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Capacity Market Rules Change

Reference number (to be
completed by Ofgem):
P025

Name of Organisation(s) / individual(s):
E.ON

Date Submitted:
23rd 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):

The definition of Qualifying Capital Expenditure in Rule 1.2 currently requires all capital expenditure since 1 May 2012 to be declared. This reference to May 2012 is no longer necessary.

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

The definition of Qualifying Capital Expenditure in Rule 1.2 covers expenditure between 1 May 2012 and the commencement of the first Delivery Year to which the Application relates. The May 2012 date was included for the first capacity market auction to allow investors to make investment decisions after the announcement of the introduction of the capacity market but before the first auction. In the second auction and beyond this is no longer necessary. Using the May 2012 reference could result in historic expenditure being used to meet thresholds for longer term agreements.

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

In Rule 1.2 remove the reference to 1 May 2012 in the definition of Qualifying Capital Expenditure. This should instead reference the relevant Prequalification Window.

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:

Keeping the May 2012 date could result in CMUs accessing longer term agreements based on historic expenditure. This was necessary for the first auction to allow investment decisions to progress but not for the second auction onwards.

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

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