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i ddefnyddwyr ynni

Capacity Market participants,
prospective participants and
other interested parties

Email: EMR_CMRules@ofgem.gov.uk
Date: 2 April 2015

Dear colleague,

**Electricity Market Reform (EMR): Statutory consultation on changes to the Capacity Market Rules pursuant to Regulation 79 of the Capacity Market Regulations 2014**

**Summary**

- This consultation invites your views on amendments to the Capacity Market Rules (the "Rules").
- We have considered the 91 proposals submitted to us by stakeholders. This letter sets out where we propose to make the suggested amendments and, where we are rejecting the suggested amendments, our reasons for doing so.
- Alongside this consultation, we are publishing a copy of the Rules showing our proposed changes and incorporating amendments made by DECC last year. This copy of the Rules is for information and is not a legal document.
- The deadline for responding to this consultation is **5pm on 5 May 2015.** Please reply to EMR_CMRules@ofgem.gov.uk

**Introduction**

1. Following our stakeholder event on 17 October 2014 we published an open letter[1] on 28 November 2014 setting out our priority areas for changes to the Capacity Market Rules, and inviting formal proposals for changes by 23 January 2014. We noted that it was the first year of the Capacity Market (CM) and we expected to make only minor changes to the Rules. Major changes, unless essential, would create unnecessary uncertainty and could risk unintended consequences. It is also the case that not all the Rules have been tested yet. We also want to avoid confusion with DECC's draft Rule changes which were published on 27 March 2015. Proposals would therefore have to meet a high threshold of evidence before we would suggest making any amendments to them.

2. We received 91 rule change proposals from stakeholders, which we published on our website[2] on 2 February 2015. The feedback from our two stakeholder events (one

[1] https://www.ofgem.gov.uk/publications-and-updates/electricity-market-reform-open-letter-suggested-priority-areas-changes-capacity-market-rules
[2] https://www.ofgem.gov.uk/electricity/wholesale-market/market-efficiency-review-and-reform/electricity-market-reform/capacity-market-cm-rules



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following the first prequalification round in October 2014; one following the first capacity auction in January 2015) also informed our analysis and consideration of the proposals.

3. In accordance with Regulation 79 of the Capacity Market Regulations 2014[3] and with our published guidance, we have considered the rule change proposals submitted to us and are consulting stakeholders on the suggested amendments that we propose to make before making our final decision.

**Context**

4. The CM is governed by a combination of The Electricity Capacity Regulations 2014 (the "Regulations") and the Capacity Market Rules 2014 (the "Rules"). The Regulations permit us to amend, add to, revoke or substitute (change) any provision of the Rules. When changing the Rules, we must have regard to our principal objective and general duties[4], and the specific objectives set out in the Regulations[5]:

- promoting investment in capacity to ensure security of electricity supply
- facilitating the efficient operation and administration of the Capacity Market
- ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013.

**Rule change proposals**

5. We would like to thank all those who proposed changes and those who came to our stakeholder events. We received 91 rule change proposals. We also identified three additional changes that we think are necessary. This was based on our monitoring of the CM, our consideration of the 91 change proposals, and the comments made at our stakeholder events.

6. We are rejecting a significant number of proposals and our reasons are explained in Annex A. In rejecting these proposals we have considered the pros and cons of each suggestion and applied our statutory duties. In some cases our decision to reject is because the issue(s) raised have been addressed elsewhere, either by DECC (including in DECC's 27 March 2015 draft Rule changes) or by other proposals where we propose to make the suggested amendment. We are also rejecting proposals:

- where there are no substantive reasons for taking a proposal forward
- that would require amendments to the Regulations
- where there needs to be a long lead-in time to allow the EMR delivery partners to make system and other changes
- that are complex and where there is insufficient time to ensure they do not lead to unintended consequences.

7. Annex A summarises each Rule change proposal, our decision and reasoning. Proposals are referred to by the 'CP' reference number allocated on our website; our own three proposals are labelled as Proposals A – C. Annex B provides a table summary of the proposals.

8. We also provide a copy of the draft Rules which include our proposed changes (shown in blue) along with the amendments DECC made in 2014 (shown in red). In addition to these changes, DECC, on 27 March, published in draft a set of further

[3] The Electricity Capacity Regulations 2014 came into force on 1 August 2014 http://www.legislation.gov.uk/ukdsi/2014/9780111116852/

[4] Ofgem's principal objective and general duties can be found on our website https://www.ofgem.gov.uk/publications-and-updates/powers-and-duties-gema

[5] Regulation 78 sets out these objectives. Regulation 77(3)(a) states that the Authority must not make any provision in capacity market rules which is inconsistent with the Regulations



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Rule changes[6]. These changes are not included in the attached copy of the draft Rules. However we have indicated, in italic text, where our proposed changes are related to, or may be dependent on, DECC's 27 March draft changes.

**Questions**

9. This consultation sets out the proposals, our decisions on the proposals and, where appropriate, the draft provisions. **Please comment on whether you agree with our decisions, providing evidence to support your reasons where possible.** In addition, we welcome responses to these questions, which relate to specific proposals:

Q1. **CP06, CP25, CP34, CP41 and CP50: Qualifying Capital Expenditure for New Build CMU:** We invite stakeholders to provide us with information, and factors, backed up with evidence as far as possible, that we should take into account in considering: When should the Rules be amended to introduce the period for qualifying expenditure of 77 months prior to the start of the relevant delivery year?

Q2. **CP01, CP07, CP25, CP34, CP41 and CP50 Qualifying Capital Expenditure for Refurbishing CMU:** We invite stakeholders to provide us with information, and factors, backed up with evidence as far as possible, that we should take into account in considering: (i) Should the starting point for qualifying refurbishing expenditure be prequalification results day or auction results day? (ii) Should this new starting point apply from 2016?

Q3. **CP69:** Do you have any views on whether and how the Rules should be amended to prevent applicants being able to provide a calculation of connection capacity close to the value of entry capacity in the manner described in CP69?

Q4. **CP74:** Do you agree that duration bid amendments should only be allowed to reduce during the auction?

Q5. **CP46**: Do you believe that DSR CMUs should be able to add, remove and reallocate CMUs? Please explain your answer. Do you think there are potential downside risks to this, as we describe above? If so, how would you suggest we mitigate these downside risks?

Q6. **CP24**: Do you have any reasons or evidence for why we should not also include OC.6.7 as a form of load reduction in the definition of Involuntary Load Reduction (in addition to our proposal to make the amendment suggested by CP24)?

Q7. **CP49:** Do you have any evidence to show that CHP is failing to prequalify or that there would be benefits to allowing embedded generation to bid as a DSR component?

[6] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/418103/Capacity_Market__Amendment__Rules_2015_-_draft_for_publication.pdf



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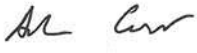
**Next steps**

Please send your response to EMR_CMRules@ofgem.gov.uk by **5pm on 5 May 2015.**

We aim to publish our final decision and the final amendments to the Rules in summer 2015, before the next prequalification round opens.

Yours faithfully



Adam Cooper
**Associate Partner, Wholesale Markets**
**For and behalf of the Gas and Electricity Markets Authority**



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# Annex A: Proposals and decisions (by Rules chapter)

## Contents






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# 1. General Provisions

**Proposals rejected**

- **Proposal CP12 – Energy UK**

This proposal sought to add a definition for "Settlement Period Penalties" which is currently not defined in the Rules but is in the Regulations. Rule 1.2 would be amended, with implications for Rule 13.4.1(c).

**Decision**

"Settlement Period Penalties" is defined in Regulation 41 (Capacity provider penalty charges). We are of the view that this will be sufficiently well known to any interested parties as not to require repetition within the Rules.

- **Proposal CP19 – Energy UK**

This proposal sought to add a new definition of 'day' in the Rules.

**Decision**

Where the word 'day' or 'calendar day' occurs in the Rules we are of the view that the common understanding of the meaning of the word is sufficient, and therefore no change is required.

- **Proposal CP27 – E.ON**

This proposal sought to amend the definition of Mandatory CMU under Rule 1.2 to exempt Generating Units, that are legally required to close before the Relevant Delivery Year from, the obligations associated with Mandatory CMUs.

**Decision**

Maintaining the requirement for all Mandatory CMUs to meet the existing obligations provides the Delivery Body with useful information, which informs supply-side analysis. We believe the administrative costs cited as a justification for this proposal are not significant enough to justify this change.

- **Proposal CP77 – National Grid**

This proposal would add a definition for "minimum exit bid" to the definition of exit bid.

**Decision**

We do not believe that it is necessary to clarify the concept of a "minimum exit bid" as this is not used in the Rules and can be logically inferred from the definition of exit bid.

- **Proposal CP78 – National Grid**

This proposal would clarify that the price taker threshold is at the bidding round price floor.

**Decision**

It is not possible to require the price taker threshold to be at a bidding price as this threshold is one of the Auction parameters determined by the Secretary of State under Regulation 12 of the Regulations.



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**Suggested amendments we propose to make**

- **Proposals CP06, CP25, CP34, CP41 and CP50 – GDF SUEZ UK, RWE Supply and Trading, E.ON, Green Frog Power, Scottish Power**

These proposals suggested changes to the period of Qualifying Capital Expenditure in respect of new build and (in some cases) refurbishing plant. This is on the basis that the current 1 May 2012 date is no longer appropriate as it was originally included to ensure that investment decisions were not delayed ahead of the first auction. A number of alternative ranges were suggested ranging from 48 to 77 months before the start of the delivery year.

**Decision**

We agree that the 1 May 2012 starting point for qualifying expenditure needs to be changed. Not changing the date may mean an increasing number of plant could qualify for longer agreements as they could count expenditure made within an ever lengthening time frame. It is not clear that this is consistent with the purpose of long term agreements (which may impose volume and price risks on consumers) which are to provide a period of revenue certainty to allow new investment to come forward[7]. It would also undermine the concept of a spending threshold because the amount of money needed to be spent each year to meet the threshold would fall as the number of years over which that spending could be spread increased. We are of the view that a future-proofed qualifying period should be included in the Rules.

As noted above, there were several suggestions for what this qualifying period should be. In our view, taking into account the potentially long development and construction lead times for large plant, and to be consistent with the first auction, the most appropriate would be a period for qualifying expenditure of 77 months prior to the start of the relevant delivery year. If implemented this year, it would be equivalent to a one year roll-over of the 1 May 2012 date. We did not agree with proposals that shortened the period for qualifying expenditure prior to the start of the prequalification window. New Build CMUs are required to have planning consents and connection agreements in place prior to the prequalification window closing and we would want to allow a reasonable period within which these can be obtained. We are of the view that these costs should be able to be included as part of the total capital spend in line with the definition of qualifying expenditure.

While we note that it would be reasonable to expect that the start date of this period would not stay fixed while the end date was automatically extended each year, we are considering when this change should take effect from: whether it should be from 2015 or 2016.

Our backstop would be for the change to take effect from 2017. In this case, the beginning of the qualification expenditure period would remain at May 2012 for the 2015 and 2016 auctions then move to May 2015 from 2017 and roll forwards automatically each year after that. However, this would mean that 'new' plant getting 15 year agreements starting from 2020 could be doing so based on expenditure incurred over eight years before the start of the delivery year.

**Question 1, CP06, CP25, CP34, CP41 and CP50: Qualifying Capital Expenditure for New Build CMU**: We invite stakeholders to provide us with information, and factors, backed up with evidence as far as possible, that we should take into account in considering: When should the Rules be amended to introduce the period for qualifying expenditure of 77 months prior to the start of the relevant delivery year?

[7] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324430/Final_Capacity_Market_Impact_Assessment.pdf



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Once we have received your evidence we intend to consider the impacts (conducting an Impact Assessment if we judge it appropriate) for the timing of this Rule change taking effect and will announce our decision on the implementation date, along with the wider package of rule changes in the Summer and before prequalification for 2015 begins.

In respect of **refurbishing plant (Proposals CP01, CP07, CP25, CP34, CP41 - GDF SUEZ UK, RWE Supply and Trading, E.ON, Green Frog Power, Scottish Power)**, DECC published draft Rules on 27 March. In them, there is an amendment to the Prequalification Certificate (Exhibit A of the Rules) to the effect that the Company director(s) must declare that:

*"Taking into account current economic conditions and the regulatory and legislative framework:*

*(i) there are reasonable grounds to believe that a Capacity Agreement greater than one year in duration is required to facilitate the improvements programme at the Refurbishing CMU; and*

*(ii) the Qualifying £/kW Capital Expenditure has been determined, so far as possible, without reference to any substantive routine or statutory maintenance works required at the Refurbishing CMU."*

To reflect this policy intent, and given the Rule changes proposals CP01 and CP07 in particular, we consider it appropriate to amend the qualifying expenditure period for refurbishing plant so that it only covers the period in which refurbishment spend is incurred. We are considering whether the starting point for qualifying refurbishing expenditure should be prequalification results day or auction results day. We are also considering when this change should take effect from: whether it should be from 2016 or from a later date. *As we are not proposing to introduce this change from 2015 we have not included a draft.*

Note that in any event, the proposal on qualifying expenditure for new plant will, when that proposal is taken forward, also lead to the start date of qualifying spend for refurbishments moving forwards.

