



Making a positive difference
for energy consumers

Capacity Market Rules Change

Reference number (to be
completed by Ofgem):

P011

Name of Organisation(s) / individual(s):
Energy UK

Date Submitted:
23 January

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):

Cap penalties to 100% of annual payments received, rather than 100% of scheduled
payments.

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

Under the current rules, if a generator fails to prove its capacity over winter, then
its payments are stopped in May. Any payments that are not received between
the payment flows being stopped and then being resumed (once proven) are lost.
However, the penalty cap remains at 100% of scheduled payments.

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

It is proposed to add the following definition to 1.2:

"**Capacity Provider Penalty Charges** has the meaning given to that term in
Regulation 2".

Replace the existing text under 13.4.1(b) with the following:

(b) where the Capacity Committed CMU's Capacity Payments are:

(i) equal to or greater than its Capacity Provider Penalty Charges in that
Delivery Year, the Capacity Committed CMU's entitlement to Capacity
Payments will be suspended in accordance with the Regulations from 1 May in
that Delivery Year until the day on which the third Satisfactory Performance
Day is demonstrated pursuant to Rule 13.4.1(a) above; or

(ii) less than its Capacity Provider Penalty Charges in that Delivery Year, the

Capacity Committed CMU shall:

- A. continue to receive Capacity Payments from 1 May in that Delivery Year until and including the month in which the Capacity Committed CMU's Capacity Payments are equal to or greater than its Capacity Provider Penalty Charges in that Delivery Year (the "net neutral month");
- B. if in the net neutral month the Capacity Committed CMU's Capacity Payments are greater than its Capacity Provider Penalty Charges in that Delivery Year the Capacity Payment paid in the net neutral month shall be reduced by the difference between the Capacity Committed CMU's Capacity Payments and Capacity Provider Penalty Charges in that Delivery Year; and
- C. from the month following the net neutral month in that Delivery Year the Capacity Committed CMU's entitlement to Capacity Payments will be suspended in accordance with the Regulations until the day on which the third Satisfactory Performance Day is demonstrated pursuant to Rule 13.4.1(a) above; and

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:

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

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