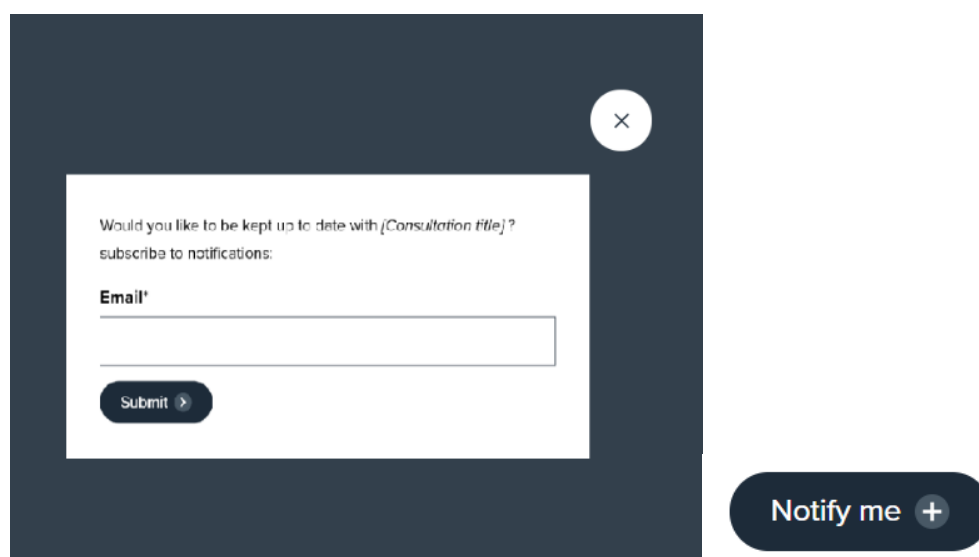
1.11 We believe that consultation is at the heart of good policy development. We welcome any comments about how we've run this consultation. We'd also like to get your answers to these questions:

- Do you have any comments about the overall process of this consultation?
- Do you have any comments about its tone and content?
- Was it easy to read and understand? Or could it have been better written?
- Were its conclusions balanced?
- Did it make reasoned recommendations for improvement?
- Any further comments?

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

How to track the progress of the consultation

1.13 You can track the progress of a consultation from upcoming to decision status using the 'notify me' function on a consultation page when published on our website. [Ofgem.gov.uk/consultations](https://www.ofgem.gov.uk/consultations)



The image shows a dark-themed user interface. On the left is a modal window with a white background and a close button (X) in the top right corner. The text inside the modal asks: "Would you like to be kept up to date with [Consultation title]?" followed by "subscribe to notifications:". Below this is a label "Email:" and a text input field. At the bottom of the modal is a dark button with the text "Submit" and a right-pointing arrow. To the right of the modal is a dark rounded button with the text "Notify me" and a plus sign (+).

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- 1.14 Once subscribed to the notifications for a particular consultation, you will receive an email to notify you when it has changed status. Our consultation stages are:
Upcoming > **Open** > **Closed** (awaiting decision) > **Closed** (with decision)

2. CP371 – Protection from Very Late Network Connections

Section summary

In this section, we outline the intent of CP371, which seeks to reduce the possible impacts of late network connections on Capacity Providers. We also provide an overview of the discussion held by CMAG on the proposal, the proposed solution and its implications. This section ends with some questions for stakeholder feedback.

Background

2.1 Capacity Providers are obliged to meet their Auction Acquired Capacity Obligations during a System Stress Event in exchange for regular Capacity Payments. To be able to deliver power in the event of a System Stress Event, Capacity Providers must connect their generation assets to either the GB Transmission System or the Distribution Network. Connections are managed in the following ways for the Transmission System and Distribution Network:

- Transmission System – There are bilateral Grid Connection Agreements¹⁰ between the Transmission Licensee and the relevant generation provider, which specifies a connection date for generation assets. Under Rules 6.8.2 and 6.8.3 all New Build Capacity Market Units with a Capacity Agreement are expected to meet their Substantial Completion Milestones or Minimum Completion Requirements by the Long Stop Date. For Capacity Market Units connected to the Transmission System, these provisions can only be met if the relevant Generating Units comprising a Capacity Market Unit are connected to the GB Transmission System.
- Distribution Network – Distribution Connection Agreements¹¹ (Schedule 13 of Distribution and Use of System Agreement) between the relevant Distribution Network Operator and the relevant generation provider specifies a connection date for generation assets. Under Rules 6.8.2 and 6.8.3, all Prospective Capacity Market Units with a Capacity Agreement are expected to meet the Substantial Completion Milestones or Minimum Completion Requirements by the Long Stop Date. For Capacity Market Units connected to the Distribution

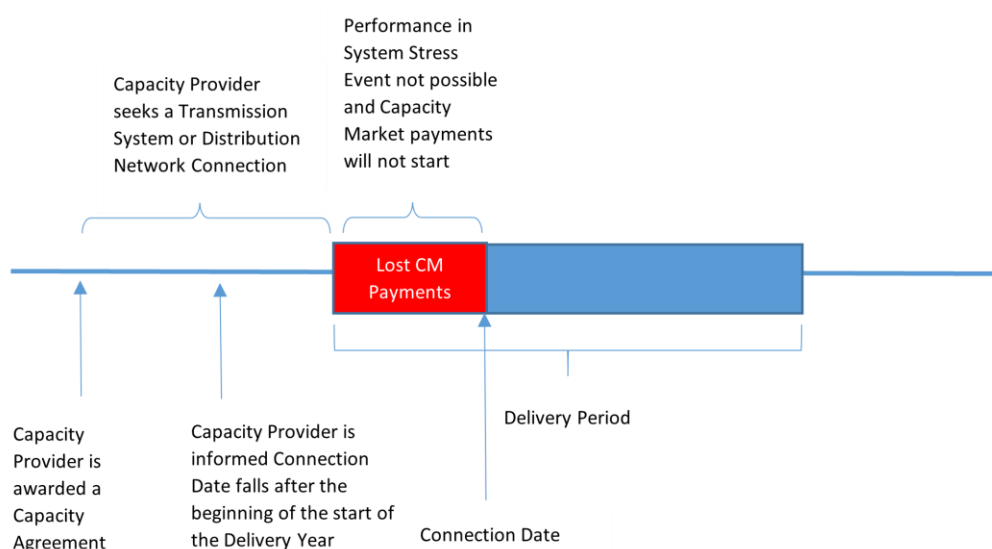
¹⁰ [Schedule 2 - Exhibit 1 of the Connections and Use of System Code](#)

¹¹ [Schedule 13 of the Distribution and Use of System Agreement](#)

Network, these provisions can only be met if relevant Generating Units comprising a Capacity Market Unit are connected to the Distribution Network.

