

Decision

Decision on Capacity Market change proposal CP388: Conditional Prequalification for assets that have applied for a revised connection date

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This document follows on from our Statutory Consultation on Capacity Market Rule change proposal CP388, published on 27 June 2025. We set out our decisions regarding the implementation of this Capacity Market Rules change proposal.

We are progressing the following changes with no or minor alternations:

- CP88: Conditional Prequalification for assets that have applied for a revised connection date

These changes will come into effect from the opening of the 2025 prequalification submission window.

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Introduction

Section summary

In this section, we describe the legislation underpinning the Capacity Market Rule Change process, the role of the Capacity Market Advisory Group and the decisions which are included in the document.

Context and related publications

Background to this Decision Letter

- 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 Markets Authority, shares responsibility for the Rules with the Secretary of State and we are granted the power to amend, add to, revoke or substitute Rules under Regulation 77.

Capacity Market change proposals we are deciding on

- 1.2 On 27 June 2025, we published a statutory consultation on Capacity Market change proposal CP388. Our consultation document included a description of the change proposal, the policy background, the proposed solution(s) and its implications and our minded-to position, accompanied by the suggested changes to the legal text. This document sets out our decisions for this change proposal:
- CP388 - Conditional Prequalification for assets that have applied for a revised connection date
- 1.3 We have provided the background for this change proposal, including our original minded-to position. We have also included the responses we received from stakeholders on each question and have given our position on those responses and highlighted any changes to the Rule Change based on those responses. Finally, we provide our decision on the change proposal. The change

¹ [Energy Act 2013](#)

² [The Electricity Capacity Regulations 2014](#)

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

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will come into effect from the opening of the 2025 prequalification submission window.

- 1.4 We have also included the suggested changes to the legal text for each of the change proposals in Appendix 2. Additionally, Appendix 2 includes information on submitting Rule change proposals to CMAG.
- 1.5 Within this document, any capitalised terms have the same meaning as given in the CM Rules or Regulations.

Our decision-making process

- 1.6 We consulted on Capacity Market change proposals CP388 through a statutory consultation which we published on the Ofgem website on 27 June 2025 and closed on 18 July 2025. It can be accessed here: [Capacity Market Rules change proposal CP388: statutory consultation | Ofgem](#)

General feedback

We believe that consultation is at the heart of good policy development. We are keen to receive your comments about this report. We'd also like to get your answers to these questions:

1. Do you have any comments about the overall quality of this document?
2. Do you have any comments about its tone and content?
3. Was it easy to read and understand? Or could it have been better written?
4. Are its conclusions balanced?
5. Did it make reasoned recommendations?
6. Any further comments

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

2.CP388 - Conditional Prequalification for assets that have applied for a revised connection date

In this section we outline the intent of CP388, which proposes to allow conditional prequalification for the T-4 Auction for the 2029/30 Delivery Year for Capacity Providers who have requested a connection date advancement via the TMO4+ process. We also provide our minded-to position, stakeholder feedback and our final decision on this change proposal.

Background

State of the Rules

- 2.1 Currently, in order to be an eligible Applicant for Prequalification of a Capacity Auction, Rule 3.7.3(a) states that a New Build Capacity Market Unit that is – or will be – connected to the Transmission Network must confirm the following: one or more Grid Connection Agreements have been entered into which secure – for the relevant Delivery Years for the Generating Units comprised in that Capacity Market Unit – Transmission Entry Capacity which is at least equal, in aggregate, to the Anticipated De-rated Capacity of all the Capacity Market Units to which such a Grid Connection Agreement applies; and provide a copy of each Grid Connection Agreement. This confirmation must be made at Prequalification.

Issue

- 2.2 In November 2023, Ofgem and DESNZ published our joint Connections Action Plan (CAP).⁴ This set out a framework of actions and further ambitions needed to tackle the growing delays customers are experiencing when seeking network connections. In April 2025, Ofgem approved the TMO4+ package of reforms. These reforms enable a new connections process that reforms the existing queue to prioritise those projects in a firm Gate 2 connections queue that are 1) 'ready' and 2) 'needed' (i.e. meeting Strategic Alignment Criteria) under the CP2030 Action Plan and deprioritises those to an indicative Gate 1 queue that do not meet those criteria. The new process will also potentially enable the acceleration of large demand projects in the queue into capacity gaps created by other projects being deprioritised.

