
Capacity Market Rule Change Proposal form: CP388

Reference number *(to be completed by Ofgem)*

CP388

Title *(a short title which summarises your CM rule change request)*

Conditional Prequalification for assets that have applied for an accelerated grid connection agreement through the Connections Reform Package.

Name of organisation(s)/individual(s)

Department of Energy Security and Net Zero

Contact e-mail address

CapacityMarket@energysecurity.gov.uk

Date submitted

19/06/2025

Proposal abstract *(a short summary, suitable for published description on our website)*

The UK energy sector is going through a significant transformation. To achieve Government's Clean Power 2030 ambition and the transition to net zero, the process for connecting to the electricity network must change. NESO has been working with the industry to reform the connection process. Connections Reform Package will accelerate grid access for viable energy generation projects, removing stalled schemes and "zombie projects" that block progress.

Due to this Reform, Government and Capacity Market Delivery Partners are aware that there may be Transmission Network connected New Build CMUs that cannot prequalify for the 2029/2030 T-4 Auction based on their current Grid Connection Agreements but may receive an accelerated connection offer after the Prequalification Window closes that would have enabled the CMU to prequalify had they received that accelerated connection offer earlier.

Government proposes allowing assets that have an existing Grid Connection Agreement and that have submitted evidence to NESO to request a Gate 2 offer¹ to Conditionally Prequalify for this auction.

Description of the issue that the change proposal seeks to address

In order to be an eligible Applicant for a Capacity Auction at Prequalification, a New Build CMU that is or will be connected to the Transmission Network must confirm that one or more Grid Connection Agreements have been entered into which secure Transmission Entry Capacity for the relevant Delivery Years for the Generating Units comprised in that CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of that CMU and any other CMUs to which any such Grid Connection Agreement applies and provide a copy of each Grid Connection Agreement. This must be done at Prequalification.

This means that any New Build CMU on the Transmission Network with a Grid Connection Agreement for after 1 October 2029 could not prequalify for the upcoming T-4 Auction.

Due to NESO's Connection Reform Package², which will accelerate grid access for viable energy generation projects, New Build assets will begin to learn their position in the reformed connection queue from September 2025, likely after the Prequalification Window closes.

Where an asset is given a Gate 2 offer, its Grid Connection Agreement may be accelerated to reflect its readiness and alignment with the government's strategic objectives.

As per Rule 8.3.1(a) and 8.3.1(b), whilst New Build CMUs that will be or are on a Distributed Network can defer provision of their Connection Agreement until 18 months before their first Delivery Year, no such provision applies to the Transmission Network. This means that, without a Rules change for this Prequalification Window only, any assets that receive an accelerated Grid Connection Agreement still cannot enter the T-4 Auction for the first Delivery Year of their new Connection Agreement.

Proposed solution to the issue

Government proposes allowing Transmission Network Connected New Build CMUs that do not currently have a Grid Connection Agreement that would allow them to be

¹ [Connections Reform: Evidence Submission Handbook](#)

² [TMO4+ Connections Reform Proposals - Code Modifications, Methodologies and Impact Assessment](#)

connected by 2029/2030, but that have requested an accelerated connection date from NESO, to submit an Application during the 2025 Prequalification Submission Window.

As part of their Application, relevant CMUs will need to provide a valid current Grid Connection Agreement and proof they have submitted evidence to NESO's evidence portal that they are eligible for an accelerated Gate 2 Connection by the start of the relevant Delivery Year.

Subject to the EMR Delivery Body's assessment of their full Application, relevant New Build CMUs will be Conditionally Prequalified for the Auction. To become fully prequalified, they will be required to provide their signed Accelerated Connection Agreement no later than 10 working days before the first bidding round in the relevant T-4 auction.

List of alternative proposals already submitted which this proposal relates to (if any)

N/A

If you know the specific change to the Capacity Market (CM) Rules you wish to make, please select the type of change below and propose specific revised text, indicating the provision number from the CM Rules and highlighting the change (if left blank, the Capacity Market Advisory Group (CMAG)/Ofgem may suggest revised text to achieve the proposed solution above)

Type of change: Addition

Government proposes an urgent Rule change that adds a new Rule 3.7.3(d) that states:

3.7.3(d): For the Prequalification Window during 2025 only, an Applicant for a T-4 Auction which is unable to give the confirmation in Rule 3.7.3(a)(i), may, instead of complying with Rule 3.7.3(a)

(i) declare that a Grid Connection Agreement will be in place by the date 10 working days prior to the commencement of the first Bidding Window for the relevant T-4 Auction which will secure Transmission Entry Capacity for the relevant Delivery Years for the Generating Units comprised in that CMU at least equal, in aggregate, to the Anticipated e-rated Capacity of that CMU and any other CMUs to which any such Grid Connection Agreement applies;

(ii) provide a copy of the current Grid Connection Agreement for each Generating Unit comprised in the CMU with the Application; and

(iii) provide confirmation of receipt issued by the National Energy System Operator in respect of an application requesting an accelerated connection date that would enable the Generating Units comprised in the relevant CMU to comply with the requirements under Rule 3.7.3(a)(i).

