

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by Ofgem):
CP105

Name of Organisation(s) / individual(s):
Association for Decentralised Energy

Date Submitted:
15/01/2016

Type of Change:

- Amendment**
- Addition**
- Revoke**
- Substitution**

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

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

Rule 3.6.1 requires that applicants procure letters from suppliers and Distribution Network Operators (DNOs). These letters cause unnecessary difficulty during the application process.

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

- The required drafting of these letters is not clearly specified
- Suppliers and DNOs are under no obligation to provide such letters
- Suppliers may consider other applicants to be competitors in the CM and so may refuse to provide letters
- Suppliers may cease trading and thus be unable to provide letters
- As the methods used to calculate line loss factors are on public record, there is no need to seek confirmation of the line loss factor methodology from DNOs
- The Balancing Services Metering Configuration and Bespoke Metering Configuration options admit metering data which is not measured at the supply point but instead is measured at an internal part of the site. Such meters will measure a subset of the consumption or generation of the site. The supplier only has access to the settlement metering data.

For example:

Rule 3.6.1(c)(i)(aa) states that each applicant must provide a letter from the Distribution Network Operator confirming the Line Loss Factor methodology statement and calculated values in the three Settlement Periods referred to in Rule 3.6.1(a).

However, there is no incentive for DNOs to provide this to any workable timescale and we are aware of at least one member who has not been able to pre-qualify MWs of capacity within the allotted window due to the DNO not providing the line loss factor in time.

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

Replace Rule 3.6.1 paragraph (c)(ii) with a letter from the supplier or former supplier to such CMU confirming that the CMU's physically generated net output in MWh provided to three decimal places is consistent with Supplier Settlement Metering data for the same periods and confirming

(aa) that line loss adjustments have been applied, and

(bb) in the case of an Unlicensed Network, that the line loss adjustments applied include the appropriate adjustments for losses in the Unlicensed Network, in which case, the Applicant must provide a letter from

the owner of the Unlicensed Network stating the appropriate electrical loss factor methodology.

Add a definition: “Electricity Supplier has the meaning given to the term electricity supplier in the Regulations”

Add a new paragraph (c) to Rule 3.6.1:

Each Electricity Supplier must provide the letters referred to in this Rule 3.6.1 within fifteen working days of a request properly authorised by the Legal Owner of the relevant Generating CMU where the Meter Point Administration Number associated with such Generating CMU was registered to that Electricity Supplier during the period concerned.

Add a new paragraph (d) to Rule 3.6.1:

The requirement for the applicant to provide the letters referred to in this Rule 3.6.1 is void if the relevant Electricity Supplier has ceased trading.

Analysis and evidence on the impact on industry and/or consumers including any risks to note when making the revision - including, any potential implications for industry codes:

The removal of DNO letters makes it unnecessary to place obligations on parties who previously had no obligations under the CM. This means that there are no implications for industry codes.

This rule change would reduce the administrative burden for all participants by allowing participants to access key information more easily and with reduced administrative costs. Furthermore, the increased availability of information would allow more capacity to participate in the Capacity Market, helping to drive down costs for consumers.

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

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