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Capacity Market Rules Change

Reference number (to be
completed by Ofgem):
P006

Name of Organisation(s) / individual(s):		Date Submitted:	
Bill Reed, RWE Supply and Trading GmbH		23 rd January 2015	
Type of Change:		If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to: Click here to enter text.	
<input checked="" type="checkbox"/> Amendment <input type="checkbox"/> Addition <input type="checkbox"/> Revoke <input type="checkbox"/> Substitution			
What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):			
Revised definition of “Qualifying £/kW Capital Expenditure: The Rules currently define Qualifying Capital Expenditure in relation to a fixed date (1 May 2012) and the commencement of the first Delivery Year to which the application relates.			
Description of the issue that the change proposal seeks to address:			
The Rules currently define Qualifying Capital Expenditure with respect to a fixed date (1 May 2012). It is proposed that this date is replaced to allow for the passage of time. The new term should enable the enduring arrangements to apply without a fixed date in the Rule.			
If applicable, please state the proposed revised drafting (please highlight the change):			
The following changes could be included in the Capacity Market Rules:			
Qualifying £/ kW Capital Expenditure	means, with respect to a Prospective Generating 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 4 May 2012 <u>the commencement of the Calendar Year that immediately precedes the year in which the Prequalification Window commences</u> 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		
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:			
The proposed change will better meet the applicable CM Rules Change Objectives as stated in the “Change Process for the Capacity Market Rules – Guidance” published by Ofgem. In particular the proposed change			

will:

- promote investment in capacity to ensure security of electricity supply by clarifying the Rules with respect to Qualifying Capital Expenditure and ensuring that the Rule operates on an enduring basis with respect to this definition;
- facilitate the efficient operation and administration of the Capacity Market by removing the need to address the fixed calendar date issue in the definition of Qualifying Capital Expenditure; and
- ensure compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013.6

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

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