⁴ [TMO4+ Connections Reform Proposals](#)

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- 2.3 This means that, where a project has submitted evidence to NESO to request an advancement of their existing connection date in case of receipt of a Gate 2 offer, the date at which it is expected to connect to the Transmission Network may be updated to reflect its readiness and alignment with the Government's strategic objectives. New Build assets will be informed of their indicative position in the reformed connection queue by September 2025 at the earliest, at which point the Prequalification Window, as set out in the Capacity Market Operational Plan,⁵ will have already closed.
- 2.4 Under Rule 8.3.1(a) and 8.3.1(b), New Build Capacity Market Units that are or will be connected to a Distribution Network can defer provision of their connection agreement until 18 months before their first Delivery Year. However, there is no such provision for Transmission Network connected Capacity Market Units.
- 2.5 Therefore, any New Build Capacity Market Unit on the Transmission Network with an existing Grid Connection Agreement with a connection date after 1 October 2029 would not be an eligible Applicant for Prequalification for the 2029/30 T-4 Auction, even if they have applied for and subsequently receive a Gate 2 offer with a revised connection date beginning on or before 1 October 2029.
- 2.6 A change to the Rules is therefore required, for this Prequalification Window only, to enable assets that do receive a revised connection date beginning on or before 1 October 2029 to enter the T-4 Auction for the first Delivery Year of their Connection Agreement.

Proposed solution

- 2.7 The solution proposed is to allow Transmission Network connected New Build Capacity Market Units that do not currently have a Grid Connection Agreement that would allow them to be connected by 1 October 2029, but have requested from NESO a revised connection date beginning on or before 1 October 2029, to submit an Application to the 2025 Prequalification Window which declares the aforementioned situation, and be granted Conditional Prequalification Status, allowing them to participate in the T-4 Auction dependent on them providing a revised Connection Agreement before the Auction. This rule will only apply to the T-4 Auction for the 2029/30 Delivery Year, due to the specific timings of this

⁵ [Capacity Market Operational Plan](#)

year's connection queue reform process and the Capacity Market prequalification window.

- 2.8 As part of this declaration, the relevant Capacity Market Units will need to provide:
- a valid Grid Connection Agreement with a connection date which is after 1 October 2029
 - proof they have submitted evidence to NESO's connections reform evidence portal that they are eligible for and have applied for a revised connection date which is on or before 1 October 2029 in case of receipt of a Gate 2 offer.
- 2.9 The Delivery Body will provide guidance in due course as to what constitutes a valid receipt of a request for advancement of their connection date from the NESO connections reform evidence portal.
- 2.10 Subject to the Delivery Body's assessment of the rest of their prequalification Application, Transmission Network connected New Build Capacity Market Units will be Conditionally Prequalified for the T-4 Auction for the 2029/30 Delivery Year. To become fully prequalified, Capacity Market Units will be required to provide their signed Connection Agreement no later than 22 working days before the first bidding round in the relevant Auction.

Minded-to position

- 2.11 At the point of Statutory Consultation, we were minded to approve this rule change because, by enabling Prequalification to the T-4 Auction for the 2029/30 Delivery Year for an additional set of Capacity Market Units capable of delivering capacity during this period, this rule change potentially facilitates the acquisition of new capacity, and simultaneously increases liquidity in the relevant Auction, increasing value for money and helping to ensure security of supply.
- 2.12 This should ensure that the benefits of NESO's Connections Reform package are realised in the Capacity Market by providing assets that have applied to have their revised connection dates begin on or before 1 October 2029 the opportunity to Prequalify for the relevant Auction.