Government also proposes a new Rule 4.5.1(b)(xii):

4.5.1(b)(xii): if the Applicant has made a declaration pursuant to Rule 3.7.3(d) that its Prequalification is conditional upon the Applicant satisfying the requirement in Rule 4.7C.1

Government Proposes a new Rule 4.7C.1

4.7C - Conditional Prequalification – Delayed provision of Grid Connection Agreement

4.7C.1: An Applicant that has provided with its Application a declaration pursuant to Rule 3.7.3(d)(i) must provide to the Delivery Body no later than 10 working days prior to the first Bidding Window for the relevant T-4 Auction:

(a) confirmation that one or more Grid Connection Agreements have been entered into which secure Transmission Entry Capacity for the relevant Delivery Years for the Generating Units comprised in that CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of that CMU and any other CMUs to which any such Grid Connection Agreement applies; and

(b) a copy of the Grid Connection Agreement for each Generating Unit comprised in the CMU with the confirmation.

Analysis and evidence for the impact of the proposed change on industry and/or consumers, highlighting how the proposal meets the Ofgem/Capacity Market objectives set out in Regulation 78 of The Electricity Capacity Regulations 2014, any risks to consider and any implications for industry codes

This proposal ensures that timing of the Prequalification Application Window opening does not prevent benefits of NESO's Connection Reforms Package from being realised by not permitting assets with accelerated connection dates potentially beginning on or before October 2029 from participating in the CM in 2025. Government is keen to ensure that the Capacity Market remains a competitive process that maintains GB Security of Supply at the lowest cost to the public. This approach therefore further promotes investment in capacity to ensure security of electricity supply.

Urgency

Select this box if you would like this proposal to be treated as “urgent” (see 1.14 of “The Change Process for the Capacity Market Rules – Guidance” (2022) for details on the requirements of an urgent proposal)? If selected, please include a justification, including any dates by which the CM Rules changes need to be made and the consequences of not acting in time *(Note that urgent proposals may be deprioritised or rejected if the Rule Change suggested cannot be implemented before the date(/s) set out in this section)*

Gate 2 Phase 1 (i.e. for connection by 2030) offers will be made in time for New Build CMUs to have an accelerated Grid Connection Agreement for the 2029/2030 Delivery Year in advance of the Confirmation of Entry process.

According to the Delivery Body’s Operational Plan³, this change needs to be made by the end of August, in order to give enough time for CMUs that request an accelerated connection offer to apply during the Prequalification Submission Window.

This should be considered urgent as including these New Build CMUs would:

- increase liquidity of the Capacity Market auction, which may reduce costs to consumers and strengthen Security of Supply by accelerating new capacity in the market
- Support realisation of the benefits of the Connection Reforms Programme.
- Change the Prequalification decisions for CMUs that are currently ineligible to enter the 2025 Capacity Market Prequalification

This change will only be temporary, covering the 2029/2030 T-4 Auction only.

Confidentiality

We want to promote transparency in the Capacity Market Rules change process. Submitting proposals directly to the Capacity Market Advisory Group (CMAG) supports transparency whilst ensuring that proposals benefit from the input of a panel of impartial capacity market experts whose role it is to support the development, scrutiny, and prioritisation of proposals to improve CM Rules.

Proposals submitted directly to Ofgem may be shared with CMAG or published on our website as part of a public consultation before any rule change is enacted, provided the information shared has not been marked as confidential.

³ [2025 Operational Plan](#)

To submit your proposal directly to CMAG, e-mail this document to cmag@elexon.co.uk

If you wish to submit confidential information to Ofgem as part of your proposal, there are two routes to do this:

1. Submit this document directly to CMAG (cmag@elexon.co.uk) excluding the confidential information, then submit a copy of this document plus an additional file

containing the confidential information (marked as confidential) to emr_cmrules@ofgem.gov.uk

2. Submit this document plus an additional separate file containing the confidential information (marked as confidential) directly to Ofgem at emr_cmrules@ofgem.gov.uk

Nothing marked confidential will be shared outside of Ofgem without the express permission of the proposer.