

28 April 2015

Dear Mark,

Thank you for the opportunity of responding to the consultation on amendments to the Capacity Market Rules. There are a number of rule changes which Open Energi support which I wanted to make you aware of.

**Proposal CP44 and CP63 (accepted)** – Introduce Balancing Service Delivery Period for DSR.

We believe that this is a key enabler of DSR participation in the Capacity Mechanism and appreciate your inclusion of it in the amended rules. Without this change there are many DSR services which could not participate despite possessing the ability to provide a service.

**Proposal CP46 (open)** – Increasing the flexibility of component allocation for DSR.

Ofgem has asked for further input to this change proposal. It is Open Energi's view that an ability to add, remove and reallocate CMUs would meet the aim of increasing the volume of DSR available. Fundamentally DSR is an aggregated resource provided from a number of individual loads and this degree of flexibility is required to maximise the utilisation of the resource. The DSR markets which National Grid has created show that when given some flexibility DSR can provide both a cost effective and reliable service; DSR in the UK is still a nascent industry and this additional level of flexibility will help support its growth. With regards to any downside risk, we believe that provided there is a clear change control process in place for CMU re-allocation this should not be an issue.

**Proposal CP48 (rejected)** – DSR with Capacity Agreement excluded from Transitional Arrangements.

Open Energi appreciate that the aim of the Transitional Arrangements is to help develop and grow the DSR sector. However we believe that there has been a missed opportunity with 'unproven DSR' to provide a clear path for large energy users. Often certainty is a greater driver of an investment decision than extraordinary returns. By allowing participation in the Capacity Market in 2018 with clear steps to get there through the Transitional Arrangements we may have seen greater DSR involvement in the T-4 auction.

Yours sincerely,

Chris Kimmett



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