- 2.2 Currently, Rule 6.7.7 allows a Capacity Provider with a New Build Capacity Market Unit to extend their Long Stop Date¹² on a day-by-day basis for any delay in achieving their Substantial Completion Milestone that is solely due to the Transmission Licensee or the relevant Distribution Network Operator failing to provide an active connection point when required to do so in accordance with a valid Grid Connection Agreement or Distribution Connection Agreement.
- 2.3 The proposer of CP371 contends that there are issues with the current management of delayed network connections that go beyond the situation covered by Rule 6.7.8. To illustrate the issue, consider the case below:

Figure 1: Connection Delays and Capacity Payments



- 2.4 The figure shows a Capacity Provider who secures a multi-year connection agreement and is then informed of a delayed Connection Date which falls after the beginning of the Delivery Year. While Rule 6.7.7 means that the Capacity Market Unit would not be Terminated due to a failure to meet Substantial Completion Milestones/Minimum Completion Requirements, the Capacity Provider would not

¹² The Long Stop Date is defined as: (a) for any Refurbishing Capacity Market Unit, the date falling 12 months after the start of the Capacity Market Unit's first scheduled Delivery Year, except where paragraph (c) applies; (b) for any New Build Capacity Market Unit except where paragraph (c) applies, the date falling 12 months after the start of the Capacity Market Unit's first scheduled Delivery Year; and (c) where a T-1 Agreement has been awarded in respect of a New Build Capacity Market Unit or Refurbishing Capacity Market Unit, the start of the relevant Delivery Year.

have to meet their Capacity Obligation in a System Stress Event and would not start receiving their Capacity Payments until the Connection Date, when the Capacity Provider is able to demonstrate that they are able to meet at least the Minimum Completion Requirement. However, Rule 6.7.7 does not extend the duration of the overall Capacity Agreement, so any delays in meeting the Minimum Completion Requirements due to delays in Connection Date result in an overall reduction in the length of the Capacity Agreement secured at Auction.

- 2.5 The proposer highlighted that Capacity Providers make investment decisions based on the full duration of the Capacity Agreement, and that some Capacity Providers are losing out on multiple years of payments due to delays in Connection Dates which are outside of their control.
- 2.6 The proposer also noted that such delays used to be unusual but are now becoming more frequent due to the size of the connection queue. This is recognised in the DESNZ Transmission Acceleration Action Plan¹³, the Strategic Spatial Energy Plan¹⁴, the DESNZ/Ofgem Connection Action Plan¹⁵ and National Energy System Operator's Connections Reform¹⁶ work.
- 2.7 CMAG agreed that the situation set out was challenging for Capacity Providers, but recognised that the original solution brought forward by the proposer (to extend the duration of Capacity Agreements to compensate for the Connection Date delay) would require changes to the Regulations, which the Authority (Ofgem) does not have the power to do. CMAG instead proposed the following changes to the Rules to mitigate the consequences of long delays in Connection Dates:
- The wording of the current Rule 6.7.7 requires Capacity Providers to apply for an extension to the Long Stop Date based on how long their Substantial Completion Milestone has been delayed, but the Capacity Provider must then reapply for the extension the following year. CMAG therefore propose to allow Capacity Providers who have a delayed Connection Date to apply for a single extension to their Long Stop Date that would reflect the planned Connection Date for the relevant Connection Agreement.
 - If the start of a Capacity Agreement is significantly delayed due to a delay in Connection Date, Capacity Providers are still required to meet their Financial Commitment Milestone requirements in accordance with Rule 6.6.2 as if they were starting their Agreement in the original Delivery Year. CMAG therefore

¹³ [Transmission Acceleration Action Plan](#)

¹⁴ [Strategic Spatial Energy Plan](#)

¹⁵ [Connections Action Plan](#)

¹⁶ [Connections Reform](#)

propose to give Prospective Generating Capacity Market Units (i.e. Refurbishment and New Build Capacity Market Units) the option to postpone the Financial Commitment Milestone requirements day-by-day in accordance with the delay up to the day before the start of the first Delivery Year of the Capacity Agreement, if the delay is a result of the Transmission Licensee or Distribution Network Operators failing to provide an active connection point.

- Rule 6.7.6 allows Prospective Generating Capacity Market Units who are not already generating at 100% of their Capacity Obligation an 18-month window after the start of the first Delivery Year in which they can notify the Delivery Body that a Generating Unit in their Capacity Market Unit has increased its Operational physical capacity and can deliver a higher proportion of its Capacity Obligation. CMAG propose that this 18-month window be postponed in line with a delay in the Connection Date, until 6 months after the Long Stop Date.

2.8 The intention of the above amendments is to reduce the administrative burden imposed by long delays to Connection Dates and to give Capacity Providers more options in managing the impacts of these delays.

Current Ofgem Position

2.9 Ofgem agrees with the CMAG position that the original proposal to extend the Agreement Length would require changes to the Regulations and is outside of the scope of our powers. Taking into consideration the discussion with industry through CMAG, we are minded to take forward CMAG's proposal to allow Long Stop Dates to be extended based on the planned Connection Date, and to take forward the proposal to postpone the 18-month window in which Operation physical capacity can be increased, in order to ease the administrative burden of connection delays. However, we have concerns about the effect that the proposed change to the Financial Commitment Milestone will have on Delivery Assurance and will review this before we make our decision.

Questions

- | | |
|------|---|
| 2.10 | Do you agree with the proposed amendment on postponing the Long Stop Date based on the planned Connection Date? |
| 2.11 | Do you agree with the proposed amendment on postponing the Financial Commitment Milestones in line with the delayed Long Stop Date? |
| 2.12 | Do you agree with the proposed amendment on postponing the 18-month window in which Operational physical capacity can be increased in line with the delayed Long Stop Date? |

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- 2.13 Do you have any comments on the specific changes to the legal text of the Rules proposed in Annex A?
- 2.14 Do you foresee any unintended consequences as a result of implementing this proposal?