**Question 2, CP01, CP07, CP25, CP34, CP41 and CP50 Qualifying Capital Expenditure for <u>Refurbishing</u> CMU:** We invite stakeholders to provide us with information, and factors, backed up with evidence as far as possible, that we should take into account in considering: (i) Should the starting point for qualifying refurbishing expenditure be prequalification results day or auction results day? (ii) Should this new starting point apply from 2016?

- **Proposal CP17 – Energy UK**

This submission proposed to amend the definition of De-rated Capacity, so that the drafting of "physically generated net output" throughout the Rules is followed by "in MWs to three decimal places", thereby giving a more accurate figure.

**Decision**

To clarify that certain measurements of capacity should made at the kilowatt level, ie in Megawatts to three decimal places we propose to make the suggested amendment.

DECC's draft amendments of 27 March will alter the text in some parts of the Rules so that 'physically generated net output' is substituted for 'Metered Volume'. In this instance we propose that the relevant output is still specified in Megawatts to three decimal places.



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- **Proposal CP28 – E.ON**

This submission proposed to amend Rules 1.2 and 6.7.5 to allow Prospective CMUs to notify the Delivery Body of the issuance of a Final Operational Notice (FON) if they had not received an Interim Operational Notice (ION).

**Decision**

Certain Prospective CMUs may not receive an ION and under the current Rules would be prevented from achieving the relevant Substantial Completion Milestone. We propose changes to the Rules that allow Prospective CMUs to submit FONs to the Delivery Body where there has been no ION issued.

DECC's draft amendments of 27 March will add in provisions for Interconnector CMUs under the definition of 'Operational' which will need to be accommodated by our drafting if taken forward as proposed.

- **Proposal CP57 – National Grid**

This proposal suggested amending the definition of "Clearing Capacity" so that it reads "means a target capacity (in MW) for a Capacity Auction at a particular Clearing Price as determined by the demand curve", so as to align it with the use of the term in the rest of the document.

**Decision**

Currently the wording of "Clearing Capacity" is unclear in the Rules. Particularly, in some circumstances it is used to refer to the capacity at the bidding round price floor, which appears inconsistent with its definition as the capacity at the clearing price. We intend to clarify the use of clearing capacity throughout the Rules by defining a new term, "potential clearing capacity" which will be used to mean the capacity at a particular price, as determined by the demand curve. This also fits with its use in Chapter 5 where it is used to determine the Clearing Price. We also intend to reword the definition of Clearing Capacity to remove the term "target capacity" which has a specific meaning in the Regulations, which is not intended in the Rules.

- **Proposal CP90 – DECC**

This proposal would amend the definition of 'Non-CMRS Distribution CMU' so that it refers to '...Generating Unit of which exports electricity to a Distribution Network...' instead of '...Generating Unit of which supplies electricity to a Distribution Network'. This is to align the terminology with that used elsewhere in the Regulations and Rules, and better align with commonly used terminology, such as the Balancing and Settlement Code.

**Decision**

We propose to make the suggested amendment to the definition of Non-CRMS Distribution CMU to align with terminology used elsewhere in the Rules and in other industry related documents.



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## 2. Auction Guidelines and De-rating

**Suggested amendments we propose to make**

- **Proposal CP72 – National Grid**

This submission proposed to amend Rule 2.3 to set out that De-rating Factors are calculated for a relevant Delivery Year rather than for a Calendar Year, as is currently stated.

**Decision**

We propose to make the suggested amendment to correct and clarify Rule 2.3. DECC's draft March 27 draft amendments include further additions to Rule 2.3. We will seek to ensure consistency under Rule 2.3 so that references to 'calendar year' are amended to 'Delivery Year' where appropriate.

## 3. Prequalification Information

**Proposals rejected**

- **Proposal CP03 – RWE Supply and Trading**

This proposal would amend Rule 3.3 (Submitting an Application for Prequalification) to enable an Agent to represent more than one Applicant CMU.

**Decision**

Rule 3.3 contains a clear and deliberate provision that prevents an Agent representing more than one CMU Applicant. We would be concerned about potential confidentiality issues which might compromise the integrity of the auction process if an agent could act for more than one party. We have not seen any evidence to suggest that this Rule has prevented any party from participating in the Capacity Market.

- **Proposal CP08 – RWE Supply and Trading**

This proposal would amend Rule 3.12 (Declaration to be made when submitting an Application). It would introduce a new provision to require a statement from an Applicant that the Total Project Spend (where relevant) is conditional on securing a Capacity Agreement of more than one-year.

**Decision**

DECC's February consultation considered the prequalification requirements in relation to refurbishing plant, including a requirement for company directors to make a declaration about project spend (see CP01, CP06, CP07, CP25, CP34, CP41 and CP50). We do not believe further consultation on this point is necessary as DECC have recently dealt with this issue.

- **Proposal CP16 – Energy UK**

This proposal sought to amend Rules 3.11.4 and 3.12.5 so that Opt-Out Notifications were submitted not by an 'Applicant', as currently drafted, but by a 'person'. The implied justification for this amendment being that the term 'Applicant' is not applicable in the circumstance where an Existing Generating Unit is choosing to Opt-Out.



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**Decision**

Our decision to reject this amendment is because the current definition of 'Applicant' under Rule 1.2 is appropriate for the context of Rules 3.11 and 3.12. An 'Applicant' is defined under Rule 1.2 as 'a person that has submitted, or is entitled to submit, an application with respect to a CMU'. An 'Applicant', being a person who is entitled to submit an application, can therefore submit an Opt-Out Notification.

- **Proposal CP21 – Energy UK**

This submission proposed to create a template certificate in the Annex of the Rules for an Existing Generating CMU that is opting-out. This was proposed to help the relevant CMUs avoid the need to interpret the requirements associated with the opt-out notification detailed under Rule 3.11.

**Decision**

We think a template would add little value. The Rules already clearly set out the information that is required in an opt-out notification. Further guidance on interpreting the Rules is also given in National Grid's auction guidelines.

- **Proposals CP22 and CP35 – Energy UK and Green Frog Power**

These two proposals made very similar suggestions to amend Rule 3.4 so that CMUs which pre-qualified in the previous year's auction should not have to re-enter data in later prequalification windows if the data have not changed and/or the Applicant does not wish to make a change. They proposed that the Applicant should be able to confirm or amend the previous year's data, rather than making a completely new application.

**Decision**

Whilst we understand that this might make applying easier for some participants, the legal responsibility to submit information must sit firmly with the applicant. We note the Delivery Body is making changes to its systems that should streamline the prequalification process for applicants. We understand that from 2015 their user interface will allow applicants to refer back to their previous application when applying for the CM. In any case, the onus is always on the applicant to ensure the information in its application is accurate.

- **Proposal CP23 – Energy UK**

This submission proposed to remove the requirement of a legal opinion on the legal status of the Applicant to be submitted as specified under Rule 3.4.2. The submission suggested this amendment was needed due to the varying interpretations of what constituted a legal opinion and that the requirement was costly.

**Decision**

We are rejecting this proposal as we do not believe there is sufficient justification to take it forward. The legal opinion was intentionally included in the process to enable determination of eligibility. Note also that Rule 3.4.2(b) allows previous Applicants to reuse the information and legal opinion provided as part of a previous application if it is accurate and up to date

- **Proposal CP31 – Green Frog Power**

This proposal would amend Rule 3.3.7 so that the Delivery Body is given leeway to use judgement in determining whether a CMU should prequalify. In particular, it proposes that the Delivery Body is able to take into account clear and/or obvious errors that could have a significant impact on the auction outcome or an applicant.



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**Decision**

In our view this has the potential to introduce unnecessary uncertainty to the prequalification process and increase significantly the number of disputed prequalification applications. It would also change the nature of the Delivery Body's role in the prequalification process such that, instead of making prequalification decisions based solely on the evidence presented to it, it would have to judge what constitutes a simple error and apply this consistently across all applications. Errors made in the application process are already addressed through a combination of i) a three tier appeals process and ii) the ability of applicants to submit corrected information to the Delivery Body during the first stage of that appeals process – a provision which DECC has rolled forward to 2015.

- **Proposal CP33 – Green Frog Power**

This proposal is that 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 as both refurbishing and non-refurbishing plant in the following auction.

**Decision**

We intend to reject this proposal as it may create a barrier to refurbishments, which could reduce liquidity in the auction. A refurbishment project might be a cheaper option than procuring a new build plant and therefore be better value for consumers.

- **Proposal CP39 – SSE**

This proposal suggests adding a new provision within Rule 3.5 to allow a CMU without a Capacity Agreement for the relevant Delivery Year to make a permanent adjustment to the Connection Capacity of that CMU during prequalification. (Our understanding of this proposed amendment is based on the drafting of the suggested change.)

**Decision**

We are rejecting this proposal. Based on our understanding of the proposal we think it is unnecessary as an applicant is able to determine their connection capacity in accordance with Rule 3.5 in each year that they prequalify, regardless of whether they have previously received an agreement with a different connection capacity.

- **Proposal CP52 – Scottish Power**

This submission relates to the Rules on permitted connection agreements for an Existing Generating CMU that is also a Transmission CMU. It proposed that Rule 3.6.3 be extended so that alternatives to conventional TEC that are thought adequate by the Delivery Body can prequalify for the Capacity Market.

**Decision**

We are rejecting this proposal. Changes to permitted connection agreements for the Capacity Market should be made to reflect existing arrangements not anticipated arrangements.

- **Proposal CP54 – National Grid**

The proposal suggested reviewing Rule 3.2 which provides that, to apply for a new build generating CMU, that applicant must be the legal owner. We note that a specific rule change was not proposed.



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**Decision**

We do not intend to take forward such a review at this time. There is no evidence on whether potential capacity has been prevented from participating because of this rule. We also note DECC's significant work in this area last year.

- **Proposal CP60 (part) – National Grid**

This proposal sought to amend four aspects of the Rules relating to Prequalification Information. These would: (i) substitute the requirement for a description of a CMU with that for the CMU's address and/or grid reference(s); (ii) modify the Rules to state that the applicant for a Refurbishing CMU may be the despatch controller; (iii) clarify that the Rules relating to setting Connection Capacity which apply to existing generators also apply to pre-refurbishment elements of Refurbishing CMUs, and; (iv) clarify the requirement to state the 24 month period which includes the settlement periods in which the CMU delivered its highest output.

**Decision**

We deal here with (ii) and (iii) ((i) and (iv) are dealt with elsewhere). We reject (ii) and (ii):

> On (ii), because despatch controllers may not individually be responsible for decisions concerning refurbishment of generating stations. Therefore we do not believe it is appropriate for them to act as applicants for Refurbishing CMUs.
>
> On (iii), because the pre-refurbishment element of a Refurbishing CMU already falls within the meaning of Existing Generating CMU as defined within Regulation 4(8).

- **Proposal CP73 – National Grid**

This submission proposed to clarify the discrepancy that exists between Rules 3.3.3(b) and 4.2.3 which determine when an Applicant may not submit an Application, and whether an Application can be considered by the Delivery Body if an opt-out notification has been received from the same Applicant.

**Decision**

DECCs 2014 amendments to the Rules remove the inconsistency that was created from the original versions of Rules 3.3.3(b) and 4.2.3. Therefore we reject this proposal.

However, we understand that these amendments do not ensure that Applicants who have opted-out have the ability to reverse their decision and submit an Application during the same Prequalification Window. We believe that Applicants should have the ability to rescind their opt-out notification in this way, provided that after the relevant deadline the last action taken by the Applicant is final, and provided that if an Applicant has opted-out of a T-4 Auction for a Delivery Year that Applicant is then ineligible to participate in the T-1 Auction for the same Delivery Year. We therefore propose to amend DECC's draft changes to implement this.

- **Proposal CP82 – Anonymous**

This proposal would amend Rule 3.6.1 so that Short Term Operating Reserve (STOR) data held by National Grid in their role as System Operator can be permitted as acceptable evidence of previous performance. Further it would require NGET to provide this information to applicants.



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**Decision**

A definition of physically generated net output is not provided in the Rules and therefore we do not believe it precludes STOR data being acceptable evidence in the case that a supplier letter is not available. It is the applicant's responsibility to collect and submit their prequalification application and supporting evidence and ensure that all information is correct.