Stakeholder feedback and our response

Q1. Do you agree with the proposal to amend the Rules so that assets with an existing Grid Connection Agreement with a connection date beyond 1 October 2029 that have submitted evidence to NESO to request a revised connection date beginning on or before 1 October 2029 in case of receipt of a Gate 2 offer have the option to Conditionally Prequalify, but only for the 2029/30 T-4 Auction?

2.13 100% (7/7) of respondents agreed with the proposed amendment on giving applicants who have requested an advancement of their connection date the option to conditionally prequalify for the 2029/30 T-4 Auction.

Q2. Do you have any comments on the specific changes to the legal text of the Rules proposed in Appendix 1?

2.14 Several respondents raised that there had been some initial issues with the connection portal which may result in delays and that the requirement to provide a signed Grid Connection Agreement offer in the proposed rule change was a higher standard of evidence than was requested for those who did not have to request a connection date advancement. We have therefore reduced the number of Working Days ahead of the auction that the Grid Connection Agreement must be submitted from 22 to 16, to allow the maximum margin for delay, and added the option to 4.7C.1 that the Grid Connection Agreement submitted can be unsigned.

2.15 A respondent raised the concern that this change would not cover Distribution Connected Capacity Market Units. However, Rule 3.7.3(b) and 3.7.3(c) provide alternatives for Distribution Connected Capacity Market Units including the ability to declare that a Distribution Connection Agreement will be in place by the date 18 months prior to the commencement of the relevant delivery year. The respondent suggested adding “*the applicant reasonably believes a Distribution Agreement will be in place*” to 3.7.3(c)(i), but it is our position that the current legal text is sufficient and any further specification will be provided in Delivery Body Guidance.

<p><i>Q3. Do you foresee any unintended consequences as a result of implementing this proposal?</i></p>

- 2.16 Several respondents requested clarity around the requirement to provide Credit Cover for those prequalifying via the proposed rule 3.7.3(aza). We can confirm that conditional prequalification under 3.7.3(aza) would not itself require that Credit Cover be provided under 4.6 (although credit cover may still be required if the application is subject to other conditional prequalification requirements covered by Rule 4.6). If an applicant who is required to provide Credit Cover under one of these other conditional prequalification requirements set out in Rule 4.6 has their application status changes to “not prequalified” because they were unable to provide an updated Grid Connection Agreement under the proposed 4.7C.1, they will be able to request the return of their credit cover from EMRS.
- 2.17 A respondent stated that those conditionally prequalified under the proposed 3.7.3(aza) should be automatically disqualified from the auction if they fail to get their connection date advanced in order to preserve auction integrity and avoid distorting auction outcomes. Any applications conditionally prequalified under the proposed 3.7.3(aza) will be removed from the Capacity Market auction if they fail to meet the requirements of the proposed 4.7C.1.
- 2.18 A respondent raised that it should be made clear that this is a one-off measure to deal with a temporary misalignment of the Capacity Market and connections processes. We can confirm that this rule applies to the 2029/30 T-4 Auction only (“For the Prequalification Window during 2025 only, an Applicant for a T-4 Auction[...]”) and that we will be closely monitoring the alignment of timelines in future.
- 2.19 A respondent raised a concern that there are some Transmission-Connected Capacity Market Units who have current eligible Grid Connection Agreements, that allow them to pass Prequalification checks, who may lose those Connection Agreements as part of the TMO4+ process. The recently updated Rule 4.4.3A allows the Delivery Body to remove Prequalified status from applicants before the opening of the first Bidding Window if they become aware that any information submitted for the Prequalification did not comply or no longer complies. This will allow the Delivery Body to remove any Transmission-Connected Capacity Market Units who become ineligible due to the TMO4+ process.

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- 2.20 The Delivery Body have stated that they have already carried out work to identify how the required changes to the portal could be implemented on time.

Decision

- 2.21 We have decided to proceed with CP388 with the following changes:
- Reduce the number of Working Days before the first bidding round within which the provisions of 4.7C.1 must be provided to the Delivery Body from 22 to 16
 - Specify that the Grid Connection Agreement provided to meet the requirements of 4.7C.1(b) may be unsigned
 - Add a requirement for a declaration of intent to be submitted to the Delivery Body and for the Delivery Body to confirm prequalification upon receipt of the necessary evidence, to bring the rule into line with other conditional prequalification rules

These changes will provide additional margin for any delays that may occur in the TMO4+ connections process and will ensure that the standard conditional prequalification process is followed.

