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Capacity Market Rules Change

Reference number (to be
completed by Ofgem):
P008

Name of Organisation(s) / individual(s): Bill Reed, RWE Supply and Trading GmbH	Date Submitted: 23 rd January 2015
Type of Change: <input checked="" type="checkbox"/> Amendment <input type="checkbox"/> Addition <input type="checkbox"/> Revoke <input type="checkbox"/> Substitution	If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to: Click here to enter text.
What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number): Requirement to ensure that the total project spends is conditional on securing a Capacity Agreement of more than one-year: This proposal seeks to introduce a statement from an Applicant that the total project spend is conditional on securing a Capacity Agreement of more than one-year.	
Description of the issue that the change proposal seeks to address: This proposal seeks to ensure that capacity agreements of more than 1-year are only awarded where they are necessary for the delivery of capacity in the Capacity Market. This requirement should, therefore, exclude commitments to capital expenditure that would otherwise take place.	
If applicable, please state the proposed revised drafting (please highlight the change): The following changes could be included in the Capacity Market Rules: Addition Rule under 3.12 Declaration to be made when submitting an Application <u>3.12.7 Each Application for a Capacity Agreement of more than 1 year must accompanied by a statement signed by two of the Directors of the Applicant that at the time of the statement the Total Project Spend will be incurred or is expected to be incurred if a Capacity Agreement of more than one year is secured in the Capacity Auction with respect to the Application.</u> Other changes may be required elsewhere in the Rules to reflect this amendment. The proposed changes are not definitive and may require further change to reflect the intent of this amendment.	
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 ensuring that Capacity Agreements of more than 1-year secured in a Capacity Auction are required in order to secure the investment;
- facilitate the efficient operation and administration of the Capacity Market by clarifying the process for securing a capacity agreement of more than 1-year; 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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