- **Proposal CP87 – DECC**

This proposal calls for a review of the prequalification process to facilitate a more iterative approach between National Grid and applicants, to reduce the volume of disputes at Tier 1.

**Decision**

Introducing a formal "two-stage" prequalification process would be a significant change and we would need to see further evidence on the need for this and/or specific proposals. The extent of informal, without prejudice, liaison between National Grid and applicants prior to the closure of the prequalification window is for National Gird to consider.

- **Proposal CP88 – DECC**

This proposal calls for a review of the information required to be submitted by applicants during the prequalification window. Specifically this was to ensure applicants are only required to submit information as part of their application which is materially significant to determining their prequalification status. Additional data, such as information provided in response to metering questions, could be requested later in the process.

**Decision**

This proposal made no specific suggestions for Rules changes and therefore we are rejecting it. We consider that the general intent of the proposal is addressed by several other proposals which we have taken forward in order to streamline prequalification.

**Suggested amendments we propose to make**

- **Proposal CP04 – RWE Supply and Trading**

This proposal would amend Rule 3.4.5 (Statement as to Capacity) to enable the recognition within the Rules of CMUs containing generating units of different or mixed generating technology classes.

**Decision**

We agree that the Rules could usefully be clarified here and we propose to make this amendment. We do not however think it is necessary to provide a calculation of aggregate De-rated capacity as set out in RWE's proposed Rules drafting.

- **Proposals CP30 and CP60 (part) – Green Frog Power and National Grid**

CP30 sought to amend Rule 3.4.3(a)(i) to clarify that the description and location of the CMU should include a specific address, a site plan, and a satellite photo (e.g. Google Maps). Similarly, the first element of the four suggested by CP60 would substitute the requirement for a description of a CMU with that for the CMU's address and/or grid reference(s).

**Decision**

National Grid have suggested to us that the current requirement under Rule 3.4.3(a)(i) to provide a description and the location of the applicant's CMU is unnecessary in view of



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other prequalification information that must be provided. We are unable to remove the requirement for a description of the CMU as Regulation 31 mandates its inclusion within the Capacity Market Register. We agree that it would be helpful to provide the postal address (including postcode). We believe the Ordnance Survey grid reference should also be provided. For consistency the same changes should be made within Rules 3.11.2(d), 7.4.1(a)(iii), 8.3.3A and Schedule 1. We do not think it necessary to mandate the provision of a site plan or aerial photograph of the CMU - this seems to have limited value.

- **Proposal CP60 (part) – National Grid**

This proposal sought to amend four aspects of the Rules relating to Prequalification Information. These would: (i) substitute the requirement for a description of a CMU with that for the CMU's address and/or grid reference(s); (ii) modify the Rules to state that the applicant for a Refurbishing CMU may be the despatch controller; (iii) clarify that the Rules relating to setting Connection Capacity which apply to existing generators also apply to pre-refurbishment elements of Refurbishing CMUs, and; (iv) clarify the requirement to state the 24 month period which includes the settlement periods in which the CMU delivered its highest output.

**Decision**

We deal here with (iv) ((i) to (iii) are dealt with elsewhere). Our view is that there should be an additional requirement within Rule 3.6.1 for Existing Generating CMUs to identify the 24 month period in which the CMU delivered its three highest physically generated net outputs. This will assist in the verification of the relevant settlement periods by the Delivery Body. This is important as it will help prevent calculation of the CMU's derated capacity based on settlement periods which do not correspond to its highest net outputs.

- **Proposal CP61 – National Grid**

This proposal from National Grid seeks to amend Rule 3.6 (Additional Information for an Existing Generating CMU) such that where a Non-Central Meter Registration Service (CMRS) Generating CMU is made up of multiple components, the output of each component, for each settlement period, is identified in the supplier letter required by Rule 3.6.1(b).

**Decision**

We agree that this proposal will clarify the information that should be provided to allow National Grid to verify output of Non-CMRS Generating CMUs.

- **Proposal CP62 – National Grid**

This proposal sought to amend Rules 3.4 (Conduct of the Applicant) and 3.12 (Declaration to be made when submitting an Application) to reduce the number of additional documents applicants are required to submit, and thus streamline the prequalification process.

**Decision**

This proposal is relevant to concerns expressed by stakeholders which we reflected in our open letter of 28 November 2014, namely that some information and declaration requirements associated with the prequalification process were unduly burdensome upon applicants. As the proposal notes, under Rule 3.12 all applicants are currently required to submit a Prequalification Certificate (Exhibit A), Certificate of Conduct (Exhibit C) and confirm that declarations made under Rules 3.4 - 3.11 are true and accurate. Additionally Rule 3.4.9 requires applicants to make declarations which duplicate those included in the Certificate of Conduct. We agree that some rationalisation of these requirements will help to streamline prequalification. Therefore we have decided to revoke Rule 3.4.9 entirely.


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Rule 3.4.6 relates to a declaration of solvency which is also made within Exhibit A. We have therefore revoked Rule 3.4.6.

- **Proposal CP66 – National Grid**

This proposal sought to revoke certain provisions within Rules 3.4 (Information to be provided in all Applications) and 3.6 (Additional Information for an Existing Generating CMU). These changes would remove the requirements for applicants to: state whether they have a generation licence at the time of making the application and to provide details of their corporate form and legal status; they would also remove the requirement for applicants who are Grid Code parties and have not been operational in the 24 months prior to the prequalification window to declare that they are or will be compliant with the Grid Code.

**Decision**

We propose to make the suggested amendments in order to streamline the prequalification process. The requirements stipulated by the three Rules cited are not necessary to ensure smooth operation of the Capacity Market.

While Rule 3.4.1 (e) requires applicants to state whether they have a generation licence, in practice there are no obligations under the Rules or regulations that are affected by the possession or absence of a generation licence. Rule 3.4.2 (a) (i) requires applicants to provide details of their corporate form and legal status but this information is duplicated within the certificate of incorporation and legal opinion. Finally, we propose to remove the requirement under Rule 3.6.2 for applicants who are Grid Code parties and have not been operational in the 24 months prior to the prequalification window to declare that they are or will be compliant with the Grid Code. We believe this is unnecessary and that compliance with the code would be better managed under the existing Grid Code and CUSC procedures.

- **Proposal CP67 – National Grid**

This proposal would remove the requirements to provide metering information and bank details to the Delivery Body during prequalification. Instead it would replace this with requirements to provide such information direct to the Settlement Body after prequalification. Amendments to Rules 3.4.3(a)(i); 3.6.4; 3.9.4; 3.4.1(d) are proposed.

**Decision**

We agree that bank account details are not necessary for the prequalification process. We propose to make the suggested amendment by removing the need to submit bank account details during prequalification. We will not specify in the Rules how the Settlement Body will collect bank details. Meter numbers are required at the prequalification stage to check for duplicates and confirm applicants have submitted a reason for such duplication. Therefore we are rejecting this aspect of the proposal.

- **Proposal CP68 (part) – National Grid**

This proposal suggested correction of some typographical errors and minor inconsistencies. These included (i) incorrect cross referencing within chapter 3 of the Rules; (ii) the timescale over which CMUs are notified whether or not they have been awarded a Capacity Agreement, (iii) the term used in the formula for Load Following Capacity Obligations, and; (iv) the use of "applicant" rather than "person" in one instance. Rules 3.8.2(b)(c); 7.4.3; 8.5.3 and 7.4.5(b) would be affected.



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**Decision**

This proposal made four different suggestions for amendments to the Rules. We accept point (i). The rest are dealt with elsewhere. In regard to point (i), we agree that the reference within Rule 3.8.2(b) and (c) to Rule 3.5 should be changed to refer to Rule 3.6 instead. This is a typographical error which we are correcting.

- **Proposal CP69 – National Grid**

This proposal suggests that an alternative should be found to the use of the capacity figure in the Distribution Connection Agreement to set the connection capacity. It also proposes that a review is undertaken so as to remove the possibility under the present Rules that the connection capacity can be calculated as being above the entry capacity. Amendments to Rules 3.5.2(b); 3.5.5 would be needed. National Grid suggested that implementation of this proposal may be delayed until after the 2015 prequalification process.

**Decision**

The first element of this proposal relates to Rules 3.5.2(b) and (c). It highlights the difficulty encountered during prequalification in cases where, for a distribution connected Generating CMU, the registered capacity or inverter rating is not contained within the Distribution Connection Agreement, Connection Offer or Distribution Network Operator letter. NGET have indicated that although this is common, in many cases the information needed to determine registered capacity can be found within the connection agreement or offer. In view of this, we propose an amendment to Rule 3.5.2(c) and to introduce a new Rule 3.5.2(ba) to allow the information contained within the relevant documentation to be used to calculate the CMU's registered capacity, where this is not explicitly stated to be the registered capacity.

The second element describes how, under Rule 3.5.5, several different methods are available to calculate connection capacity for a single CMU (where they have multiple components) or for multiple CMUs covered by a single connection agreement. This means that it is possible to calculate a connection capacity above the entry capacity which, once de-rated is equal to or very close to a CMU's entry capacity. The issues raised by this require more time to resolve than we have this year – we want to ensure we do not create unintended consequences. We intend to carry out further research in this area to reach an appropriate solution in time for the 2016 prequalification process.

**Question 3, CP69:** Do you have any views on whether and how the Rules should be amended to avoid the possibility of applicants being able to provide a calculation of connection capacity close to the value of entry capacity in the manner described in CP69.

- **Proposals CP79 and CP91 – National Grid and DECC**

CP79 would amend the definition of "Distribution Connection Agreement" to clarify that in cases where it is a private wire agreement, there is not a connection to a licenced Distribution Network Operator's network. Rules 3.6.3 and 3.7.3 would be amended.

CP91 would amend the Rules to take account of CMUs on a private network, in particular for demonstrating connection capacity for distribution-connected CMUs (Rule 3.5) and associated requirements related to connection arrangements (Rule 3.6.3 and Rule 3.7.3).

**Decision**

We propose to make the suggested amendment as it is clear that the Rules do not adequately reflect the policy intent of allowing plant on a private wire agreement to be able to participate in the Capacity Market. We are of the view that this also addresses the concerns raised in CP79.



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- **Proposal CP80 and CP81 – Anonymous**

Proposal CP80 would amend Rule 3.7.1 to require documentary evidence of Planning Permission to be submitted during prequalification. Proposal CP81 would amend Rule 3.4.3 to add an additional requirement for all CMUs to provide evidence (via lease, deed or contract) that the Applicant has the legal right to use the land upon which the CMU is located.

**Decision**

We propose to make the suggested amendment to require that Relevant Planning Consents must be submitted to the delivery body in order to prequalify. This will reduce the ability of plant to prequalify without planning consent and therefore reduce the risk to consumers of paying for plant that may not get built and should not have been in the auction. We will also change the Rules to require that participants must declare during prequalification that they have the legal right to use the land upon which the CMU is located.

In DECC's draft rule changes of 27 March a new provision, 3.7.1A, has been added enabling Interconnector CMUs to declare that Relevant Planning Consent will be in place 18 months before the start of the delivery year. Our addition 3.8.1A is dependent on this change as it requires the Interconnector CMU to provide this planning consent by 18 months before the start of the delivery year.

- **Proposal CP83 – DECC**

This submission proposed to amend Rule 3.5 to clarify that:

- references to the Grid Connection Agreement, Distribution Connection Agreement or connection offer for a Generating Unit are to the agreement or offer in force at that date on which the Application is made;
- where the Distribution Connection Agreement or connection offer states a range of values for the registered capacity of inverter rating of a Generating Unit, the lowest value in that range should be taken forward in the Application;
- references to Connection Entry Capacity, Registered Capacity or inverter rating are net of the Generating Unit's auxiliary load;

And to amend Rules 3.6.3 and 3.7.3 to clarify that:

- where a Distribution Connection Agreement specifies a range of values for the registered capacity or inverter rating both the minimum and maximum values of that range should be specified in the Application.

**Decision**

We propose to make the suggested amendment and amend Rule 3.5 to provide clarity during prequalification. However, in relation to the proposed amendments to Rules 3.6.3 and 3.7.3 we have decided to make changes to clarify that, where a Distribution Connection Agreement specifies a range of values for the registered capacity or inverter rating, only the minimum value must be confirmed in the Application.

- **Proposal CP84 - DECC**

This submission proposed to amend Rule 3.5.5 to allow Applicants in respect of both Existing Generating CMUs and Prospective CMUs to elect to utilise the TEC/CEC ratio methodology under Rule 3.5.5 to determine Connection Capacity.

