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Dear Charlotte,

### **The Change Process for the Capacity Market Rules**

Drax Power Limited ("Drax") is the operating subsidiary of Drax Group plc and the owner and operator of Drax Power Station in North Yorkshire. In March 2009, Drax acquired an electricity supply business, Haven Power Limited ("Haven"); Haven supplies small and medium (SME) sized business customers and larger Industrial and Commercial (I&C) customers; this provides an alternative route to market for some of Drax's power output.

### **Annual process**

We agree that there should be a fixed annual 'release date' whereby a minimum notice period exists, at which point the Capacity Market Rules are set prior to the pre-qualification stage for a given auction. The notice period should be no less than one month before the pre-qualification stage. Upon reaching the "release date", the rules should not be open to change, except where urgent proposals are required that meet pre-determined urgency criteria.

We do not agree that the assessment and submission of change proposals should be limited to a specific window. Rather it would seem more efficient to allow the submission and assessment of proposals throughout the year, so as to better manage resource requirements for both stakeholders and Ofgem.

### **Stakeholder engagement**

We believe that stakeholders should have greater involvement in the 'revision of rules' stage, where proposals are assessed and subsequently accepted, rejected and amended. Stakeholder events are inadequate for the purpose of facilitating a helpful contribution from stakeholders at the assessment stage. Rather the use of working groups (similar to those used to assess modifications to the CUSC and the BSC) should be set up to assess proposals.

Membership of these working groups should be open to all interested parties and should require an attendance commitment to ensure consistency of membership over multiple meeting dates. The use of working groups at the assessment stage is likely to result in better developed proposals, early identification of consequential changes to other industry codes and, overall, a more efficient change process due to the early identification of unintended consequences/process concerns that may result from change.

### **Other suggestions**

Further points to consider include:

- It would be helpful for stakeholders if Ofgem could provide some detail on how it will assess proposals in circumstances where a proposal creates a conflict between Ofgem's statutory objectives and those objectives associated with the EMR rule book.
- The development of a process for deciding, assessing, consulting on and implementing urgent changes is needed. The process detailed for urgent modifications under the BSC may be helpful in developing this process.
- A secretariat should be formed to help develop proposals, draft the associated legal text, undertake impact assessments and provide advice to market participants on the change process. This will help guide market participants through the process and reduce the administrative burden for stakeholders, particularly for smaller parties that are unlikely to have the resource required to develop proposals end to end. It is also likely to be more efficient to have a centralised function to coordinate rule changes and help guide the industry on change management (including the delivery of new data flows and IT systems).
- The Capacity Market Rules do not state that Ofgem must consult with stakeholders on all proposed rule changes; only those that it chooses to take forward. Clarity is needed on whether the decision not to consult on a proposed change can be challenged by a party, and if so, how.

If you would like to discuss any of the views expressed in this response, please feel free to contact me.

Yours sincerely,

By email

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