



Making a positive difference
for energy consumers

CMUs who get low carbon support
and all other interested parties

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Dear Colleague,

Capacity Market Launch

Under the Capacity Market Rules 2014¹ and the Electricity Capacity Regulations 2014², Capacity Market Units (CMUs)³ that are in receipt of low carbon support are ineligible to participate in the capacity auction. But some of these plants fall under the definition of a mandatory CMU. Mandatory CMUs have to either enter prequalification or opt-out.

On 22 July 2014, the Department of Energy and Climate Change (DECC) published a Frequent Asked Questions (FAQs)⁴ which, among other things, address this. DECC's response to question 8 says that "the policy intention is that there should not be a requirement for mandatory CMUs in receipt of low carbon support to pre-qualify and then opt-out". DECC says in their FAQ that they will amend the Capacity Market Rules to make this clear.

If Ofgem became aware of a possible failure by such a CMU (those in receipt of low carbon support) to enter prequalification or to opt-out, it would take the above factors into account when considering any enforcement action⁵.

Yours sincerely,

Anna Stacey

Head of Enforcement Policy, Sustainable Development

¹ [Capacity Market Rules 2014](#), as published 1 August 2014.

² [Electricity Capacity Regulations 2014](#), which entered into force on 1 August 2014.

³ A CMU is a unit of electricity generation capacity or electricity demand reduction that can then be put forward in a Capacity Market auction.

⁴ [Capacity Market Launch – Frequently Asked Questions \(FAQs\)](#).

⁵ Ofgem takes decisions on enforcement action in line with its [Enforcement Guidelines on Complaints and Investigations](#). (We have consulted on proposed changes to these Guidelines). In any event, Ofgem notes that at the time of taking any decisions on any such cases, we expect that DECC would have amended the Rules, as stated in their FAQ.