


<h1 style="text-align: center;">Proposal for a Capacity Market Rules Change</h1>		 <p>Making a positive difference for energy consumers</p>
		<p>Reference number(to be completed by Ofgem): CP126</p>
Name of Organisation(s) / individual(s): Energy UK	Date Submitted: 15 January 2016	
Type of Change: <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Amendment <input type="checkbox"/> Addition <input type="checkbox"/> Revoke <input type="checkbox"/> Substitution 	If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to: We are not aware of any alternative proposal.	
What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number): The proposal relates to: The definition of “Operational” in Rule 1.2 The requirement specified in Rule 6.7.5 for a Capacity Provider to notify the Delivery Body when a FON (final operational notification) or an ION (interim operational notification) is issued for a Generating Unit that forms part of a Prospective Generating CMU.		
Description of the issue that the change proposal seeks to address: Under Rule 6.7.5 and the guidance issued by the Delivery Body there appears to an expectation that any Generating Unit that is part of a Prospective Generating CMU will be issued with a FON or ION at some point between gaining an agreement in a Capacity Auction and the first Delivery Year. However Generating Units that form part of a Refurbishing CMU will not necessarily be issued with either a FON or ION. This will be the case if the refurbishment works do not affect equipment that is directly related to National Grid’s (or other relevant network operator) operations. In particular a unit that will not see an increase in capacity as a result of refurbishment works e.g. where the works are being undertaken for emission abatement reasons are not guaranteed to receive either a FON or an ION or equivalent.		
If applicable, please state the proposed revised drafting (please highlight the change): Rule 1.2 Operational means, for a Generating CMU or its physical capacity and for an Interconnector CMU or its physical capability: (a) for a Transmission CMU, the issuance of an ION for that Generating Unit and that physical capacity; (aa) for an Interconnector CMU, the issuance of an ION for that CMU and that physical capability;		

(b) for a Distribution CMU, an Independent Technical Expert has issued a certificate confirming that all Distribution Network Operator commissioning tests required to commence export have been completed such that that Generating Unit is permitted to despatch that physical capacity into the Distribution Network; and

(c) for a Refurbishing CMU **whose Connection Capacity is greater than the Connection Capacity of its equivalent Pre-Refurbishment CMU**, an Independent Technical Expert has issued a certificate confirming that the relevant test from “(a), (aa) or (b) above has been met (substituting FON for ION where applicable), and the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations)

(d) for a Refurbishing CMU **whose Connection Capacity is equal to the Connection Capacity of its equivalent Pre-Refurbishment CMU**, an Independent Technical Expert has issued a certificate confirming that the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations)

Rule 6.7.5

The Capacity Provider must notify the Delivery Body when an ION is issued, or where no relevant ION is issued when a FON is issued (or, in the case of a Generating Unit connected to a Distribution Network, when it passes the relevant tests) for a Generating Unit forming part of a Prospective Generating CMU which is the subject of a Capacity Agreement. **This Rule will not apply to a Refurbishing CMU where the Connection Capacity of the Refurbishing CMU was equal to the Connection Capacity of its equivalent Pre-Refurbishment CMU.**

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:

This proposal will allow Refurbishment CMUs that are not increasing their capacity as part of the refurbishment works to complete all the necessary steps specified in the Rules prior to that start of the first relevant Delivery Year. In particular this may apply to CMUs where;

- The refurbishment is intended to extend the life of the units making up the CMU
- The refurbishment is required to fit equipment to allow the units comprising the CMU to meet new environmental regulations or standards

The proposal should help to ensure that participants with Refurbishment agreements will have confidence that they will see a return on their investment and can thus justify the necessary expenditure. Hence the proposal will meet Ofgem’s objectives as laid out in Regulations.

(a) promoting investment in capacity to ensure security of electricity supply; The proposal will help ensure that investments required for refurbishment will go ahead.

(b) facilitating the efficient operation and administration of the capacity market; The proposal will help ensure that Refurbishment CMUs will deliver years 2 and 3 of their agreement.

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

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