



Making a positive difference
for energy consumers

Capacity Market Rules Change

Reference number (to be
completed by Ofgem):
P033

Name of Organisation(s) / individual(s):
Green Frog Power

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):

Existing plant that prequalifies as a refurbishment CMU in a given auction but fails to win a Capacity Agreement for refurbishment (i.e. receives a one-year non-refurbishing agreement instead) should not be able to tender in as both refurbishing and non-refurbishing plant in the following auction.

In other words a CMU may tender in for a three-year refurbishing contract during a given auction and may in the same auction also tender in for an ordinary one-year Capacity Agreement, but in the following auction, if it wishes to tender in for refurbishment, it may not also tender in for a one-year Capacity Agreement.

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

Under this proposal, only plant that is at the end of its life in the absence of the capital expenditure is permitted to progress as a refurbished plant (with one year allowance for leeway).

This change will ensure that only plant that really needs the investment required for refurbishment status will tender in, rather than plant that wishes to try its luck with locking down a high auction price for three years. This will ensure that unintended incentives within the Capacity Market Rules do not encourage unnecessary and inefficient capital expenditure.

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

Remove 3.6.2

3.3.3 (e) (new) the Application is for an existing CMU where that CMU prequalified as a refurbishment CMU in the previous T-4 auction, yet failed to win a Capacity Agreement as a Refurbished plant in that auction.

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:

N/A

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

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