3. CP376 – Clarifying Restrictions on the Role of Agent

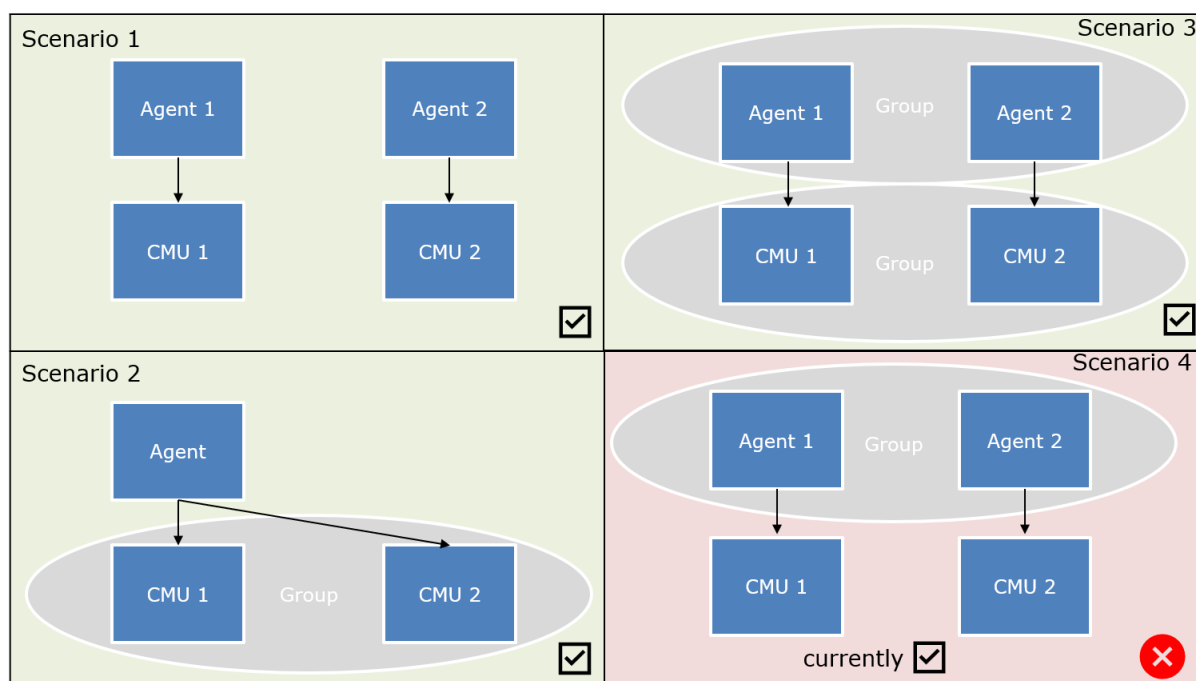
Section summary

In this section we outline the intent of CP376, which proposes to clarify the role of an Agent. We also provide an overview of the discussion held by CMAG on the proposal, the proposed solution and its implications. This section ends with some questions for stakeholder feedback.

Background

- 3.1 Under the Rules, the Applicant is the person that has submitted or is entitled to submit an application with respect to a Capacity Market Unit. There must be only one Applicant with respect to any Capacity Market Unit, and the status required to be an Applicant is set out for each category of Capacity Market Unit in Rule 3.2.
- 3.2 Pursuant to Rule 3.3.5, an Applicant may nominate an Agent to perform its obligations with respect to a Capacity Market Unit by submitting an Agent Nomination Form. This can permit the Agent to act as Bidder on behalf of that Capacity Market Unit, which is a role that is otherwise reserved for the Applicant.
- 3.3 The policy intent for Rule 3.3.5 is that each single Capacity Market Unit or multiple Capacity Market Units which belong to the same Group (a holding company and its subsidiaries) is represented either by the Applicant themselves or by a nominated Agent who acts as Applicant, Bidder and/or Capacity Provider for only that Capacity Market Unit or the Capacity Market Units of that Group.
- 3.4 This Rule is in place to reduce gaming opportunities and to ensure that those with the ability to bid in the Capacity Market auctions are acting independently so that the market remains competitive.
- 3.5 It is currently possible within the Rules for one Group to act as an Agent for multiple Capacity Market Units from different Groups by forming subsidiaries, such as a Special Purpose Vehicle. By forming a number of subsidiaries and having each of them act as an Agent on behalf of a Capacity Market Unit, one Agent Group could control the bidding behaviour of multiple Capacity Market Units from different Applicant Groups in the Capacity Market or could bid with the advance knowledge of how Capacity Market Units from different Applicant Groups would be bidding. This risks an Agent Group obtaining a level of market power which could be used to secure an artificially higher clearing price in the Capacity Market Auctions.

Figure 2: Possible Configurations of Agents Acting for Capacity Market Units



3.6 Figure 2 shows the possible combinations of Agents acting on behalf of Capacity Market Units.

- In Scenario 1, a single Agent acts for each Capacity Market Unit.
- In Scenario 2, a single Agent acts for multiple Capacity Market Units who all belong to the same Group.
- In Scenario 3, multiple Agents belonging to the same Group represent multiple Capacity Market Units belonging to the same Group.
- In Scenario 4, multiple Agents for the same Group represent multiple Capacity Market Units who **do not** belong to the same group.

The rules do not currently explicitly prohibit any of these Scenarios, but we feel that Scenario 4 goes against the spirit of Rule 3.3.5(c).

3.7 This proposal seeks to extend the definition of Agent in the Rules to cover all entities belonging to the same Group (a holding company and its subsidiaries). This is intended to better realise the policy intent behind Rule 3.3.5(c), which limits Agents to representing either a single Capacity Market Unit or multiple Capacity Market Units who all belong to a single Group. We would also like to address a small housekeeping error in Rule 3.3.5(e).

CMAG Discussion Points

Policy Intent

- 3.8 A member noted that the Capacity Provider notifies their Agent on what they wish to submit as a bid, and that CP376 does not address this information being shared. We noted that there is no issue with multiple Capacity Market Units belonging to a single Group in the Capacity Market as this is clear and transparent. The issue this proposal highlighted is where multiple Agents belong to the same group and have access to a significant amount of bidding information for different Applicant Groups that is not transparent in the Capacity Market.
- 3.9 Another member noted that this change seeks to address a concern that an Agent can put in place a Special Purpose Vehicle that would effectively breach competition law, and highlighted that this should be addressed through the Competition Markets Authority. We accepted that competition law would still apply in these cases, but this change seeks to remove any ambiguities and make sure the Rules are in line with the policy intent.

Role of Agent in wider Capacity Market Rules

- 3.10 A member also noted there is a 'professional advisor' role within the Rules that allows someone to act essentially as an Agent but without conducting any bidding on behalf of a Capacity Provider. The member further noted that you do not need to be nominated as an Agent to receive access to the bidding platform, so a holistic review is needed. CMAG agreed this was out of scope of CP376, but could be reviewed in the future.

Current Ofgem Position

- 3.11 Ofgem proposed this Rule Change and we are minded to take it forward because we believe it better achieves the policy intent of Rule 3.3.5.

Questions

- | |
|---|
| <p>3.12 Do you agree with the proposal to amend the definition of Agents to clarify the policy intent of Rule 3.3.5?</p> <p>3.13 Do you have any comments on the specific changes to the legal text of the Rules proposed in Annex A?</p> <p>3.14 Do you foresee any unintended consequences as a result of implementing this proposal?</p> |
|---|

4. CP377 - Increasing Flexibility for Satisfactory Performance Day Portfolios

Section summary

In this section we outline the intent of CP377, which seeks to amend Rule 13.4.1B to allow Capacity Market Unit Portfolios to be formed across Company Groups to allow for greater flexibility to meet Satisfactory Performance Day targets. We also provide an overview of the discussion held by CMAG on the proposal, the proposed solution and its implications. This section ends with some questions for stakeholder feedback.