**Decision**

Our decision is to take this proposal forward and make changes to the Rules to enable Applicants in respect of both Existing Generating CMUs and Prospective CMUs to elect to use the TEC/CEC ratio methodology described under Rule 3.5.5 to determine Connection



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Capacity. We believe it is fairer and beneficial to prospective participants, given they have the relevant data, to be able to utilise this methodology. It will ensure greater consistency in this area amongst Generating CMUs

- **Proposal CP86 - DECC**

The proposal would amend Rules 3.6.1 and 3.6.2 to allow applicants to confirm settlement period data and Grid Code compliance for the 24 months *prior to one month in advance of the prequalification window*. Current arrangements present difficulties for Directors' signing off the accuracy of an application that relates to a period right up to the start of the prequalification window.

**Decision**

We agree with the point made in this proposal. Accordingly we propose to make the suggested amendment to Rule 3.6.1 such that the 24 month period referred to does not include the month before the opening of prequalification. (The proposal also sought to amend Rule 3.6.2, but we have decided to revoke this rule following our consideration of proposal CP66.)

## 4. Determination of Eligibility

**Proposals rejected**

- **Proposal CP26 – E.ON**

This proposal sought to amend Rule 4.4.2(f), relating to tests of an Existing Generating CMU's output, to require the Settlement Periods nominated by the Applicant pursuant to Rule 3.6.1 to show physically generated net outputs which are equal to or greater than the Connection Capacity specified by the Applicant under Rule 3.4.5. This amendment was proposed to prevent the possibility of the Connection Capacity not reflecting the CMUs maximum physical output.

**Decision**

We are aware of the issues surrounding the calculation of Connection Capacity under Rule 3.5 and the implications that imprecise Connection Capacity statements, and therefore calculated de-rated capacity, could have for security of supply.

We have decided to reject the proposed amendments since a requirement to provide evidence of physically generated net output in excess of the specified Connection Capacity would lead to units operating in a way that contravenes requirements of the Connection and Use of System Code (CUSC). We note that overstating connection capacity is already prohibited under the Rules.

- **Proposal CP58 – National Grid**

This proposal would amend Rule 4.6 (Conditional Prequalification – Applicant Credit Cover) in order to clarify the credit cover requirements. Specifically, it suggested revising the timetable for provision of credit cover, allowing up to 17 working days for the Applicant to submit this instead of five as presently allowed under the Rules.

**Decision**

DECC published draft Rules on 27 March 2015, including an extension of the timescale for Applicants to post cover to 15 working days. In view of this, we reject this proposal.



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**Suggested amendments we propose to make**

- **Proposal A - Ofgem**

We propose to streamline the Price-Maker Memorandum (PMM) submission process as noted in our Open Letter published in November 2014. Feedback from stakeholders included suggestions to allow more time for submission between the date on which auction participants were confirmed and the PMM submission deadline.

**Decision**

We propose to amend Rule 4.8.1 to allow Existing Generating CMUs to submit a PMM to the Authority from the start of the relevant Prequalification Window. Currently, the Rules only allow Existing Generating CMUs to submit the memorandum after they have been confirmed as prequalified. Allowing extra time in this way will aid those CMUs that know they need to bid above the price-taker threshold enabling them to receive their receipt at an earlier date, ready for submission to the Delivery Body. However, we do not think there is sufficient justification to make changes to the deadline for submission.

## 5. Capacity Auctions

**Proposals rejected**

- **Proposal CP05 – RWE Supply and Trading**

This proposal would amend Rule 5.5 (Capacity Auction format) and Rule 5.10 (Capacity Auction results) to require the publication of bid and continuing bid data following the completion of each Bidding Round and at the conclusion of a Capacity Auction.

**Decision**

We do not believe it is necessary to publish bidding data. No specific reasoning or evidence has been provided to demonstrate why the publication of inter-round data would improve the auction process. Further publication could however result in bidders being able to co-ordinate their bids, leading to worse outcomes for consumers.

- **Proposals CP10 and CP15 – Drax Power and Energy UK**

CP10 would add a new paragraph to Rule 5.10 to the effect that the end of round results are made publically available to all market participants, not just participants taking part in the auction.

CP15 would amend Rule 5.10 so that the Delivery Body must publish the high level round results to the market at the end of each round, and must notify the public in advance where these results will be published. ("High level round results" to include: (a) Round number, (b) Price Floor (£/kW), (c) Clearing Capacity at the Price Floor (MW), (d) Status: the round has cleared / not cleared and (e) Excess Capacity (rounded to 1,000MW)).

**Decision**

We are rejecting these amendments. There were no reasons given for making these changes (transparency is not and end in itself) and it is not clear to us that there would be benefits.



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- **Proposal CP42 - SSE**

This proposal would amend Rule 5.5 (Capacity Auction format) to require that prior to the start of the first and each subsequent Bidding Round of the auction, the Auctioneer should announce, for that round, the information set out by Rule 5.5.18 (a) – (c). Also, prior to Auction Round 1, the Auctioneer should announce the final prequalified auction volume to all Auction participants.

**Decision**

The information set out above is available on the Capacity Market Register prior to the commencement of the Auction. National Grid has confirmed that this information will be more easily visible for participants in future auctions.

- **Proposal CP43 – UK Power Reserve Group**

This submission proposed two alternative changes to the provisions governing the Price-Maker status of CMUs and the role of Price-Makers in the auction. The first proposal was that the Price-Maker status of market participants should be made public ahead of the auction. The second proposal, as an alternative to the first, was that Price-Makers be restricted to bidding between the price-taker threshold and the price-cap.

**Decision**

Making the Price-Maker status of participants public ahead of the auction may influence the clearing price in the auction, by signalling the bidding intentions of some CMUs. This would not be beneficial for consumers. The alternative proposal to restrict the bids of Price-Makers undermines the process of competitive price discovery in the auction and may act to increase the costs to consumers by raising the clearing price.

- **Proposal CP55 – National Grid**

National Grid suggest amending the clearing algorithm at Rule 5.9 to clarify that if there is excess capacity at the price floor then the normal exit ranking takes place. We note that this is a very rare occurrence where the auction clears at zero.

**Decision**

We do not believe that this clarification is necessary. DECC have stated that if the auction was to clear at zero then as much capacity as available will be contracted[8]. We do not think a rule change is necessary to clarify this point.

- **Proposal CP56 – National Grid**

This proposal would amend the Rules for making Duration Bid Amendments (DBA) (5.6.8) and Exit Bids (5.8.2). Currently, a change in agreement duration applies at the price that a DBA is submitted, while an Exit Bid applies at a price that is 1p lower than the bid submitted. The proposal suggested that to ensure consistency they should all apply at 1p below the price entered.

**Decision**

We are rejecting this proposal as we are of the view that we have addressed this issue through our proposal to take forward CP18 (below).

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8 https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/324176/Implementing_Electricity_Market_Reform.pdf



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**Suggested amendments we propose to make**

- **Proposal B - Ofgem**

This proposal would amend Rule 5.5.18(c) to create a minimum level for the announcement of spare capacity. Currently the auctioneer announces the spare capacity at the start of each Bidding Round, rounded to the nearest GW. This proposal would set a minimum amount of 2GW for a T-4 auction and 200MW for a T-1 auction. So for instance, in a T-4 auction, if the spare capacity was 1.2GW, the announcement would be "below 2GW".

This proposal removes the ability for participants to know when the auction is about to clear. This gives a reasonable mitigation against strategic withholding, where a portfolio is able to hold some capacity back in order to drive up the clearing price. We recognise that the excess capacity, published between rounds, is an important feature of the current design and we have not removed it completely. We believe our proposal strikes the right balance between giving market participants information during the auction and preventing the possibility of strategic withholding.

- **Proposal CP18 – Energy UK**

This proposal suggested an amendment to Rule 5.6.7 (Duration Bid Amendments) by replacing the words "is lower than the highest price specified in the Duration Bid Amendment" with "is lower than or equal to the highest price specified in the Duration Bid Assessment". This is to address a situation where, as the clearing unit, the participant may secure an agreement of 1-year in length but for a refurbished (i.e. increased) de-rated connection capacity.

**Decision**

We agree that this proposal raised an issue which needs to be addressed. Currently there is a rare circumstance in which a refurbishing plant could receive a one year agreement, despite being eligible for a three year agreement. The problem is caused by inconsistent wording between Rule 5.6.7 ("lower than") and Rule 5.6.8 ("equal to or lower than") which means that the duration of an agreement can change while maintaining the refurbishing status of the CMU.

We intend to make the definition of a Duration Bid Amendment consistent with the definitions of Exit Bid. A Duration Bid Amendment would therefore be the minimum price at which the Bidder would still be willing to commit the Bidding Capacity at that length of agreement. A change in duration would therefore only occur at a price below the Duration Bid Amendment.

- **Proposal CP74 – National Grid**

This proposal suggested a clarification to the effect that a duration bid amendment is capped at the declared duration ten days before the auction and to clarify that it can only reduce during the auction. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process.

**Decision**

In the current version of the Rules it could be interpreted that a duration bid amendment could increase in duration. We are minded to clarify this, so as to restrict Duration Bids to being for durations lower than any previously bid, including the deemed Duration Bid in Round 1 of the auction (Rule 5.6.2). As DECC have stated that Price Duration Curves will not be used in the upcoming auction, we will not make the proposed amendment this year but will consider it for future years.



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**Q4 CP74:** Do you agree that duration bid amendments should only be allowed to reduce during the auction?

## 6. Capacity Agreements

**Proposals rejected**

- **Proposal CP40 – SSE**

This proposal suggests an amendment to Rule 6.10 (Termination) to allow a Generating CMU consisting of multiple generating units to partially transfer some of their capacity to a low carbon exclusion scheme and to reduce their capacity obligation rather than terminate their Capacity Agreement in full.

**Decision**

The process for transferring capacity to a low carbon exclusion scheme is governed by the Regulations. Regulation 34 provides that the Delivery Body must terminate a capacity agreement following a CFD transfer notice or an ROO conversion notice. We reject this proposal as we believe it would lead to an inconsistency with the Regulations.

- **Proposal CP45 – UKDRA**

This submission suggests that an Unproven DSR CMU may be subject to a double forfeit for the same occurrence, due to the interaction of termination fees as set out in the Rules and credit cover drawdown as set out in the Regulations. The submission proposes that Rule 6.10.3 be amended to allow for the termination fee to be reduced by the amount drawn-down by the Settlement Body where the forfeit relates to the same CMU and same termination event. A further change to Rule 6.10.3 is proposed to allow the Settlement Body to reimburse the relevant CMU where termination fees are applied as well as credit cover drawn-down.

**Decision**

NGET have clarified that a metering assessment and a metering test, if required, must have been successfully completed before a DSR test can take place. Therefore we do not believe that both penalties can be levied in practice so we reject this proposal.

- **Proposals CP51 and CP53 – Scottish Power**

Both of these proposals suggested changes to the Termination Fee regime for New Build CMUs. CP51 would place a requirement on such CMUs to certify at Prequalification that they have sufficient financial resources to meet Total Project Spend and to provide evidence of such resource upon request by the Authority. It further proposed that the relevant Directors certify that the CMU will act in accordance with the financial mandate in the relevant auction. In the absence of such a certification process the Termination Fee for New Build CMUs would be raised in the event that they fail to meet their Financial Commitment Milestones.

CP53 proposed to raise the Termination Fee for New Build CMUs failing to achieve their Financial Commitment Milestone by amending Rule 6.10.1 (b). The applicable termination fee rate would change from TF1 to TF2 as defined in the Regulations.

**Decision**

We are rejecting these proposals. We note the existing arrangements are yet to be tested, and this proposal does not indicate a loop-hole that needs to be filled has been found.



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- **Proposal CP76 – National Grid**

Proposal CP76 seeks to add a method for indexation of total project spend, possibly using the definition of indexation in the Regulations.

**Decision**

Rule 6.4 provides that capacity payments are adjusted by the application of the CPI adjustment set out in paragraph 3(5) of Schedule 1 to the Regulations. Whilst there is no similar provision for indexing Total Project Spend, we would expect the Construction Plan, and the Independent Technical Expert's report on progress of that plan, to properly account for the indexation of spend over time.

**Suggested amendments we propose to make**

- **Proposal C - Ofgem**

We identified three typographical errors within the Rules. Two are within Rules 6.10.1(e) and 8.3.1(a). Both are references to a non-existent Rule "3.7.3(b)(iii)". The third error is in Rule 7.4.5(j)(i) where the last word of the sub-paragraph is incorrect.

When Rules 6.10.1(e) and 8.3.1(a) are read together with Rule 3.7.3 it appears that both references to Rule 3.7.3(b)(iii) should be to 3.7.3(c) instead, which relates to declaring that a Distribution Connection Agreement will be in place 18 months prior to the commencement of the relevant Delivery year. We propose making the amendment to the text to correct this. Rule 7.4.5(j)(i) is amended to conclude "…the Financial Commitment Milestone must be met;".

