



Making a positive difference  
for energy consumers!

## Capacity Market Rules Change

Reference number (to be  
completed by Ofgem):  
**P041**

<b>Name of Organisation(s) / individual(s):</b> SSE	<b>Date Submitted:</b> 23rd January 2015
<b>Type of Change:</b>  <input checked="" type="checkbox"/> <b>Amendment</b>  <input type="checkbox"/> <b>Addition</b>  <input type="checkbox"/> <b>Revoke</b>  <input type="checkbox"/> <b>Substitution</b>	<b>If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:</b>
<b>What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):</b> Provision 3.7.2 (d) and definitions. Proposal relates to the definition of the qualifying period for inclusion of spend in calculating the Qualifying £/kW Capital Expenditure used in setting Minimum £/kW thresholds for a given auction.	
<b>Description of the issue that the change proposal seeks to address:</b> The definition of Qualifying £/kW Capital Expenditure (QCE) specifies a qualifying period “between 1 May 2012 and the commencement of the first Delivery Year to which the Application relates”. If this wording remains the qualifying period would extend with each auction, potentially increasing the amount of QCE that can be claimed. The qualifying period should be consistent from auction to auction.	
<b>If applicable, please state the proposed revised drafting (please highlight the change):</b> Original: “between 1 May 2012 and the commencement of the first Delivery Year to which the Application relates”. Proposed: “ <u>in the [77] months prior to</u> the commencement of the first Delivery Year to which the Application relates”. The period has been left in [ ] to indicate that the exact period duration would be subject to discussion.	
<b>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:</b> The initial date of 2012 was set in respect of the first auction. It appears an oversight – it was not intended that project spend from 2012 would be counted towards the refurbishment threshold for a project going live in 2020. The revision would limit the number of plant that can qualify as refurbishing plant. This is beneficial to the consumer when the bid in question is the clearing bid, or exerts an influence on the level of the clearing bid. The revision is low risk as it simply ensures consistency in calculation of QCE. There are no anticipated implications for industry codes.	
<b>Details of Proposer (please include name, telephone number, email and organisation):</b>  Andrew Colley, 0118 953 4276, <a href="mailto:andrew.colley@sse.com">andrew.colley@sse.com</a> , SSE	

**The Office of Gas and Electricity Markets**

9 Millbank London SW1P 3GE Tel 020 7901 7000 Fax 020 7901 7066 [www.ofgem.gov.uk](http://www.ofgem.gov.uk)

