



Making a positive difference
for energy consumers!

Capacity Market Rules Change

Reference number (to be
completed by Ofgem):
P040

Name of Organisation(s) / individual(s):
SSE

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):

Rule 6.10.4

Proposal to allow a Generating CMU partially transferring to CfD or RO to reduce their capacity obligation rather than terminate in full.

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

Where multiple units of a generating station have been Prequalified as a single CMU there is a potential conflict should one or more of those units subsequently transfer to CfD or RO, for instance a CfD for CCS, but the remaining units remain eligible for the Capacity Mechanism.

Under the current rules the Capacity Provider would have to terminate the agreement for the whole CMU upon the transfer. This could discourage an Applicant from entering a CMU into the Capacity Mechanism if there is the potential that part of the capacity may subsequently gain a CfD or RO agreement between the Auction and the Delivery Year.

The proposal is to allow the Provider to reduce the level of capacity obligation in line with the CfD volume. As the reduced volume would remain on the system outside of the Capacity Mechanism, this should have a neutral effect.

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

“6.10.4 Voluntary termination or reduction for Generating CMUs transferring to CfD or RO

- a) A Capacity Provider of a Generating CMU may voluntarily request termination or reduction of a Capacity Agreement in order to become eligible to participate in a Low Carbon Exclusion.
- b) In order to have a Capacity Agreement adjusted in accordance with Rule 6.10.4(a), the Capacity Provider must send a CfD Transfer Notice or a ROO Conversion Notice (as applicable) to the Delivery Body requesting termination of the Capacity Agreement or reduction in Connection Capacity by no later than 16 months before the commencement of the relevant Delivery Year.
- c) Upon receiving a request from a Capacity Provider in accordance with Rule 6.10.4(b), the Delivery Body must, prior to the Prequalification Results Day for the T-1 Auction in respect of the relevant Delivery Year, notify the Capacity Provider, the Secretary of State, the Authority and the CM Settlement body that the Capacity Agreement is terminated or amended with immediate effect as appropriate.”

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:

This revision would give comfort to any Applicant considering CCS for part of a CMU that accepting a CfD or RO on part of a Generating CMU will not preclude the entire CMU from pursuing a Capacity Agreement.

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

Andrew Colley, 0118 953 4276, andrew.colley@sse.com, SSE