- **Proposal CP47 – UKDRA**

This submission proposed amendments should be made to clarify how Line Loss Factors are to be incorporated in the relevant areas of the Rules for Distribution CMUs, for example in calculating capacity at delivery and prequalification.

**Decision**

DECC published draft Rule amendments on 27 March and one of these amendments seeks to ensure that Line Loss Factors are applied consistently. These draft amendments include changes to the definition of Metered Volume and Meter Point. Based on DECC's amendments we propose to add further provisions to ensure that Line Loss Factors apply consistently and are accounted for in the changes we are making to those parts of the Rules which will make use of the amended definitions.

Please note that the amendments we have added in regard to Proposal 47 above are dependent on the DECC's March 27 draft amendments.

## 7. Capacity Market Register

**Proposals rejected**

- **Proposals CP09 and CP89 – GDF SUEZ UK and DECC**

These proposals would amend Rule 7.4 to clarify the status and obligations of CMUs which prequalify as Refurbishing CMUs but subsequently gain Capacity Agreements of only one year. The Capacity Market Register would make clear where CMUs have reverted to Pre-Refurbishing status. If this is not the case, and the Refurbishing CMU has opted for a one year agreement, then the Register would indicate whether the CMU has an obligation to



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undertake the relevant Qualifying Capital Expenditure. The Provisional & Final Auction Results would accurately record this information.

**Decision**

We do not see a reason to make the change and insufficient reason was given in the proposals for why this information needs to be shown on the register.

- **Proposal CP68 (part) – National Grid**

This proposal suggested correction of some typographical errors and minor inconsistencies. These included (i) incorrect cross referencing within chapter 3 of the Rules; (ii) the timescale over which CMUs are notified whether or not they have been awarded a Capacity Agreement, (iii) the term used in the formula for Load Following Capacity Obligations, and; (iv) the use of "applicant" rather than "person" in one instance. Rules 3.8.2(b)(c); 7.4.3; 8.5.3 and 7.4.5(b), respectively, would be affected.

**Decision**

This proposal made four different suggestions for amendments to the Rules. Here we address the points (ii) and (iv), relating to Rules 7.4.3 and 7.4.5(b), respectively. Our decisions in respect of the points (i) and (iii) are explained elsewhere.

The suggestion concerning Rule 7.4.3 (point (ii) above) was that it should be amended to require the Delivery Body to update the Capacity Market Register to indicate whether or not each CMU has been awarded a Capacity Agreement within a timescale consistent with Chapter 5, rather than eight working days after Auction Results Day as at present. We understand this to refer to Rule 5.10.1 which requires notification of the Capacity Auction result to each CMU within 24 hours. However, the two requirements are different and we see no reason for their timings to be aligned. In this context we note that Rule 6.3.1 requires the Delivery Body to issue Capacity Agreement Notices to successful bidders in the auction within 20 working days of Auction Results day.

The proposal also suggested that Rule 7.4.5(b) should be amended to refer to the "name of the applicant", rather than "person", to whom the Delivery Body awarded a Capacity Agreement (point (iv)). However, we believe that the wording of 7.4.5(b) in this regard makes clear that the "person" is "the name of the Capacity Provider (the "Registered Holder)". Therefore we are of the view that no change is needed.

- **Proposal CP71 – National Grid**

This proposal suggested a review to determine whether all of the information currently contained in the Capacity Market Register needs to be published. No specific information was mentioned. National Grid suggested that implementation of this proposal may be delayed until after the 2015 prequalification process.

**Decision**

In the absence of specific proposals for changes we are rejecting this proposal. However, the requirements for the information to be included on the Capacity Market Register have been modified by our decisions on CP30, CP36, CP60 and CP67.

- **Proposal CP36 – National Grid**

This proposal from National Grid, calls for a review of Rules 8.3 and 7.5.1(r) to clarify the consequences of relocating a CMU.



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**Decision**

DECC, in its 27 March draft Rule amendments, has altered this provision to clarify the policy intent. Therefore we reject this proposal.

## 8. Obligations of Capacity Providers and System Stress Events

**Proposals rejected**

- **Proposal CP14 – Energy UK**

This submission proposed that for the Load Following Capacity Obligation (LFCO) formula within Rule 8.5.3, the definition of Reserve for Response (RfR) should be amended to clarify that the "most recent capacity report" refers to the most recent National Grid Capacity Report prior to the T-4 Auction for the relevant Delivery Year.

**Decision**

The term "Annual electricity capacity report" is defined within Regulation 7. We are of the view that this will be sufficiently well known to any interested parties as not to require repetition within the Rules.

- **Proposal CP46 – UKDRA**

This submission proposed to amend the provisions for allocation and removal of CMU components from DSR CMUs under Rules 8.3.3 and 8.3.4 to align them with the rules governing strategic operating reserve and frequency control by demand management balancing services. Increasing the flexibility of component allocation was proposed to aid demand-side participation and increase the volume of DSR available.

**Decision**

We are minded to consider this proposal further, with a view to making a decision before the first transitional delivery year begins. We think there could be some merit in allowing DSR providers to manage their risk through addition of components. However, we also understand that increasing the flexibility in the Rules to allow component reallocation for DSR CMUs could introduce risks during the testing regime and undermine processes to the detriment of consumers. Under existing balancing arrangements component reallocation is consistent with the weekly contracting arrangements. However, under the Capacity Market, agreements are made on an annual basis and could introduce an opportunity for Applicants to reallocate components to artificially raise the capacity that is qualified.

**Question 6, CP46**: Do you believe that DSR CMUs should be able to add, remove and reallocate CMUs? Please explain your answer. Do you think there are potential downside risks to this, as we describe above? If so, how would you suggest we mitigate these downside risks?

- **Proposal CP68 (part) – National Grid**

This proposal suggested correction of some typographical errors and minor inconsistencies. These included (i) incorrect cross referencing within chapter 3 of the Rules; (ii) the timescale over which CMUs are notified whether or not they have been awarded a Capacity Agreement, (iii) the term used in the formula for Load Following Capacity Obligations, and; (iv) the use of "applicant" rather than "person" in one instance. Rules 3.8.2(b)(c); 7.4.3; 8.5.3 and 7.4.5(b) would be affected.



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**Decision**

This proposal made four different suggestions for amendments to the Rules. Here we address point (iv), relating to Rule 8.5.3. Our decisions in respect of the other three points are explained elsewhere. Point (iv) relating to Rule 8.5.3 suggests that the formula given within the rule is incorrectly cited as being for ALFCO (Adjusted Load Following Capacity Obligation). This formula is, correctly, for LFCO (Load Following Capacity Obligation) and not ALFCO, and therefore we are rejecting this part of the proposal.

**Suggested amendments we propose to make**

- **Proposal CP13 – Energy UK**

This proposed an amendment to Rule 8.5.3 to correct an error in the formula for the calculation of the Load Following Capacity Obligation (LFCO). Specifically, it recommended that there should be an additional set of parentheses around the "min" function: $\Sigma(AACO_{ij} - SCO_{ij})$ within the formula.

**Decision**

Although we do not believe this could lead to an incorrect calculation of the relevant value, to avoid any ambiguity, and for consistency with other formulae within the Rules, we propose to make the amendment.

- **Proposal CP24 – E.ON**

CP24 sought to expand the definition of 'Demand Reduction Instruction' (DRI) under Rule 1.2 to include load reductions made according to Operating Code (OC) 6.6 of the Grid Code (Automatic Low Frequency Demand Disconnection) as well as OC6.5 (Demand Control on the Instructions of NGET). This would have the effect of similarly amending the definition of Involuntary Load Reduction (ILR), which references the DRI definition in Rule 1.2, so that both forms of load reduction are included in the calculation of Load Following Capacity Obligations (LFCO) under Rule 8.5.3.

**Decision**

The current definition of Involuntary Load Reduction (ILR) within Rule 8.5.3 makes reference to the term Demand Reduction Instruction (DRI) which is in turn defined within Rule 1.2 as relating to an instruction pursuant to OC6.5. This has the effect of omitting some forms of load reduction. Notably, Automatic Low Frequency Demand Disconnections (ALFDD) made according to OC6.6 are not included, which we do not believe was the original policy intent. Moreover, the omission renders Rule 8.5.3 inconsistent with Rules 8.4.2 - 8.4.4 which include both OC6.5 and OC6.6. Therefore we propose to make the suggested amendment.

Our consideration of this topic also indicated that OC6.7, Emergency Manual Disconnection (EMD), should also be included as a System Operator Instigated Demand Control Event (Rule 8.4.2) through incorporating this form of load reduction within the meaning of DRI within Rule 1.2. It will also be accounted for within the calculation of Load Following Capacity Obligation.

**Question 7, CP24:** Do you have any reasons or evidence for why we should not also include OC.6.7 as a form of load reduction in the definition of Involuntary Load Reduction (in addition to our proposal to make the amendment suggested by CP24)?



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- **Proposal CP38 – National Grid**

This proposal would revise the timescale for new build CMUs to submit their evidence of capital expenditure to six months after the start of the relevant delivery year, rather than "prior to the start of the delivery year". Amend Rule 8.3.6(a).

**Decision**

We agree that it might be difficult for a CMU to provide the necessary declarations by the start of the delivery year. However we propose a period of 3 months after the start of the delivery year to provide evidence of capital expenditure, as this would provide an earlier signal in the delivery year about whether there would be a shortfall in capacity.

- **Proposal CP59 – National Grid**

This proposal from National Grid seeks to amend Rule 8.4 (Triggering a Capacity Obligation and System Stress Events). Specifically, it calls for Rules 8.4.2 and 8.4.6 to be reviewed and amended such that a Capacity Market warning is issued in response to an OC6 Demand Control Event, rather than a SO Instigated Demand Control Event. This is because not all the information needed to determine whether a SO Instigated Demand Control Event has occurred is available at the time of needing to make the Capacity Market Warning.

**Decision**

We propose to make the suggested amendment, though not in its entirety. We believe that if a Capacity Market Warning is not already in place it should be immediately given when there is a demand control event. A system operator instigated demand control event only occurs due to two things: (1) a demand instruction from NGET to at least one DNO; or (2) an automatic low frequency demand disconnection. OC6 of the Gird Code deals with five occurrences; both of the above and three others which are: (3) customer voltage reduction initiated by Network Operators; (4) customer demand disconnection by Network Operators; and (5) emergency manual demand disconnection. Because of OC6's wider scope this proposal could have the adverse consequence of widening the number of capacity market warnings issued. Further, some of these other occurrences may not be immediately known to NGET. Therefore, in order to ensure alignment with a system operator demand control event we propose to amending Rule 8.4.6(a)(i) to use only (1) and (2) above.

## 9. Transfer of Capacity Obligations

No proposals received.

## 10. Volume Reallocation

No proposals received.

## 11. Transitional Arrangements

**Proposals rejected**

- **Proposal CP48 – UKDRA**

This submission proposed to remove Rule 11.3.2(b) which prohibits Non-CMRS Distribution CMUs or DSR CMUs that have been awarded a Capacity Agreement in a Capacity Auction (other than a Transitional Capacity Auction) from participating in the transitional arrangements. UKDRA are of the view that the current policy: (i) disincentivises DSR


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providers from entering the T-4 auction and therefore the T-4 clearing price is higher than it would otherwise be; (ii) Makes it more difficult to attract DSR as it cannot enter the T-4 and transitional auctions, and; (iii) is not consistent with DECC policy.

**Decision**

The policy aim of the Transitional Arrangements is to help develop and grow the DSR sector so that it is able to participate in the first year-ahead auction in 2017, and subsequent auctions thereafter. The Transitional Arrangements have less restrictive terms in comparison to the T-4 auctions to better support new resources coming forward. Allowing existing DSR (or, equally, generation) with capacity agreements to take part in the transitional auctions would go directly against that policy intent – capacity that is demonstrably ready to take part in the full auctions would be able to participate in auctions specifically designed for those not ready to take part in the full auctions. As well as directly contradicting the policy intent, allowing DSR with capacity obligations to participate in the transitional auctions could undermine policy delivery as capacity that is already developed so as to be able to successfully participate in the full auctions may crowd out the emerging resources the transitional auctions were designed to support. In the medium and long term we are of the view that this would be against the interests of consumers as it could lead to less DSR in total participating in CM auctions.

**Suggested amendments we propose to make**

- **Proposal CP65 – National Grid**

This submission proposes that bidders in the Transitional Auctions should specify a default position regarding their choice of product. Should they win an agreement in the auction, bidders choose between a time-banded and load-following equivalent obligation in the Transitional Auctions. It is proposed that a default position be declared by the Bidder at D-10, and that this default could be altered up to 30 minutes after the provisional auction results have been published. After this point the declared default position is taken as final for the relevant Capacity Agreement.