Background

- 4.1 Currently a Capacity Market Unit Portfolio ("CMU Portfolio") is defined as "a group of Capacity Committed Capacity Market Units with the same Capacity Provider". There are many examples where several Capacity Market Units are owned by a common parent company but have been entered into the market under different Applicant companies, with the Applicant companies acting as separate Capacity Providers. This has created an artificial restriction on Capacity Market Unit Portfolios, as the same Capacity Market Units could be entered under the ultimate holding company. Following discussions with Capacity Providers in this situation, there are several reasons a Group may choose to enter through different Applicant companies, the most common being to allow proper financial settlement of any Capacity Agreements against the same asset.
- 4.2 During the current Winter 2023/24 Satisfactory Performance Day window, some Capacity Providers requested to combine Capacity Market Units that currently do not meet the requirements of Capacity Market Unit Portfolios, either due to the 50MW single Capacity Market Unit cap (as per Rule 13.4.1B(b)) or the restriction that a Capacity Market Unit Portfolio may only include Capacity Market Units shared by a single Capacity Provider.
- 4.3 Currently, in order for a Group to combine Capacity Market Units into a Capacity Market Unit Portfolio, Capacity Providers have to complete Capacity Market Unit transfers of ownership (under Rule 9.2.4(b)) to Holding Companies to then meet their Capacity Obligation in aggregate for the Satisfactory Performance Day. This process requires additional administration costs for the Applicant and potentially causes non-market downsides for the Capacity Provider. An example is for payments being made to a Holding Company rather than the correct Subsidiary.

- 4.4 As this behaviour is currently allowed within the Rules through Capacity Market Unit transfers, EMR DB believe it is appropriate to remove this additional administrative burden by explicitly allowing Capacity Market Unit Portfolios for Capacity Provider Groups.
- 4.5 This issue was also highlighted in past Capacity Market Rules Change Proposal CP124, which noted that unnecessary costs may be incurred by Capacity Providers where they can meet an obligation across their Portfolio but not within the strict Applicant companies and Capacity Provider boundaries.
- 4.6 The Group's aggregated output could already be used to meet each Capacity Market Unit's Adjusted Load Following Capacity Obligation (under Rule 8.5.2) during a Stress Event through Volume Reallocation (under Rule 10).
- 4.7 Consequently, EMR DB feel the Capacity Market Unit Portfolio restriction to a single Capacity Provider's Capacity Market Units currently represents an unnecessary and artificial hurdle for Capacity Providers.
- 4.8 This proposal seeks to use the existing Group definition in the Rules to allow Capacity Provider Groups to use all Capacity Market Units owned by such a Group (be that relationship a direct Holding/Subsidiary or Subsidiary/Subsidiary relationship) to meet the aggregated Capacity Obligation for Satisfactory Performance Days.
- 4.9 Implementation of this proposal would mean that a Capacity Market Unit Portfolio is defined as "a group of Capacity Committed Capacity Market Units with the same Capacity Provider Group".

CMAG Discussion

50MW Limits

- 4.10 EMR DB initially proposed to amend Rule 13.4.1B under this Change Proposal to allow Capacity Market Unit Portfolios to be formed across Company Groups and remove the current 50MW limit on single Distribution and Transmission Capacity Market Units to allow for greater flexibility to meet the Satisfactory Performance Day milestone. CMAG discussions led to these being separated into two Change Proposals, with the proposal to remove the 50MW limit being submitted as CP378.

Current Ofgem Position

- 4.11 We are minded to approve this change, as it brings the requirements for Satisfactory Performance Days into line with those for System Stress Events and facilitates something already available to Capacity Providers via Capacity Market Unit transfers. We believe it will increase flexibility for Groups to deliver their

Capacity Obligations, and supports the smoother functioning of the Capacity Market by removing administrative costs.

Questions

- 4.12 Do you agree with the proposal to amend Rule 13.4.1B to allow Capacity Market Unit Portfolios to be formed across Company Groups to allow for greater flexibility to meet Satisfactory Performance Day targets?
- 4.13 Do you have any comments on the specific changes to the legal text of the Rules proposed in Annex A?
- 4.14 Do you foresee any unintended consequences as a result of implementing this proposal?

5. CP378 - Removing 50MW Limit on Individual Capacity Market Units in a Portfolio

Section summary

This section outlines the policy background for CP378, which seeks to amend Rule 13.4.1B(b) to allow Capacity Market Units with an aggregate connection of more than 50MW to be part of a Capacity Market Unit Portfolio. The proposed solution and its implications are also provided, as well as a summary of the CMAG discussion on this proposal. Lastly, stakeholder feedback is sought through questions.

Background

- 5.1 Rule 13.4.1B(b) currently states that any Capacity Market Unit within a Capacity Market Unit Portfolio must have an aggregate connection capacity of 50MW or less.
- 5.2 The 50MW limit was initially introduced by the Capacity Market Expert Group to limit the aggregation of Generating Units on different sites into a single Capacity Market Unit. The Rules have mirrored this control for Existing and Prospective Generators, however no specific reasoning could be identified for this.
- 5.3 This rule may be unnecessarily restricting how Capacity Providers demonstrate their Capacity Obligation during Satisfactory Performance Day targets, given that each Capacity Market Unit within a Portfolio is limited by the amount of capacity which it can aggregate and therefore deliver.
- 5.4 The proposed solution is to remove the 50MW limit on aggregate capacity for Capacity Market Units within a Portfolio, and to obligate each Capacity Market Unit within a Portfolio to deliver more than 50% of the individual Capacity Market Unit's Capacity Obligation on Satisfactory Performance Days.
- 5.5 Removing the 50MW limit on aggregate capacity is suggested to increase flexibility for Capacity Providers to meet their Satisfactory Performance Days obligation. The obligation for each Capacity Market Unit to exceed 50% of their individual Capacity Obligation on Satisfactory Performance Days is to provide delivery assurance through yearly testing of each Capacity Market Unit and thereby contributes toward maintaining security of supply, aiming to avoid unintended consequences associated with the 50MW limit removal.

CMAG Discussion Points

50 MW limit

- 5.6 Several members noted that removing the 50MW limit could have a large impact on Capacity Market Units with low De-rating Factors, such as a scenario where one Capacity Market Unit could demonstrate the required Satisfactory Performance Day level for the entire Capacity Market Unit Portfolio. A member noted that under the current Rules, such a scenario is already possible. For example, a 49MW Capacity Market Unit within a Capacity Market Unit Portfolio could meet the Satisfactory Performance Day requirements for the entire Portfolio. This would imply that other Capacity Market Units within the Portfolio need not be operational in that year, according to the Rules. There was a concern that this scenario could have unintended consequences on security of supply.
- 5.7 EMR DB understood this to be a valid concern. A member queried if a minimum level of performance for a Satisfactory Performance Day from each Capacity Market Unit within a Portfolio would address this, which led to the proposal to require each Capacity Market Unit to deliver over 50% of their own Capacity Obligation.

