



Making a positive difference
for energy consumers

Capacity Market Rules Change

Reference number (to be
completed by Ofgem):
P001

Name of Organisation(s) / individual(s):
GDF SUEZ UK-Turkey

Date Submitted:
22 January 2015

Type of Change:

- Amendment
- Addition
- Revoke
- Substitution

If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:

What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):

This proposal changes the reference date from when Qualifying Capital Expenditure is measured for Refurbishing CMUs

It also tightens up the definition of Qualifying Capital Expenditure for Refurbishing CMUs.

Description of the issue that the change proposal seeks to address:

The date for Qualifying Capital Expenditure is currently 1st May 2012. This date needs to be changed for Refurbishing Plant as it is no longer relevant for the 2015 auction.

In addition, to restrict the inclusion of capital expenditure costs associated with the normal course of operation, the Qualifying Capital Expenditure must be made in a 3 year continuous period prior to the start of the Delivery Year.

If applicable, please state the proposed revised drafting (please highlight the change):

Qualifying £/kW Capital Expenditure means, with respect to a New Build CMU: the Capital Expenditure (excluding contingency) incurred, or expected in the reasonable opinion of the Applicant to be incurred (either by the Applicant or another person), between 1 May 2012 and the commencement of the first Delivery Year to which the Application relates, divided by the De-rated Capacity of the Generating CMU that is expected in the reasonable opinion of the Applicant to result from such Capital Expenditure.

Qualifying £/kW Capital Expenditure means, with respect to a Refurbishing CMU: the Capital Expenditure (excluding contingency) incurred, or expected in the reasonable opinion of the Applicant to be incurred (either by the Applicant or another person), in a 3 year continuous period between the date 4 years before the start of the Delivery Year and the start of the Delivery Year divided by the De-rated Capacity of the Generating CMU that is expected in the reasonable opinion of the Applicant to result from such Capital Expenditure.

Analysis and evidence on the impact on industry and/or consumers including any risks to note when making the revision - including, any potential implications for industry codes:

This will ensure that 3 year contracts are only awarded to plant undertaking genuine Refurbishments and not for business as usual leading to a reduction in the costs of the capacity mechanism for consumers.

Details of Proposer *(please include name, telephone number, email and organisation):*

Libby Glazebrook
GDF SUEZ UK – Turkey
libby.glazebrook@gdfsuez.com
Tel 07970 767221