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## Capacity Market Rules Change

Reference number (to be  
completed by Ofgem):  
**P045**

**Name of Organisation(s) / individual(s):**  
UK Demand Response Association

**Date Submitted:**  
23/01/2015

**Type of Change:**

- Amendment
- Addition
- Revoke
- Substitution

**If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:**

None

**What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):**

Rule 6.10.3: payment of a termination fee, particularly in respect of Unproven DSR CMUs, taken in combination with provisions in the Regulations regarding credit cover.

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

Rule 6.10.3 states that a Capacity Provider (CP) must pay a termination fee under certain circumstances. However, the Regulations also require that Unproven DSR CMUs must suffer drawdown of credit-cover under certain circumstances. These two provisions overlap, so that Unproven DSR can be subject of two £5,000/MW forfeits for the same occurrence. This was not the policy intention and it is unfair, as no other technology is subject to this double forfeit.

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

Add Rule 6.10.3(c): "The amount of the termination fee payable under Rule 6.10.3(a) is reduced by the amount of any draw down of credit cover which the Settlement Body has made or is obliged to make under the Regulations in respect of the same Capacity Agreement."

Add Rule 6.10.3(d): "If the Capacity Provider has paid a termination fee under Rule 6.10.3(a) in respect of a Capacity Agreement and the Settlement Body subsequently draws down credit cover in respect of the same Capacity Agreement, the termination fee must be repaid to the Capacity Provider up to the amount of the credit cover drawn down, except to the extent that the termination fee was reduced under Rule 6.10.3(c)."

**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 change is a simple correction of an unintentional double forfeit which applies in one narrow range of circumstances. There are no known implications for industry codes.

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

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