- 2.22 We are of the opinion that by enabling Prequalification to the T-4 Auction for the 2029/30 Delivery Year for an additional set of Capacity Market Units capable of delivering capacity during this period, this rule change potentially facilitates the acquisition of new capacity, and simultaneously increases liquidity in the relevant Auction, increasing value for money and helping to ensure security of supply.
- 2.23 This should ensure that the benefits of NESO's Connections Reform package are realised in the Capacity Market by providing assets that have applied to have their revised connection dates begin on or before 1 October 2029 the opportunity to Prequalify for the relevant Auction.

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Appendix 1 – Proposed amendments to the Rules

- Amendments to Chapter 3

Insert paragraph 3.7.3(aza) as follows:

3.7.3(aza): For the Prequalification Window during 2025 only, an Applicant in respect of a T-4 Auction which is a New Build CMU that is or will be a Transmission CMU (a "relevant CMU") and is unable to give the confirmation in Rule 3.7.3(a)(i), may, instead of complying with Rule 3.7.3(a):

- (i) provide with their Application:
 - (aa) a copy of the current Grid Connection Agreement for each Generating Unit comprising the CMU;
 - (bb) a declaration that the applicant has applied for an advanced 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) and will, if that advanced connection date is granted, provide a copy of the revised Grid Connection Agreement on or before the date that is 16 Working Days prior to the commencement of the first Bidding Window for the T-4 Auction for the 2029/2030 Delivery Year; and
 - (cc) evidence of its request to the National Energy System Operator for an advanced connection date and a copy of the receipt issued confirming submission of the connection application.
- (ii) on or before the date that is 16 Working Days prior to the commencement of the first Bidding Window for the T-4 Auction for 2029/2030 Delivery Year, provide a copy of the revised Grid Connection Agreement with a connection date that would enable the Generating Units comprising the CMU to comply with requirements under rule 3.7.3(a)(i).

- Amendments to Chapter 4

Insert paragraph 4.5.1(b)(xii) as follows:

(xii): if the Applicant has provided evidence pursuant to Rule 3.7.3(aza)(i)(cc) that its Prequalification is conditional upon the Applicant satisfying the requirement in Rule 4.7C.1

Insert paragraph 4.7C and 4.7C.1 as follows:

4.7C Conditional Prequalification for Transmission CMUs that have requested an advancement of their existing connection date in a revised Grid Connection Agreement

4.7C.1: An Applicant that has provided with its Application a declaration pursuant to Rule 3.7.3(aza)(i)(bb) must provide to the Delivery Body no later than 16 Working Days prior to the commencement of the first Bidding Window for the T-4 Auction for the 2029/2030 Delivery Year:

- (a) the revised Grid Connection Agreement for each Generating Unit comprised in the CMU evidencing the capacity requirements in 3.7.3(a)(i)); or
- (b) where the applicant is unable to provide a signed copy of the revised Grid Connection Agreement, the unsigned revised Grid Connection Agreement for each Generating Unit comprised in the CMU evidencing the capacity requirements in 3.7.3(a)(i).).

4.7C.2: On the date falling 15 Working Days prior to the commencement of the first Bidding Window, the Delivery Body must notify the Applicant in relation to each CMU to which this Rule 4.7C applies whether or not it has Prequalified, based solely on whether or not the Delivery Body has received the documentation referred to in Rule 4.7C.

Appendix 2 – Submitting Capacity Market change proposals to CMAG

- A2.1 To raise a change, you can complete the Capacity Market rule change proposal form⁶ 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.
- A2.2 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.
- A2.3 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.
- A2.4 CMAG will look to make a recommendation to us 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 us.
- A2.5 All Capacity Market rule change proposals will be consulted on by us 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.

⁶ [CM-Change-Proposal-Template-2023.docx](#)