New controls on all Capacity Market Unit Portfolios

- 5.8 A member noted the 50% control was understandable to Capacity Providers in terms of their obligations from a delivery perspective. EMR DB noted a minimum proportion requirement would be manageable and possible to implement.
- 5.9 CMAG agreed that the Minimum Completion Requirement's "exceeds 50%" phrase from Rule 6.8.3(a) was the appropriate lower limit for a Capacity Market Unit to output, relative to their own individual Capacity Obligation, when demonstrating for a Satisfactory Performance Day as part of a Portfolio.
- 5.10 CMAG agreed to also consider a control involving a maximum proportion, so a low De-rating Capacity Market Unit cannot cover underperformance of other Capacity Market Units within a Portfolio, but believed there could be other implications to consider regarding connection capacity.
- 5.11 CMAG agreed that a Capacity Market Unit should be required to deliver an amount exceeding a proportion of their own individual Capacity Obligation, regardless of the 50MW limit being removed.

Applying this change to all Capacity Market Unit Portfolios

- 5.12 CMAG discussed the possibility of introducing the new minimum control for only future Agreements. We noted that a Capacity Market Agreement signs the Capacity Provider up to the body of the Rules, not a specific version of the rules.

Current Ofgem Position

5.13 We are minded to approve this change. Following discussions with CMAG, we see no obvious reason to cap the aggregate generation of a Capacity Market Unit within a Capacity Market Unit Portfolio at 50MW and we believe that the requirement for a Capacity Market Unit to output over 50% of their Capacity Obligation provides equivalent or better security of supply guarantees.

Questions

- 5.14 Do you agree with the proposal to amend the Rules to remove the 50MW aggregate connection capacity limit on Capacity Market Units within a Capacity Market Unit Portfolio?
- 5.15 Do you agree with the proposal to introduce a requirement for each Capacity Market Unit within a Capacity Market Unit Portfolio to deliver over 50% proportion of the Capacity Market Unit's individual Capacity Obligation on Satisfactory Performance Days?
- 5.16 Do you believe that there would be additional benefits in adding a maximum capacity output cap for a single Capacity Market Unit within a Capacity Market Unit Portfolio operating on a Satisfactory Performance Day?
- 5.17 Do you have any comments on the specific changes to the legal text of the Rules proposed in Annex A?
- 5.18 Do you foresee any unintended consequences as a result of implementing this proposal?

6. CP381 – Change to the definition of Station Connection Entry Capacity in Rule 3.5.5

Section summary

In this section we outline the policy background of CP381, which seeks to amend Rule 3.5.5 to allow an additional method for calculating the Connection Capacity of Generating Units. We also provide an overview of the discussion held by CMAG on the proposal, the proposed solution and its implications. This section ends with some questions for stakeholder feedback.

Background

- 6.1 Rule 3.5.5 details one method of how the Connection Capacity for a Generating Unit (CC_i) can be calculated for an Applicant with a Generating Capacity Market Unit, in addition to the methods set out in Rules 3.5.2 and 3.5.3.
- 6.2 Rule 3.5.5 allows an Applicant for a Generating Capacity Market Unit to calculate the Connection Capacity of each Generating Unit (CC_i) by dividing the maximum potential output of Generating Unit i - referred to as Unit Connection Entry Capacity ($UCEC_i$) - by the maximum potential output of the power station - named Station Connection Entry Capacity (SCEC) - and multiplying this by the amount that can actually be exported - referred to as Station Transmission Entry Capacity (STEC).

$$CC_i = \left(\frac{UCEC_i}{SCEC} \right) \times STEC$$

- 6.3 SCEC is currently only permitted to be calculated as the sum of $UCEC_i$, for all Generating Units i associated with the Generating Capacity Market Unit, as given in the relevant Grid Connection Agreement or the registered capacities stated in the Distribution Connection Agreements.
- 6.4 Prior to 2016, Rule 3.5.5 (i) stated that SCEC could be calculated using the power station Connection Entry Capacity given in the Grid Connection Agreement or Distribution Connection Agreement for the power station, but this was removed to prevent calculations where the Connection Entry Capacity for the Capacity Market Unit exceeded the Transmission Entry Capacity or Maximum Export Capacity associated with the Capacity Market Unit. However, a 2023 amendment to the Capacity Market Rule (3.5.1A) capped aggregate Connection Capacity for all Generating Units in a Generating Capacity Market Unit at the sum of the Transmission Entry Capacities or Maximum Export Capacities of the Generating

Units, which means that the removal of 3.5.5 (i) is no longer required to limit Connection Entry Capacity.

- 6.5 The proposer contends that Rule 3.5.5 artificially constrains options for Applicants in cases where the sum of the:
- Generating Unit Connection Entry Capacities for Transmission Capacity Market Units in the power station is greater than the power station Connection Entry Capacity; or
 - Registered capacities for each generating set for Distribution Capacity Market Units in the power station is greater than the power station registered capacity.
- 6.6 The proposer believes that there is no clear rationale as to why this constraint exists and other appropriate options should be available to Applicants.
- 6.7 It is proposed to reinstate the original 2014 Rules definition of Station Connection Entry Capacity, giving Applicants the option to determine Station Connection Entry Capacity as:
- The power station Connection Entry Capacity for Transmission Capacity Market Units; or
 - The power station registered capacity for Distribution Capacity Market Units.
- 6.8 This option is in addition to the existing options for determining Station Connection Entry Capacity.
- 6.9 It is proposed that giving Applicants the option to determine Station Connection Entry Capacity will allow some applicants to better represent their true Connection Capacity.

CMAG Discussion Points

How would EMR DB carry out its pre-qualification checks and are any additional processes needed?

- 6.10 EMR DB confirmed that this is a low impact change that will alter the types of prequalification checks required but stated that the change should not impact the amount of time taken to carry out the checks or alter the complexity of any checks.

Current Ofgem Position

- 6.11 Ofgem are minded to approve this change, given that the original intent of removing 3.5.5(i) has been negated by the subsequent inclusion of 3.5.1A and we feel the proposed change provides a useful alternative calculation for some Capacity Providers.

Questions

- 6.12 Do you agree with the proposal to amend Rule 3.5.5(i) to allow Applicants the option of using the power station Connection Entry Capacity as the Station Connection Entry Capacity (SCEC) for the purposes of calculating their Capacity Market Unit's Connection Capacity (CC)?
- 6.13 Do you have any comments on the specific changes to the legal text of the Rules proposed in Annex A?
- 6.14 Do you foresee any unintended consequences as a result of implementing this proposal?

