

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by Ofgem):  
**CP97**

**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:**

This issue was raised in response to DECC's consultation of 15<sup>th</sup> October 2015 and relates to a new Rule to be introduced in DECC's proposed revisions

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

New Rule 9.2.8A accidentally excludes all distribution generating CMUs and DSR CMUs from obligation trading

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

New Rule 9.2.8A requires that an Acceptable Transferee have sufficient Transmission Entry Capacity (TEC) to absorb the obligation to be transferred. DSR and embedded generation CMUs do not have TEC.

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

In all other parallel instances in the Rules, stipulations based on TEC are limited to Transmission CMUs. We propose that new Rule 9.2.8A be revised as follows:

The condition referred to in Rule 9.2.8(e) is that, at the time of the request under Rule 9.3.1, the aggregate of the Capacity Obligations comprised in the Capacity Agreements transferred does not exceed (in the case of a Transmission CMU) the Transmission Entry Capacity recorded on the TEC Register, (in the case of a Generating CMU which is not a Transmission CMU) the Connection Capacity, or (in the case of a Proven DSR CMU) the Proven DSR Capacity in respect of the Capacity Committed CMU to which they relate.

**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:**

All other provisions relating to obligation transfer permit DSR and embedded generation to participate. Technology-neutrality is a design principle of the CM. This modification is essential to preserve technology neutrality. There are no implications for industry codes.

It is noted that market participants have taken capacity obligations on the basis that obligation trading will be available to them, as this is settled policy. This error in DECC's drafting goes against that policy and undermines commitments made in good faith by those parties.

Removing barriers to the participation of distribution generating CMUs and DSR will increase competition in the Capacity Market, driving down costs for consumers in the long term while procuring an efficient mix of sources.

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

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