**Decision**

We are minded to take forward this proposal however we believe a longer period of time should be allowed for Bidders to alter their type of obligation than is proposed in this submission. We have decided to amend Rule 11.3 to require Bidders to declare a default position at D-10 alongside additions to the Rules to allow Bidders to change from their default position up until the end of the Working Day following the day on which the Clearing Round occurs. After this point if the relevant Bidder has not declared any change in product choice, the default position declared at D-10 will be taken as final and form the basis of the relevant Capacity Agreement. If no default position is declared by the Bidder they will be assigned a choice for the full capacity product equivalent at D-10, which they may alter before the deadline detailed above. The time period for changing product choice has been determined so as to allow Bidders sufficient time to make any declarations following the Clearing Round, whilst also allowing the Delivery Body sufficient time to finalise the results and meet reporting obligations.

## 12. Monitoring

**Proposals rejected**

- **Proposal CP02 – GDF SUEZ UK**

Rule 12.2 (Monitoring of construction progress of Prospective Generating CMUs) requires the CMU to report to the Delivery Body every six months on progress made against the Construction Plan until the Substantial Completion Milestone. This proposal would require


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an independent audit of these reports. Unsatisfactory audit findings would result in the CMU being entitled only to a one-year capacity agreement and not being permitted to bid as a Refurbishing CMU in future auctions.

**Decision**

Chapter 12 of the Rules set out how the Delivery Body should monitor the construction of Prospective Generating CMUs, including the steps it can take if there is a risk that the CMU will not meet the relevant Substantial Completion milestone. The proposed Rule change would create an additional layer of independent audit, so that the CMU is effectively subject to two separate independent assessments. This represents an additional cost for both the CMU and the Delivery Body and, ultimately, consumers. In our view, changes to the monitoring process should be introduced only if there is considered to be a significant risk that CMUs will not be submitting accurate and truthful progress reports. The Rules set out a proportionate approach to monitoring progress against the Construction Plan and we are not convinced that a sufficient case has been made, or evidence provided, to support an amendment to this aspect of the Rules.

- **Proposal CP32 – Green Frog Power**

This proposal would amend Rules so that the Delivery Body is able to conduct random site checks to ensure that the metering configuration and other site details are as outlined in the Capacity Register. A new Rule 12.3.1(d) is proposed.

**Decision**

It is not clear why this additional power is needed. The Rules set out the process by which CMUs are required to demonstrate their metered output, and the testing/monitoring regime in place to ensure that the necessary performance levels are met. An additional programme of testing could add significant costs, which we do not feel there is sufficient evidence to support.

- **Proposal CP75 –National Grid**

This proposal suggests a review of the requirements in the Independent Technical Expert report and to write these into the rules. Changes to Rules 1.2, 6.6 and 8.3.6 are proposed.

**Decision**

This proposal suggests a formal review of the requirements for the Independent Technical Expert's report but does not make any specific proposals for changing the Rules. We are not able to conduct a formal review and make proposals given the limited time available to us in this round of Rule changes. However, we would consider reviewing a more developed proposal on this point during the 2016 (or after) Rule change process.

## 13. Testing Regime

**Proposals rejected**

- **Proposal CP11 – Energy UK**

This proposal sought to amend Rule 13.4.1(b) to the effect that penalties for failing to demonstrate satisfactory performance would be capped at 100% of annual payments received, rather than 100% of scheduled payments.



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**Decision**

This issue has been identified by DECC in paragraphs 51-52 of their February 2015 consultation[9]. We cannot make the change to implement this proposal because it would render the Rules inconsistent with Regulations. Regulation 50, like Rule 13.4.1, deals with repayment of capacity payments for failure to demonstrate satisfactory performance. This does not allow for netting off of Capacity Provider Penalty Charges.

**Suggested amendments we propose to make**

- **Proposal CP44 and CP63– UKDRA and National Grid**

This submission proposed to amend Rule 13.2 (DSR Test) to enable past performance of a DSR CMU to be calculated using a newly defined "Balancing Service Delivery Period" rather than Settlement Periods. This amendment was proposed in order to allow DSR CMUs involved in the provision of balancing services, services which are not tied to settlement periods and may not begin on an hour or half-hour, to provide performance data that is not restricted to the Settlement Period requirements.

**Decision**

We propose to take forward this proposal in order to ensure that the Rules do not unduly prevent DSR CMUs from qualifying as Proven DSR CMUs if they are providing balancing services. This change will only apply to DSR CMUs and will affect the prequalification process for those CMUs with changes being made to Rule 13.2 (DSR Test) and Schedule 2 (Baseline Methodology). Our decision is to introduce a new term, 'DSR Alternative Delivery Period', defined as a continuous 30 minute period, which is not restricted to starting on the hour or half-hour mark, and is therefore not a Settlement Period. These 'DSR Alternative Delivery Periods' will aid DSR in qualifying as Proven DSR CMUs, a problem which was identified in the prequalification round last year as not all DSR components can run outside of the hours of their balancing contracts. Enabling this qualification will also help to reduce the costs of participation for DSR CMUs and we believe the changes will also help DSR Applicants providing Frequency Control Demand Management and Firm Frequency Response services to qualify.

DECC's 27 March draft amendments include amendments relating to metering which will require consequential amendments to ensure that Line Loss Factors are applied consistently throughout the Rules. We note here that where these amendments are made we will ensure that the DSR Alternative Delivery Period solution remains viable as well as ensuring that Line Loss Factors are considered in the relevant calculations. The use of DSR Alternative Delivery Periods will require certain metering requirements and we will review the drafting in this regard once DECC's amendments are finalised. As currently proposed, DECCs amendments do not have any direct implications for our proposed drafting regarding this proposal.

- **Proposal CP64 – National Grid**

This submission proposed to clarify the process, or methodology, by which the Delivery Body should calculate the target DSR Volume specified under 13.4.3(c).

**Decision**

We propose to take forward this proposal by making amendments to Rule 13.4.3(c). We believe the existing ALFCO calculation as detailed under Chapter 8 of the Rules provide a suitable method for calculating the Target DSR Volume specified under Rule 13.4.3 since it

[9] https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/403661/cm_consultation.pdf



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then relates satisfactory performance to the relevant obligation level. We are doing this to make it clearer to DSR participants what they are required to do during DSR tests.

## 14. Data Provision

**Proposals rejected**

- **Proposal CP37 – National Grid**

This proposal sought to revise the timescale for the System Operator (SO) to provide information to the Settlement Body, changing it from five working days to "as soon as reasonably practicable". This would be achieved through an amendment to Rule 14.4.5.

**Decision**

We are rejecting the proposal for two reasons. Firstly, we believe there is insufficient evidence to show that the current timescale is inappropriate. Secondly, the Settlement Body needs the SO data in order to calculate capacity market payments; changing the SO's timing would have implications for the Settlement Body's processes.

## 15. Schedules & Exhibits

**Proposals rejected**

- **Proposal CP20 – Energy UK**

This proposal sought to remove the reference to 'form of' from the Exhibit certificates in the Rules to clarify the certificates were final versions. The proposal also suggested these certificates be made available to applicants in a more easily editable form.

**Decision**

We are rejecting this as the Exhibits in the Rules are 'forms of' the required documentation, which the current drafting captures. Making the documents editable would not in our view add value.

- **Proposal CP49 - UKDRA**

This submission proposed a new baseline methodology be added to Schedule 2 that applies to behind-the-meter generation such as CHP and emergency generation so that these generators can participate as DSR CMUs.

**Decision**

We are rejecting this proposal based on the understanding that behind-the-meter generators such as the CHP technologies cited in this submission are able to participate in the Capacity Market by qualifying as an existing generating unit. However, we would welcome evidence that these technologies are failing to prequalify, or that there are benefits to allowing embedded generation to bid as a DSR component.

**Question 8, CP49**: Do you have any evidence to show that CHP is failing to prequalify or that there would be benefits to allowing embedded generation to bid as a DSR component?



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- **Proposal CP70 – National Grid**

This proposal sought to remove the following items from the Capacity Agreement Notice (CAN) (Schedule 1): (a) bank details; (b) Meter Point Administration Number (MPAN) information; (c) type of CMU; (d) registered address: and (e) derated capacity. National Grid suggested that implementation of this proposal may be delayed until after the 2015 prequalification process.

**Decision**

We do not believe there is sufficient evidence to remove (b) to (e) from the Capacity Agreement Notice so are rejecting those parts of this proposal. We believe it is a useful precaution to retain these four items on the CAN as reference information in the event of any subsequent disputes and that their removal would be unlikely to reduce the burden on any party significantly. We propose to remove the CMU's Bank details from the CAN as a consequence of changes in respect of CP67.

- **Proposal CP85 - DECC**

This submission proposed to make amendments to the Rules that would place an obligation on the Delivery Body to publish a principles statement for calculating non-BM Adjustment Formulae for Frequency Control for Demand Management services.

**Decision**

We acknowledge that Schedule 4 of the Rules as currently drafted does not contain adjustment formulae for calculating the declared availability and contracted output of Frequency Control Demand Management (FCDM) providers. We agree with the proposal to include relevant adjustment formulae for FCDM services but reject the proposed temporary solution for a principles statement to be issued by the Delivery Body. Since currently no FCDM services have received a Capacity Market obligation and these formulae would only be used in the relevant Delivery Year we are minded to consider this further, making amendments so that the relevant formula can be derived and added to Schedule 4, rather than introduce a temporary solution that would likely have to be amended before the first Delivery Year.

**Suggested amendments we propose to make**

- **Proposal CP29 – E.ON**

This submission proposed a review of the list of bodies provided on Exhibit C (Certificate of Conduct) to which an Applicant can disclose Capacity Market Confidential Information. It was proposed that Ofgem and the CMA should be included on the list of bodies.

**Decision**

The current wording in paragraph (e) of Exhibit C requires Applicants to declare that they have not disclosed Capacity Market Confidential Information to anyone other than those listed in that paragraph. We of the view that Applicants may have disclosed such information to us in the past and therefore would not be able to make such a declaration. We have therefore inserted 'the Authority' into the list if such a possibility does not arise. We have not had any representations from the CMA on this point so are not taking that part of the proposal forward at this time.



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# Annex B: Summary Table of Proposals and Decisions

| Ref. No. | Summary of submitted proposal | |
|---|---|---|
| A | We propose to streamline the Price-Maker Memorandum (PMM) submission process as noted in our Open Letter published in November 2014. Feedback from stakeholders included suggestions to allow more time for submission between the date on which auction participants were confirmed and the PMM submission deadline. | Make Amendment |
| B | This proposal would amend Rule 5.5.18(c) to create a minimum level for the announcement of spare capacity. Currently the auctioneer announces the spare capacity at the start of each Bidding Round, rounded to the nearest GW. This proposal would set a minimum amount of 2GW for a T-4 auction and 200MW for a T-1 auction. So for instance, in a T-4 auction, if the spare capacity was 1.2GW, the announcement would be "below 2GW". | Make Amendment |
| C | We identified three typographical errors within the Rules. Two are within Rules 6.10.1(e) and 8.3.1(a). Both are references to a non-existent Rule "3.7.3(b)(iii)". The third error is in Rule 7.4.5(j)(i) where the last word of the sub-paragraph is incorrect. | Make Amendment |
| CP01 | This proposal from GDF Suez would amend the definition of Qualifying Capital Expenditure within Rules area 1.2 (Definitions). It seeks to remove the reference date of 1 May 2012 from when Qualifying Capital Expenditure is measured for Refurbishing CMUs. It would instead refer to a 3 year continuous period within the four years prior to commencement of the Delivery Year. | Consider Further |
| CP02 | This proposal from GDF Suez would make an addition to Rule 12.2 (Monitoring of construction progress of Prospective Generating CMUs). Rule 12.2 requires the CMU report to the Delivery Body every six months on progress made against the Construction Plan until the Substantial Completion Milestone. The proposed change would require an independent audit of these reports. Unsatisfactory audit findings would result in the CMU being entitled only to a one-year capacity agreement and not being permitted to bid as a Refurbishing CMU in future auctions. | Reject |
| CP03 | This proposal from RWE seeks to amend Rule 3.3 (Submitting an Application for Prequalification) to enable an Agent to represent more than one Applicant CMU. This would be achieved by the deletion of Rule 3.3.5(c). A consequent change would also be required to Rule 3.4.9 (Conduct of the Applicant). | Reject |
| CP04 | This proposal from RWE would amend Rule 3.4.5 (Statement as to Capacity) to enable the recognition within the Rules of CMUs containing generating units of different or mixed generating technology classes. | Make Amendment |
| CP05 | This proposal from RWE seeks to amend Rule 5.5 (Capacity Auction format) and Rule 5.10 (Capacity Auction results) to require the publication of bid and continuing bid data following the completion of each Bidding Round and at the conclusion of a Capacity Auction. | Reject |
| CP06 | This proposal from RWE seeks to amend the definition of Qualifying Capital Expenditure for Prospective Generating CMUs within Rules area 1.2 (Definitions). It would remove the fixed reference date of 1 May 2012 for the start of the period for eligible expenditure and replace it with wording which refers to the commencement of the Calendar Year that immediately precedes the year in which the Prequalification Window commences. | Consider Further |



