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Capacity Market Rules Change

Reference number (to be
completed by Ofgem):
P075

Name of Organisation(s) / individual(s):
National Grid Electricity Transmission Ltd

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:

No

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

Rule 6.6

Rule 6.6 sets out the process for achieving the Financial Commitment Milestone.

Rules 1.2 and 8.3.6

The definition of Total Project Spend contained in Rule 1.2, extending to the Independent Technical Expert Reporting Requirements.

Rule 8.3.6 should also be considered.

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

Rule 6.6

ITE reports are provided by New Build CMUs to achieve the financial commitment milestone, provide 6 monthly updates to the Delivery Body and to meet the substantial completion milestone. The exact contents of the ITE report are not clear.

Rules 1.2 and 8.3.6

The definition of Total Project Spend is unclear. There does not appear to be a limit on what is included, for example does it include the costs of the new gas connection for a new CCGT?

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

Rule 6.6

Suggest aligning the requirements of the ITE report and the accompanying definitions with the guidance document produced.

Rules 1.2 and 8.3.6

We propose that a formal review of the ITE reporting requirements around project spend is initiated. The review to ultimately provide recommendations for the form and content of any such reports, including whether they may draw on other reports (e.g. Lenders report) in order that the cost of another report does not act as a barrier to entry.

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:

Rule 6.6

We have had discussions with stakeholders regarding the report to meet the financial commitment milestone and it has become clear that there is a lack of clarity regarding its required contents. We have sought guidance from DECC on this and produced a guidance document, but that is not legally binding, and the rules are still open to interpretation.

Rules 1.2 and 8.3.6

While we do not assess the total project spend we have been asked questions by applicants on what should be included. This links to the above point regarding ITE reports.

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

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