Annex A – Proposed amendments to the Rules

CP371 – Protection from Very Late Network Connections

- Amendments to Chapter 1

In Rule 1.2, insert definition "Confirmation of Project Progression" as follows:

Confirmation of Project Progression means an agreement entered into pursuant to paragraph 6.5.5 of the CUSC, a form of which is set out in Exhibit V of the CUSC.

- Amendments to Chapter 6

Insert paragraph 6.6.8 as follows:

6.6.8 For a Prospective CMU, the date by which the Financial Completion Milestone must be met given in Rule 6.6.1 can be extended where there has been a delay that satisfies the criteria in Rule 6.6.9. This extension will be day for day and the date by which the Financial Commitment Milestone must be met cannot be delayed further than the day before the start of the first Delivery Year of the Capacity Agreement. The relevant Capacity Provider must apply for this extension to the Delivery Body as soon as reasonably practicable after becoming aware of the delay, no later than 5 Working Days before the date by which the Financial Commitment Milestone must be met.

Insert paragraph 6.6.9 as follows:

6.6.9 The criteria in Rule 6.6.8 are:

(a) a Transmission Licensee or the relevant Distribution Network Operator has failed to provide an active connection point to the relevant capacity provider when required to do so in accordance with a valid Grid Connection Agreement or Distribution Connection Agreement, including as a result of the failure of their subcontractors (provided that such subcontractor is not the Capacity Provider or in the same Group as the Capacity Provider); and

(b) the relevant Capacity Provider has not requested an extension to the date by which an active connection point must be provided by a Transmission Licensee or the relevant Distribution Network Operator.

Insert paragraph 6.6.10 as follows:

6.6.10 An application under Rule 6.6.8 must include a certificate from two directors of the Capacity Provider (or two officers, in the case of a Capacity Provider other than a company).

confirming a latest planned connection date (evidenced by a Grid Connection Agreement or a Distribution Connection Agreement) that is later than the previous planned connection date.

Insert paragraph 6.7.6B as follows:

6.7.6B Where a Prospective CMU has had its Long Stop Date extended by way of Rule 6.7.7 then at any time up to six months after the extended Long Stop Date of the Capacity Agreement, a Capacity Provider may notify the Delivery Body that a Generating Unit forming part of a Prospective Generating CMU has increased its Operational physical capacity such that it is now sufficient to deliver a higher proportion (up to but not exceeding 100 per cent) of its Capacity Obligation, and the updated Capacity Agreement will take effect from such date with respect to that increased proportion.

Amend paragraph 6.7.7 and 6.7.9 as follows:

6.7.7 The relevant Long Stop Date must, at the request of the relevant Capacity Provider, be extended day for day for any delay in achieving the Substantial Completion Milestone beyond the start of the first Delivery Year of the Capacity Agreement that results solely from a failure of a Transmission Licensee or the relevant Distribution Network Operator to provide an active connection point when required to do so in accordance with a valid Grid Connection Agreement or Distribution Connection Agreement, including as a result of the failure of their subcontractors (provided that such subcontractor is not the Capacity Provider or in the same Group). To secure such extension, the relevant Capacity Provider must apply to the Delivery Body as soon as reasonably practicable but not later than 5 Working Days before the Long Stop Date and provide a report of an Independent Technical Expert substantiating its claim and identifying the relevant number of days of delay. Such extension can include an element of future expected delay in achieving the Substantial Completion Milestone, so long as it is evidenced in the Independent Technical Expert report by a latest planned connection date for the appropriate Connection Agreement, as long as such date for a Distribution Connection Agreement has, where required, been submitted in a Confirmation of Project Progression from the relevant Transmission Licensee or Distribution Network Operator.

6.7.9 The relevant Long Stop Date must not be extended under Rule 6.7.7 where the relevant Capacity Provider has ~~released the Transmission Licensee or the relevant Distribution Network Operator from its obligation to provide an active connection point under a Grid Connection Agreement or Distribution Connection Agreement, or where the relevant Capacity Provider has agreed to~~ requested an extension to the date by which an active connection point must be provided.

- Amendments to Chapter 7

Insert paragraph 7.5.1(jj) as follows:

7.5.1(jj) to record any change to the Date for Financial Commitment Milestone in accordance with Rule 6.6.8 within 5 Working Days following approval from the Delivery Body

CP376 – Clarifying Restrictions on the Role of Agent

3.3 Submitting an Application for Prequalification

3.3.5 An Applicant may nominate an Agent to submit an Application for a CMU on its behalf and to otherwise perform its obligations under the Regulations or the Rules (whether in its capacity as Applicant, Bidder or Capacity Provider) provided that:

- (a) an Agent Nomination Form with respect to such Agent is included in the Application;
- (b) only one Agent is appointed by an Applicant with respect to a CMU at any one time;
- (c) such Agent (or any member within the Agent's Group) is not also the Agent for any other Applicant (unless the other Applicant is a member of the same Applicant's Group);
- (d) if the Applicant wishes to revoke the appointment of an Agent or to appoint a different Agent, the Applicant must submit a new Agent Nomination Form to the Delivery Body; and
- (e) the Agent shall ~~have~~ not have the authority to sign any Prequalification Certificate, Price-Maker Certificate, Certificate of Conduct or any other directors' or officers' certificate or other formal representation required to be submitted by the Applicant pursuant to the Regulations or the Rules.

5.13 Prohibition on other unreasonable business methods

5.13.1(e)(iv) to any Agent nominated by or on behalf of the Applicant to conduct its Application and Bidding provided that such Agent (or any Member within the Agent's Group) is not also the Agent of any other Applicant (unless such other Applicant is a member of the Applicant's group);

Exhibit E: Form of Agent Nomination Form

Insert paragraph 2.5, 2.6 and 2.7 as follows:

2.5 Agent's Company Number:

2.6 Agent's Group – Ultimate Parent Company Name:

2.7 Agent's Group – Ultimate Parent Company Number:

CP377 – Increasing Flexibility for Satisfactory Performance Day Portfolios

13.4 Demonstrating Satisfactory Performance

13.4.1B Subject to Rule 13.4.1D and for other purposes of the definition of “Satisfactory Performance Day” in Rule 13.4.1, 13.4.1ZA and 13.4.1ZE(b), in the case of a group of Capacity Committed CMUs with the same Capacity Provider Group (a “CMU Portfolio”), where those CMUs are either:

- (a) DSR CMUs which consist of DSR CMU components on two or more different sites; or
- (b) Distribution and Transmission CMUs, where, for each such CMU the aggregate connection capacity of all generating units is no greater than 50MW,

the demonstration that can be made to meet the requirements of Rule 13.4.1ZA or 13.4.1ZE(b) is capacity delivered in aggregate by the CMU Portfolio at a level equal to or greater than their combined Capacity Obligations for at least one Settlement Period (which Settlement Periods may fall within a System Stress Event) on three separate days during the Winter of a relevant Delivery Year.