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| | | |
|---|---|---|
| CP07 | This proposal from RWE seeks to amend the definition of Qualifying Capital Expenditure for Prospective Generating CMUs within Rules area 1.2 (Definitions). For Refurbishing CMUs only, it would remove the fixed reference date of 1 May 2012 for the start of the period for eligible expenditure and replace it with wording which refers to the Auction Results Day to which the application relates. | Consider Further |
| CP08 | This proposal from RWE seeks to amend Rule 3.12 (Declaration to be made when submitting an Application). It would introduce a new provision to require a statement from an Applicant that the Total Project Spend (where relevant) is conditional on securing a Capacity Agreement of more than one-year. | Reject |
| CP09 | This proposal from GDF Suez would add a new provision to Rule 7.4 (Contents of the Capacity Market Register) to clarify the status and obligations of CMUs which prequalify as Refurbishing CMUs but subsequently gain Capacity Agreements of only one year. The provision would require that the Capacity Market Register makes clear when this is because the CMU has reverted to Pre-Refurbishing status in the Capacity Auction; if this is not the case, but the Refurbishing CMU has simply opted for a one year agreement, then the Register should indicate whether the CMU has an obligation to undertake the relevant Qualifying Capital Expenditure. The proposal also requires that the Provisional & Final Auction Results accurately record this information. | Reject |
| CP10 | This submission proposes to add a new paragraph to Rule 5.10 to the effect that the end of round results are made publically available to all market participants, not just participants taking part in the auction | Reject |
| CP11 | This submission proposes to amend Rule 13.4.1(b) to the effect that penalties for failing to demonstrate satisfactory performance are capped at 100% of annual payments received, rather than 100% of scheduled payments. | Reject |
| CP12 | This submission proposes to add a definition for "Settlement Period Penalties" which is currently not defined in the Rules but is in the Regulations. Rule 1.2 would be amended, with implications for Rule 13.4.1(c). | Reject |
| CP13 | This submission proposes to amend Rule 8.5.3 to correct an error in the formula for the calculation of the Load Following Capacity Obligation (LFCO): there should be an additional set of brackets around the "min" function: ∑(AACOij – SCOij). Where AACOij is the Auction Acquired Capacity Obligation and SCOij is the Suspended Capacity Obligation. | Make Amendment |
| CP14 | This submission proposes changes to the formula for Load Following Capacity Obligation (LFCO) under Rule 8.5.3 by amending the definition of Reserve for Response (RFR) to clarify that the "most recent capacity report" refers to the most recent National Grid Electricity Capacity Report prior to the T-4 Auction for the relevant Delivery Year. | Reject |
| CP15 | This submission proposes to amend Rule 5.10 to the effect that the Delivery body must publish the high level round results to the market at the end of each round, and must notify the public in advance where these results will be published. The "High level round results" are proposed to include: (a) Round number, (b) Price Floor (£/kw), (c) Clearing Capacity at the Price Floor (MW), (d) Status: the round has cleared / not cleared and (e) Excess Capacity (rounded to 1,000MW). | Reject |
| CP16 | This submission proposes to amend Rules 3.11.4 and 3.12.5 to make reference to a 'person' submitting the Opt-out Notification rather than the 'Applicant' as is currently drafted. It is proposed 'Applicant' is not an applicable term where an Existing CMU is opting out. | Reject |
| CP17 | This submission proposes to amend the definition of 'De-rated Capacity', so that the drafting of 'Physically generated net output' throughout the Rules is followed by 'in MWs to 3 decimal places', thereby giving a more | Make Amendment |



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| | accurate output figure. | |
| CP18 | This submission proposes to amend Rule 5.6.7 (Duration Bid Amendments) by replacing the words "is lower than the highest price specified in the Duration Bid Amendment" with "is lower than or equal to the highest price specified in the Duration Bid Assessment". This is to address a situation where, as the clearing unit, the participant may secure an agreement of one year in length but for a post-refurbishment (i.e. increased) de-rated connection capacity. | Make Amendment |
| CP19 | This submission proposes to add a new definition for a "Day" as "the period from 00:00 hours to 24:00 hours on each day", so as to reflect common industry practice. | Reject |
| CP20 | This submission proposes to remove the reference to "form of" in the certificates in the Rules, so that it is clear that the templates are finished products. It is also proposed that certificates should be presented in a form that allows easy completion or editing. | Reject |
| CP21 | This proposal from Energy UK, would create a template certificate in the Annex for an Existing CMU which is opting out, thereby avoiding the need for companies to have to interpret the requirements set out in 3.11 of the Rules. | Reject |
| CP22 | This proposal from Energy UK, would amend Rule 3.4 so that CMUs which pre-qualified in the previous year's auction do not have to re-enter data for following years, provided all information is the same. | Reject |
| CP23 | This proposal from Energy UK, would remove requirement for a Legal Opinion on the legal status of the applicant within Rule 3.4.2(a)(iii) and 3.4.2(b). | Reject |
| CP24 | This proposed amendment from E.ON would expand the definition of 'Demand Reduction Instruction' (DDI) under Rule 1.2 to include reductions described in Operating Code (OC) 6.6 of the Grid code and direct demand reduction by the System Operator (OC6.5). This would have the effect of similarly amending the definition of Involuntary Load Reduction (ILR), which references the DDI definition in Rule 1.2, so that both forms of load reduction are included in the calculation of Load Following Capacity Obligations (LFCO) under Rule 8.5.3. | Make Amendment |
| CP25 | This amendment from E.ON would change the definition of 'Qualifying Capital Expenditure' under Rule 1.2, removing the reference to 1 May 2012 and instead referencing the relevant 'Prequalification Window'. | Consider Further |
| CP26 | This proposal from E.ON would substitute the current drafting of Rule 4.4.2 (f) with drafting that requires that prequalified Existing Generating CMUs show that physically generated net output nominated pursuant to Rule 3.6.1 is equal to or greater than the Connection Capacity specified by the Applicant. Currently Rule 4.4.2 (f) requires prevents prequalification of Existing Generating CMUs that display physically generated net output that does not exceed Anticipated De-rated Capacity. | Reject |
| CP27 | This amendment from E.ON would extend the definition of 'Mandatory CMU' under Rule 1.2 to include drafting that also excludes Generating Units that are legally required to close before the Relevant Delivery Year. | Reject |
| CP28 | This amendment to Rule 6.7.5 from E.ON would require that Prospective CMUs notify the Delivery Body of the issuance of a Final Operational Notice (FON) if they have not been issued with an Interim Operational Notice (ION). Relatedly the proposal would see the definition of 'Operational' under Rule 1.2 redrafted to allow for FONs to be accepted in place of IONs. | Make Amendment |
| CP29 | This submission from E.ON proposes the review of the list of bodies, provided on the Certificate of Conduct (Exhibit C) to which an Applicant can disclose Capacity Market Confidential Information. Specifically it is proposed that Ofgem and the CMA should be included in the list provided on the Certificate of Conduct. | Make Amendment |



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| CP30 | This proposal from Green Frog Power Ltd, would amend Rule 3.4.3 (a) (i) to clarify that the description and location of the CMU should include a specific address, a site plan, and a satellite photo (e.g. Google Maps). | Make Amendment |
| CP31 | This proposal from Green Frog Power Ltd, would amend Rule 3.3.7 so that the delivery Body is given leeway to use judgement in determining whether a CMU should prequalify. In particular, that the Delivery Body is able to take into account clear and/or obvious errors that could have a significant impact on the auction outcome or an applicant. | Reject |
| CP32 | This proposal from Green Frog Power Ltd, would amend Rules so that the Delivery Body is able to conduct random site checks to ensure that the metering configuration and other site details are as outlined in the Capacity Register. A new Rule 12.3.1(d) is proposed. | Reject |
| CP33 | This proposal from Green Frog Power Ltd, notes that 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. The proposal would remove 3.6.2 and add a new 3.3.3(e) to address this. | Reject |
| CP34 | This proposal from Green Frog Power Ltd, would amend the definition of Qualifying capital expenditure, with effect that for a multi-year agreement it should be undertaken no earlier than the 12 months prior to the prequalification window for the auction in which the CMU is seeking the multi-year agreement, rather than historical expenditure since May 2012 as currently provided for in the Rules. | Consider Further |
| CP35 | This proposal from Green Frog Power Ltd, would amend Rules to the effect that CMUs that have prequalified in the past should not have to re-enter data in later prequalification windows if the data have not changed and/or the Applicant does not wish to make a change. | Reject |
| CP36 | This proposal from National Grid Electricity Transmission, calls for a review of Rules 8.3 and 7.5.1(r) to clarify the consequences of relocating a CMU, eg on metering tests (no specific suggestion given). National Grid have suggested that implementation of this proposal is not urgently required before prequalification for the 2015 capacity auctions. | Reject |
| CP37 | This proposal from National Grid Electricity Transmission would revise the timescale for the System Operator to provide information to the Settlement Body, changing five working days with "as soon as reasonably practicable". An amendment to Rule 14.4.5 is proposed. | Reject |
| CP38 | This proposal from National Grid Electricity Transmission would revise the timescale for new build CMUs to submit their evidence of capital expenditure to six months after the commissioning takes place, rather than "prior to the start of the delivery year". Amend Rule 8.3.6(a). National Grid have suggested that implementation of this proposal is not urgently required before prequalification for the 2015 capacity auctions. | Make Amendment |
| CP39 | This proposal from SSE proposes the addition of a new provision within Rule 3.5 (Determining the Connection Capacity of a Generating CMU). This would, at prequalification, introduce the ability for any CMU without a Capacity Agreement for the relevant Delivery Year to make a permanent adjustment to the Connection Capacity of a CMU in future Delivery Years. | Reject |
| CP40 | This proposal from SSE proposes an amendment to Rule 6.10 (Termination) to allow a Generating CMU consisting of multiple generating units to transfer to some of their capacity to a low carbon exclusion scheme and to reduce their capacity obligation rather than terminate their Capacity Agreement in full. | Reject |



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| CP41 | This proposal from SSE seeks to amend the definition of Qualifying Capital Expenditure for Prospective Generating CMUs within Rules area 1.2 (Definitions); it also references Rule 3.7 (Additional Information for a New Build CMU). In the definition it would remove the fixed reference date of 1 May 2012 for the start of the period for eligible expenditure and replace it with wording which refers to a period of 77 (or other number of) months prior to the commencement of the first Delivery Year to which the Application relates. | Consider Further |
| CP42 | This proposal from SSE seeks to amend Rule 5.5 (Capacity Auction format) to require that prior to the start of the first and each subsequent Bidding Round of the auction, the Auctioneer should announce, for that round, the information set out by Rule 5.5.18 (a) – (c). Also, prior to Auction Round 1, the Auctioneer should announce the final prequalified auction volume to all Auction participants. | Reject |
| CP43 | This submission contains two alternative proposals relating to the Price-Maker component of the auction design. Firstly it is proposed that the Price-Maker Status of participants could be made publically available on the Capacity Market Register ahead of the auction. Secondly, and as an alternative to the above change, it is proposed that CMUs that have Price-Maker status should be restricted to bidding between the price-taker threshold and the auction cap. It is suggested that either of these changes would create a more transparent and robust market design and capture the objectives of including a price-maker/price-taker divide. Several areas of the Rules would be amended potentially, including 1.2, 4.5, 4.8, 5.3, 7.4 and Exhibit B: Price-Maker Certificate<br>& 4.8 & 1.2 | Reject |
| CP44 | This proposed amendment would redraft Rule 13.2 (DSR Test) to enable past performance of a Demand Side Response CMU to be calculated in respect of balancing service delivery periods rather than requiring calculations to be based on whole settlement periods. There is also a proposed Rule addition that defines a 'Balancing Service Delivery Period' so as to clarify the amendments stated above. | Make Amendment |
| CP45 | This proposal would prevent Unproven DSR CMUs from being subject to a double forfeit upon termination (via drawdown of credit cover by the Settlement Body and the payment of a termination fee) by adding new Rules 6.10.3 (c) and (d) that allow for the termination fee to be reduced by the amount of credit drawn by the Settlement Body. A further proposed Rule addition would require the Settlement Body to reimburse termination fees where it subsequently draws credit cover following the termination of the same Unproven DSR CMU. | Reject |
| CP46 | This proposal would see the provisions for allocation and removal of CMU Components from DSR CMUs under Rules 8.3.3A & 8.3.4 made more flexible and aligned with the rules governing STOR and FCDM balancing services. The proposal involves the substitution of Rule 8.3.4(b) and the removal of Rule 8.3.4(d). | Consider Further |
| CP47 | This submission proposes that DSR CMU and distribution-system CMUs avoidance of line losses relative to non-distribution CMUs be better accounted for in the Rules. | Make Amendment |
| CP48 | This submission proposes to remove the exclusivity rule that prohibits DSR CMUs which have secured an obligation via T-4 auction from participating in the Transitional Arrangements. The proposal is to revoke Rule 11.3.2(b). | Reject |
| CP49 | This submission proposes to add a new alternative baselining methodolgy to Schedule 2 of the Rules to be specifically applicable for behind-the-meter generation. | Reject |



