

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by Ofgem):
CP130

Name of Organisation(s) / individual(s):

EnerNOC

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:

We are aware that the Association for Decentralised Energy is submitting a rule change proposal on portfolio management that removes the Rule in question. We prefer that proposal, but are submitting this one in case that one is not accepted.

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

Clarifying the consequences of removing a DSR CMU Component, per Rule 8.3.4(d).

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

The current wording of Rule 8.3.4(d) is ambiguous. It says that a DSR CMU Component that has been removed from a DSR CMU cannot be reinstated. However, it is not clear for how long this prohibition applies, and whether it prevents the DSR CMU Component being added to a different CMU. The most extreme interpretation would be for that customer to suffer a lifetime ban on participation in DSR CMUs.

The purpose of the rule is not clear. We think it might have been intended as an anti-gaming measure. We do not believe that a ban on future participation is necessary to prevent gaming. However, even if such a ban were thought to be necessary, there would be no need for the ban to extend beyond the end of the Delivery Year.

A Capacity Provider might remove a DSR CMU Component from a DSR CMU for reasons that have no bearing on the capability of that customer to provide DSR reliably in future. For example, the problem may simply be that the DSR CMU Component has patterns of unavailability that are too highly correlated with those of other components in the CMU. In a different CMU, with customers from different industries, they may be very useful.

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

Either change Rule 8.3.4(d) to read:

8.3.4(d) A DSR CMU Component that is the subject of a notice pursuant to Rule 8.3.4(b) cannot be reinstated as part of a DSR CMU **for the same Delivery Year**.

... or, preferably, remove Rule 8.3.4(d) altogether.

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:

Either of the proposed changes would remove ambiguity and hence reduce unnecessary risks.

A lifetime ban on participation would unnecessarily deplete the pool of customers from which DSR could be procured, leading to progressively less competitive capacity auctions, increasing costs for future consumers.

Having no restriction at all on future participation – so that the customer could be moved between CMUs – would be better still than a ban for the remainder of the Delivery Year.

Neither change has any implications for industry codes.

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

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