

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by Ofgem):  
**CP106**

Name of Organisation(s) / individual(s):  
**Alkane Energy - Tony Bryan**

Date Submitted:  
**15 January 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:**

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

Under rule 3.4.5(b) a participant must state its technology class and within the CMU description the participant must give the EMR Delivery Body enough details to allow for the classification of the technology such that it can be de-rated.

It is our understanding that another party is proposing that the fuel type is added to the CM Register. While we have no objection to this, this raises two additional issues:

- a CMU can have more than one fuel type, so the register must accommodate that; and
- participants must then be able to alter their fuel type.

In altering their fuel type we believe this would need to allow a party to alter the fuel to one component. For example two units forming a CMU operating on diesel may want to alter one to gas, but leave the other as diesel.

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

At the current time the participants must state their technology type, but not exact fuel type. For example an OCGT could be fired by fuel oil, natural gas or gas from an alternative source, such as coal mine methane.

Over time a generator's access to a specific fuel type may alter, but they could use the existing technology to operate on a different fuel type. For example coal mine methane will run out at some sites, but the units could equally run off natural gas and in the future may be able to use an alternative fuel type.

We would therefore like the rules to clarify that if a party wishes to change its fuel type it can do so, though it must notify the EMR Delivery Body. This would ensure that parties with CM obligations can go on meeting those obligations in circumstances where they may need to change their generation fuel type. Continuing to incentivise these parties to participate in the CM will ensure the level of security secured in the auction can be met in the most economic and efficient manner possible, to the benefit of GB consumers.

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

As we are not sure what other changes are proposed we have not specifically proposed firm changes, but believe the following would work:

3.4.3 (b) - in the case of a Generating CMU, the Generating Technology Class to which each Generating Unit that comprises such a CMU belongs **and fuel type(s)**;

7.4.1 (d) - new bullet - **Fuel Type**; (could use the unused (viii)?)

7.5.1 (r) - this could be extended such that the party notifies not just a site move, but a change in fuel(s). Alternatively a new bullet point could be added to allow applicants to notify changes to the Delivery body.

**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:**

We do not believe that it was the policy intent that parties who had working technologies could not alter their fuel type and remain compliant with the CM agreement. While in a stress event NG will clearly not be able to check everyone used the fuel originally indicated (where it was indicated), the rules would be more robust were they to allow parties to specifically alter fuel types if reporting on fuel becomes a requirement. We believe it is in the interest of economic efficiency and security of supply that CM parties are given flexibility in meeting their obligations, and this will include relying on different fuel than originally envisaged in some circumstances.

The information would also improve transparency and we believe markets with additional information on fundamentals such as technologies, fuels, locations, etc. operate more competitively and more efficiently. Effective competition is to the benefit of customers.

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

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