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| CP50 | This amendment would change the definition of 'Qualifying Capital Expenditure' under Rule 1.2, removing the reference to 1 May 2012 and instead referencing the relevant T-4 Auction Prequalification Window. | Consider Further |
| CP51 | This proposed addition would place a requirement on New Build CMUs to certify they have sufficient financial resources to meet Total Project Spend and to provide evidence of such resource upon request by the Authority. It is also proposed that the relevant Directors certify that the CMU will act in accordance with the financial mandate in the relevant auction. In the absence of such a certification process this proposal suggests the raising of the termination fee for New Build CMUs failing to meet their financial commitment milestones. | Reject |
| CP52 | This submission proposes to extend the rules on permitted connection arrangements for an Existing Generating CMU that is a Transmission CMU so that alternatives to conventional TEC that are thought adequate by the SO can prequalify. An addtion to Rule 3.6.3 is proposed. | Reject |
| CP53 | This proposed amendment would raise the termination fee for terminations in accordance with Rule 6.10.1(b) (when a New Build CMU fails to achieve a Financial Commitment Milestone) from TF1 to TF2. | Reject |
| CP54 | This submission proposes to amend Rule 3.2 which provides that, to apply for a new build generating CMU, that applicant must be the legal owner. It is proposed this amendment is needed as it could be preventing capacity from coming forward and there may be scenarios where a developer wishes to bring forward a project on behalf of the legal owner. | Reject |
| CP55 | This submission proposes to amend the clearing algorithm under Rule 5.9 to clarify that if there is excess capacity at the price floor then the normal exit ranking takes place. It is proposed that when the remaining capacity exceeds demand at a price of zero the current wording of Rule 5.9 means there is no way to clear the auction. | Reject |
| CP56 | This submission proposes to amend the current Rules for Duration Bid Amendments (DBA) (5.6.8) and exit bids (5.8.2). A change in duration applies at the price submitted for a DBA, an exit bid applies at a price that is 1p lower, and they should both be able to apply at the same price. It is proposed that, to ensure consistency, all bids should apply at 1p below the price entered. | Reject |
| CP57 | This submission proposes to amend the definition of "Clearing Capacity" so that it reads "means a target capacity (in MW) for a Capacity Auction at a particular Clearing Price as determined by the demand curve", so as to align with the use of the term in the rest of the document. | Make Amendment |
| CP58 | This proposal from National Grid seeks to amend Rule 4.6 (Conditional Prequalification – Applicant Credit Cover) in order to clarify the credit cover requirements, specifically the timetable for provision of credit cover. | Reject |
| CP59 | This proposal from National Grid seeks to amend Rule 8.4 (Triggering a Capacity Obligation and System Stress Events). Specifically, it calls for Rules 8.4.2 and 8.4.6 to be reviewed and amended such that a Capacity Market warning is issued in response to an OC6 Demand Control Event, rather than a SO Instigated Demand Control Event. | Make Amendment |
| CP60 | This proposal from National Grid seeks to amend several aspects within Chapter 3 (Prequalification Information). The proposed changes would substitute the requirement for a description of a CMU with that for the CMU's address and/or grid reference(s); they would modify the Rules to state that the applicant for a Refurbishing CMU may be the despatch controller; they would clarify that the Rules relating to setting Connection Capacity which apply to existing generators also apply to pre-refurbishment elements of Refurbishing CMUs; they would also clarify the requirement to state the 24 month period which includes the settlement periods in which the CMU delivered its highest output. | Partially Make Amendment |



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| CP61 | This proposal from National Grid seeks to amend Rule 3.6 (Additional Information for an Existing Generating CMU) such that where the Non-Central Meter Registration Service (CMRS) Generating CMU is made up of multiple components, the output of each component, for each settlement period, is identified in the supplier letter required by Rule 3.6.1(b). | Make Amendment |
| CP62 | This proposal from National Grid seeks to amend Rules 3.4 (Conduct of the Applicant) and 3.12 (Declaration to be made when submitting an Application) to reduce the number of additional documents applicants are required to submit, and thus streamline the prequalification process. | Make Amendment |
| CP63 | This proposal from National Grid seeks to amend Rule 13.2 to account for the provision of balancing services within Demand Side Response (DSR) tests | Make Amendment |
| CP64 | This proposal from National Grid suggests that a methodology is developed to state how the "target Demand Side Response (DSR) volume" for DSR tests is calculated (no methodology proposed). An amendment to Rule 13.4.3(c) is proposed. | Make Amendment |
| CP65 | This proposal from National Grid would require bidders in the Demand Side Response (DSR) transitional auctions to specify a default position on which capacity product they wish to acquire, which could be changed up to 30 minutes after the auction results have been announced. This would involve an amendment to Rule 11.3.3 (Awarding a Capacity Agreement). | Make Amendment |
| CP66 | This proposal from National Grid would revoke certain provisions within Rules 3.4 (Information to be provided in all Applications) and 3.6 (Additional Information for an Existing Generating CMU). These changes would remove the requirements for applicants to: state whether they have a generation licence at the time of making the application and to provide details of their corporate form and legal status; they would also remove the requirement for applicants who are Grid Code parties and have not been operational in the 24 months prior to the prequalification window to declare that they are or will be compliant with the Grid Code. | Make Amendment |
| CP67 | This proposal from National Grid would remove the requirements to provide metering information and bank details to the Delivery Body during prequalification. Instead it would replace this with requirements to provide such information direct to the Settlement Body after prequalification. Amendments to Rules 3.4.3(a)(i); 3.6.4; 3.9.4; 3.4.1(d) are proposed. | Make Amendment |
| CP68 | This proposal from National Grid suggests correction of some typographical errors, including incorrect cross referencing, publication of Capacity Market register on results day, the term used in the formula for Load Following Capacity Obligations and use of "applicant" rather than person in one instance. Rules 3.8.2(b)(c); 7.4.3; 8.5.3 and 7.4.5(b) would be affected. | Partially Make Amendment |
| CP69 | This proposal from National Grid suggests removal of option to use the capacity figure in the Distribution Connection Agreement to set the connection capacity. And removal of possibility that the connection capacity can be above the entry capacity. Amendments to Rules 3.5.2(b); 3.5.5 are proposed. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Partially Make Amendment |
| CP70 | This proposal from National Grid seeks to remove the following items from the Capacity Agreement Notice (Schedule 1): (a) bank details; (b) Meter Point Administration Number (MPAN) information; (c) type of CMU; (d) registered address: and (e) derated capacity. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Reject |



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| CP71 | This proposal from National Grid suggests a review of whether all of the information currently contained in the Capacity Market Register needs to be published. No specific information specified. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Reject |
| CP72 | Proposal to amend Rule 2.3 to clarify that de-rating factors are calculated for a Delivery Year rather than a Calendar Year. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Make Amendment |
| CP73 | This proposal from National Grid seeks to clarify whether a prequalification application should be considered if an opt-out decision has previously been submitted. Amendments to Rules 3.3.3 (b) and 4.2.3 are proposed. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Partially Make Amendment |
| CP74 | This proposal from National Grid suggest a clarification to the effect that a duration bid amendment is capped at the declared duration ten days before the auction and to clarify whether it can only reduce during the auction. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Consider Further |
| CP75 | This proposal from National Grid suggests a review of the requirements in the Independent Technical Expert report and to write these into the rules. Changes to Rules 1.2, 6.6 and 8.3.6 are proposed. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Reject |
| CP76 | This proposal from National Grid seeks to add a method for indexation of total project spend, possibly using the definition of indexation in the regulations (no alternative suggested). National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Reject |
| CP77 | This proposal from National Grid would add a definition for "minimum exit bid" to the definition of exit bid. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Reject |
| CP78 | This proposal from National Grid would clarify that the price taker threshold is at the bidding round price floor. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Reject |
| CP79 | This proposal from National Grid would amend the definition of "Distribution Connection Agreement" to clarify that in cases where it is a private wire, there is not a connection to a licenced District Network Operator's network. Rules 3.6.3 and 3.7.3 would be amended. National Grid have suggested that implementation of this proposal may be delayed until after the 2015 prequalification process. | Make Amendment |
| CP80 | This anonymous proposal would amend Rule 3.7.1 to the effect that documentary evidence of Planning Permission must be submitted in the prequalification process. | Make Amendment |
| CP81 | This anonymous proposal would amend Rule 3.4.3 to add an additional requirement for all CMUs such that evidence (via lease, deed or contract) that the Applicant has the legal right to use the land upon which the CMU is located is provided to the Delivery Body during Prequalification. | Make Amendment |
| CP82 | This anonymous proposal would amend Rule 3.6.1 so that Short Term Operating Reserve (STOR) data, as held by National Grid in their role as System Operator, can be permitted as acceptable evidence of previous performance. | Reject |



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| CP83 | This submission proposes to amend Rules 3.5 to clarify that: references to the Grid Connection Agreement, Distribution Connection Agreement or connection offer for a Generating Unit are to the agreement or offer in force at the date on which the Application is made; where the Distribution Connection Agreement or connection offer states a range of values for the registered capacity or inverter rating of a Generating Unit, the lowest value in that range should be taken in the Application; any references to Connection Entry Capacity, Registered Capacity or Inverter Rating are net of the Generating Unit's auxiliary load.<br><br>These additions would also require amendments to Rules 3.6.3 and 3.7.3 clarifying that where a Distribution Connection Agreement specified a range of values for the registered capacity or inverter rating, the minimum and maximum values in that range are to be confirmed. | Make Amendment |
| CP84 | This submission proposes to amend Rule 3.5.5 to allow applicants in respect of both existing and prospective generating CMUs to elect to utilise the TEC/CEC ratio methodology under Rule 3.5.5 to determine Connection Capacity. | Make Amendment |
| CP85 | This submission proposes to place an obligation on the Delivery Body to publish a Principles Statement for calculating Non-Balancing Mechanism Adjustment Formulae for Frequency Control by Demand Management (FCDM) services. | Consider Further |
| CP86 | The proposal from DECC would amend Rules 3.6.1 and 3.6.2 to allow applicants to confirm settlement period data and Grid Code compliance for the 24 months prior to one month in advance of the prequalification window. Current arrangements present difficulties for Directors' signing off the accuracy of an application that relates to a period right up to the start of the prequalification window. | Make Amendment |
| CP87 | This proposal from DECC calls for a review of the prequalification process to facilitate a more iterative approach between National Grid and applicants. Specifically this might determine where earlier feedback on prequalification applications may be provided in order to reduce the volume of disputes being raised in the Tier One. An amendment to Rule 4.2.2 may be required. | Reject |
| CP88 | This proposal from DECC calls for a review of the information required to be submitted by applicants during the prequalification window. Specifically this could examine current requirements to ensure applicants are only required to submit information as part of their application which is materially significant to determining their prequalification status. Additional data, such as information provided in response to metering questions, could be requested later in the process. | Reject |
| CP89 | This proposal would amend Rule 7.4. so that, in respect of a CMU which pre-qualified as a Refurbishing CMU and which is awarded a capacity agreement, the Capacity Market Register will state whether that agreement is for the Refurbishing CMU or Pre-Refurbishment CMU. | Reject |
| CP90 | This proposal would amend the definition of 'Non-CMRS Distribution CMU' so that it refers to '...Generating Unit of which exports electricity to a Distribution Network...' instead of '...Generating Unit of which supplies electricity to a Distribution Network'. This is to align the terminology with that used elsewhere in the regulations and rules, and better align with commonly used terminology, such as the Balancing and Settlement Code. | Make Amendment |



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| CP91 | This proposal seeks to amend the Rules to take account of CMUs on a private network, in particular for Demonstrating connection capacity for distribution-connected CMUs (Rule 3.5) and associated requirements related to Connection Arrangements (Rule 3.6.3 and Rule 3.7.3). | Make Amendment |



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