CP378 - Removing 50MW Limit on Individual Capacity Market Units in a Portfolio

13.4.1B Subject to Rule 13.4.1D and for the purposes of the definition of “Satisfactory Performance Day” in Rule 13.4.1, 13.4.1ZA and 13.4.1ZE(b), in the case of a group of Capacity Committed CMUs with the same Capacity Provider (a “CMU Portfolio”), where those CMUs are either:

- (a) DSR CMUs ~~which consist of DSR CMU components on two or more different sites~~; or
- (b) Distribution and Transmission CMUs, ~~where, for each such CMU the aggregate connection capacity of all generating units is no greater than 50MW.~~

the demonstration that can be made to meet the requirements of Rule 13.4.1ZA or 13.4.1ZE(b) is capacity delivered in aggregate by the CMU Portfolio at a level equal to or

greater than their combined Capacity Obligations for at least one Settlement Period (which Settlement Periods may fall within a System Stress Event) on three separate days during the Winter of a relevant Delivery Year.

13.4.1C DSR CMUs, Distribution CMUs, and Transmission CMUs demonstrating Satisfactory Performance Days in accordance with 13.4.1B, must for the purposes of Rule 13.4.1, 13.4.1ZA and 13.4.1ZE(b) demonstrate Satisfactory Performance Days using the same CMU Portfolio.

13.4.1D Where a CMU has, ~~either individually or~~ as part of a CMU Portfolio, demonstrated the requisite number of Satisfactory Performance Days in a relevant Delivery Year, that CMU, must not form part of any other CMU Portfolio as defined in Rule 13.4.1B.

13.4.1E Each CMU within a CMU Portfolio must demonstrate at a level exceeding 50 per cent of its Capacity Obligation for the CMU Portfolio's Satisfactory Performance Days in a relevant Delivery Year.

CP381 – Change to the definition of Station Connection Entry Capacity in Rule 3.5.5

3.5.5 Subject to Rule 3.5.1A, an Applicant for a Generating CMU may, as an alternative to the determination of Connection Capacity set out in Rule 3.5.2 or 3.5.3, nominate a Connection Capacity for a Generating Unit comprised in that Generating CMU in accordance with following formula:

$$CC_i = \frac{UCEC_i}{SCEC} \times STEC$$

where:

CC_i is the Connection Capacity of Generating Unit "i";

STEC is:

(a) in the case of a Generating Unit which is part of a Transmission CMU, the Transmission Entry Capacity for the power station of which Generating Unit "i" is a component; or

(b) in the case of a Generating Unit which is part of a Distribution CMU, the Maximum Export Capacity for the power station of which Generating Unit "i" is a component;

SCEC is:

(a) in the case of a Generating Unit which is part of a Transmission CMU:

- (i) ~~omitted; the Connection Entry Capacity stated in the Grid Connection Agreement for the power station of which Generating Unit "i" is a component; or~~
 - (ii) the sum of the Connection Entry Capacities stated in that Grid Connection Agreement for each Generating Unit which is a component of that power station;
- (b) in the case of a Generating Unit which is part of a Distribution CMU:
- (i) ~~omitted; the registered capacity (or inverter rating, if applicable) stated in the Distribution Connection Agreement for the power station of which Generating Unit "i" is a component; or~~
 - (ii) the sum of the registered capacities (or inverter ratings, if applicable) stated in that Distribution Connection Agreement for each of the generating sets comprised in that power station;

Annex B – EMR DB Changes to the Legal Text

Definitions

System Operator means ~~NGET or any successor Transmission Licensee with a Transmission Licence pursuant to which Section C of the Transmission Licence standard conditions has effect~~ the person designated as the Independent System Operator and Planner under section 162 of the Energy Act 2023.

Additional changes

Capacity Market

- The definition of Balancing Mechanism, Balancing Service and Connection and Use of System Code to be updated to reflect amendments to Section C1 of the Transmission Licence and Independent System Operator and Planner Licence.
- References to GB Transmission System to be amended to reflect changes in the Transmission Licence and Independent System Operator and Planner Licence.
- Potential updating of references to Grid Code, due to change of responsibility from System Operator to Independent System Operator and Planner.
- Definition of Transmission Network to be amended.
- Potential updating of Rule 6.7.7, referring to the 'failure of a Transmission Licensee', to include the Independent System Operator and Planner. Similar changes possible for Rule 6.7.9, and 6.10.

Independent System Operator and Planner Licence

- Updating reference of Standard Condition of C16 the Schedule 4, and Paragraph 3.1.2 of Schedule 2, to refer to Independent System Operator and Planner Licence rather than Transmission Licence.

Annex C – Views on Objectives from CMAG and Proposers

CP371 – Protection from Very Late Network Connections

Ofgem’s Principal Objective:

- **Proposer’s View** – While it lowers consumer risks from where we are, and the changes should be made, the solutions do not address the fundamental issue of the missing money.
- **CMAG Views** – Positive – There is expected to be a positive consumer impact as lower risks in participating in the Capacity Market could be reflected in future auction clearing prices potentially reducing the costs of the Capacity Market on consumers. On this basis CMAG Members agreed that CP371 would better facilitate Ofgem’s Principal Objective

Promoting investment in capacity to ensure security of electricity supply:

- **Proposer’s View** – There is some reduced risk, in that parties may not be terminated, but the proposed solutions will still result in terminations. Long slips in connection dates will just make investments uneconomic and parties will fail Financial Commitment Milestone to get out of such agreements
- **CMAG Views** – Positive – All of the options give Capacity Providers a means to reduce the risks associated with late network connections in the Capacity Market and as such this is expected to better facilitate this objective

Facilitating the efficient operation and administration of the capacity market:

- **Proposer’s View** – The alternative is better than the baseline, but it is not better than the proposed solution as it does not address the missing money.
- **CMAG Views** – Positive – The alternative solution also increases the operational efficiency of the Capacity Market.

Ensuring the compatibility of capacity market rules with other subordinate legislation under Part 2 of the Act:

- **Proposer’s View** – Neutral
- **CMAG Views** – Neutral

CP376 – Clarifying Restrictions on the Role of Agent

Ofgem’s Principal Objective:

- **Proposer’s View** – Positive.
- **CMAG Views** – Positive.

Promoting investment in capacity to ensure security of electricity supply:

- **Proposer's View** – Neutral.
- **CMAG Views** – Neutral.

