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## Capacity Market Rules Change

Reference number (to be  
completed by Ofgem):  
**P002**

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

Date Submitted:  
**23 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 seeks to improve the transparency of expenditure for 3 year Refurbishing contracts

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

Rule 12.2.1 requires the Delivery Body and the Independent Technical Expert have sight of the works described in the Construction Plan. The Prospective Generating CMU must also report to the Delivery Body every 6 months on progress made against the Construction Plan until the Substantial Completion Milestone is achieved. There is no public scrutiny of where the £125/kW is being spent.

To improve transparency and ensure that the expenditure has been reasonably incurred there should be an independent audit of these reports. The auditor should be appointed by the Delivery Body and make their results public with the costs of this audit charged to the Refurbishing CMU.

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

In Chapter 12 Monitoring, insert after 12.2.3 as a new clause:

The Delivery Body must appoint an independent auditor to audit the progress reports in 12.2.1. The auditor must make public the conclusions of its report and state:

- (i) whether the expenditure has been reasonably incurred in the achievement of the Construction Plan;
- (ii) that the expenditure relates to the refurbishment of the CMU and has not been spent on activities that would be expected for the normal course of business.

Should the auditor conclude that either or both of (i) and (ii) apply then the Refurbishing Plant will revert to a one year contract for the Delivery Year and will not be permitted to bid for a Refurbishing contract for the Delivery Year t-1 or t-2 auctions.

**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 give the market and consumers confidence that 3 year contracts are being awarded to plant that is making genuine Refurbishments.

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

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