

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

**Reference number**(to be completed by Ofgem):  
**CP94**

**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):**

De-rating factors for DSR CMUs – Rule 2.3

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

Rule 2.3 states that the Delivery Body must, for each calendar year, calculate a De-rating Factor for each Generating Technology Class; and a De-rating Factor for DSR CMUs. For DSR CMUs this refers to the Average Availability of Non-BSC Balancing Services, which is the balancing service of short term operating reserve provided on a committed basis pursuant to the STOR Standard Contract Terms.

The use of De-rating factors based on STOR performance is inappropriate, as the Capacity Market is a different market to STOR, which does not have a penalty for non-delivery. Demand response includes many types of resources which have no intrinsic level of reliability; performance depends on the rules of each specific programme. If the penalties for non-performance are higher in the CM than in STOR, then more reliable performance would be expected.

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

We propose that the De-rating factor for DSR CMUs is based on STOR in Year 1, but then where possible shifts to the CM-standard.

**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:**

There are no implications for industry codes.

A more accurate De-rating factor for DSR CMUs will increase competitiveness and participation of DSR. This will improve the competitiveness of the Capacity Market, producing more efficient outcomes and protecting the interests of current and future consumers.

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

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