Facilitating the efficient operation and administration of the capacity market:

- **Proposer's View** – Positive – aligns the Capacity Market Rules with policy intent and provides clarification on interpreting Rule 3.3.5 to ensure consistency amongst Capacity Market Participants.
- **CMAG Views** – Positive – CMAG agree with the Proposer.

Ensuring the compatibility of capacity market rules with other subordinate legislation under Part 2 of the Act:

- **Proposer's View** – Neutral.
- **CMAG Views** – Neutral.

CP377 – Increasing Flexibility for Satisfactory Performance Day Portfolios

Ofgem's Principal Objective:

- **Proposer's View** – Neutral.
- **CMAG Views** – Neutral.

Promoting investment in capacity to ensure security of electricity supply:

- **Proposer's View** – Neutral.
- **CMAG Views** – Neutral.

Facilitating the efficient operation and administration of the capacity market:

- **Proposer's View** – Positive – If this change is not made Capacity Providers will have to complete Capacity Market Unit transfer of ownership to Holding Companies to then meet their Capacity Obligation in aggregate, a process that would require administration costs for both the Applicant and potentially causing non-market downsides for the Capacity Provider.
- **CMAG Views** – Positive – CMAG agree with the Proposer.

Ensuring the compatibility of capacity market rules with other subordinate legislation under Part 2 of the Act:

- **Proposer's View** – Neutral.
- **CMAG Views** – Neutral.

CP378 - Removing 50MW Limit on Individual Capacity Market Units in a Portfolio

Ofgem's Principal Objective:

- **Proposer's View** – Positive – The introduction of the 50% test for Capacity Market Units within a Capacity Market Unit Portfolio will reduce any risk and overall improve the security of supply.
- **CMAG Views** – Positive.

Promoting investment in capacity to ensure security of electricity supply:

- **Proposer's View** – Positive - The introduction of the 50% test for Capacity Market Units within a Capacity Market Unit Portfolio will reduce any risk and overall improve the security of supply.
- **CMAG Views** – Positive.

Facilitating the efficient operation and administration of the capacity market:

- **Proposer's View** – Positive – Greater flexibility for managing assurance for Capacity Market Units with a capacity of greater than 50MW.
- **CMAG Views** – Positive.

Ensuring the compatibility of capacity market rules with other subordinate legislation under Part 2 of the Act:

- **Proposer's View** – Neutral – no impact.
- **CMAG Views** – Neutral.

CP381 – Change to the definition of Station Connection Entry Capacity in Rule 3.5.5

Ofgem's Principal Objective:

- **Proposer's View** – Positive – If the additional option provided by CP381 increases the Connection Capacity than would have otherwise been the case it is possible that auction liquidity would improve leading to lower Capacity Market clearing prices and thus lower auction costs for consumers.
- **CMAG Views** – Positive – As per the Proposer's rationale.

Promoting investment in capacity to ensure security of electricity supply:

Consultation - Statutory Consultation on Capacity Market Rule change proposals
CP371, CP376, CP377, CP378 and CP381

- **Proposer's View** – Positive – If the Capacity Market Unit secures a Capacity Market agreement at a higher connection capacity, assuming it isn't the marginal unit, it will result in a lower Capacity Market clearing price which could increase auction liquidity.
- **CMAG Views** – Positive – As per the Proposer's rationale.

Facilitating the efficient operation and administration of the capacity market:

- **Proposer's View** – Positive – CP381 improves the investment case as the Capacity Market Unit can better reflect its operational capability.
- **CMAG Views** – Positive – As per the Proposer's rationale.

Ensuring the compatibility of capacity market rules with other subordinate legislation under Part 2 of the Act:

- **Proposer's View** – Neutral – No impacts identified.
- **CMAG Views** – Neutral – No impacts identified.

Annex D - Submitting Capacity Market Rule Change Proposals to CMAG

To raise a change, you can complete the Capacity Market rule change proposal form¹⁷ and submit it to CMAG@Elexon.co.uk. The CMAG Secretariat will provide all Proposers with 'critical friend' support to ensure there is appropriate level of detail in the Change Proposal to ensure productive CMAG prioritisation and development. Alongside the CMAG Secretariat's 'critical friend' work, Capacity Market Delivery Partners and Ofgem will complete their own assessment of the proposal form.

Proposers will be invited to attend a CMAG meeting to present their Capacity Market rule change proposal form to CMAG. CMAG will prioritise the change in line with other active changes, and it will be added to the CMAG forward work plan. CMAG will assess the issue and solution presented, confirming any impacts to both participants and consumers. Proposers will be invited to attend all CMAG meetings where their proposal is being discussed. CMAG will answer a list of standard change proposal questions during the development stage and confirm if any specific questions are required for the proposal. Proposers will be requested to share their responses to the standard and specific questions relating to their change proposal.

The CMAG Secretariat will work with the Delivery Partners to complete an impact assessment of all Capacity Market rule change proposals. This impact assessment will consider: the technical feasibility of the solution, implementation, ongoing costs for implementation, expected impacts to Delivery Partners and expected timescales for implementation.

CMAG will look to make a recommendation to Ofgem to approve or reject for each Capacity Market rule change proposal it receives. The recommendation will be noted within the Capacity Market rule change proposal report, which CMAG produces to accompany each of the Capacity Market rule change proposals it submits to Ofgem.

All Capacity Market rule change proposals will be consulted on by Ofgem via a statutory consultation, giving interested stakeholders the opportunity to share their feedback on the proposals, including where appropriate on the proposed drafting of the legal text.

¹⁷ [CM-Change-Proposal-Template-2023.docx](#)

Appendix 1 - Privacy notice on consultations

Personal data

The following explains your rights and gives you the information you are entitled to under the General Data Protection Regulation (GDPR).

Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the controller and contact details of our Data Protection Officer.

The Gas and Electricity Markets Authority is the controller, (for ease of reference, "Ofgem"). The Data Protection Officer can be contacted at dpo@ofgem.gov.uk

2. Why we are collecting your personal data.

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data.

As a public authority, the GDPR makes provision for Ofgem to process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. Your personal data will not be shared outside of Ofgem.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for 12 months after the consultation has closed.

6. Your rights

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right to:

- know how we use your personal data.
- access your personal data.
- have personal data corrected if it is inaccurate or incomplete.
- ask us to delete personal data when we no longer need it.

- ask us to restrict how we process your data.
- get your data from us and re-use it across other services.
- object to certain ways we use your data.
- be safeguarded against risks where decisions based on your data are taken entirely automatically.
- tell us if we can share your information with 3rd parties
- tell us your preferred frequency, content and format of our communications with you
- to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

7. Your personal data will not be sent overseas.

8. Your personal data will not be used for any automated decision making.

9. Your personal data will be stored in a secure government IT system.

10. More information

For more information on how Ofgem processes your data, click on the link to our "[ofgem privacy promise](#)".