


<h2>Proposal for a Capacity Market Rules Change</h2>		 Making a positive difference for energy consumers
		<b>Reference number</b> (to be completed by Ofgem): <b>CP137</b>
<b>Name of Organisation(s) / individual(s):</b> National Grid Electricity Transmission Ltd	<b>Date Submitted:</b> 15/01/16	
<b>Type of Change:</b> <input type="checkbox"/> Amendment <input checked="" type="checkbox"/> Addition <input type="checkbox"/> Revoke <input type="checkbox"/> Substitution	<b>If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:</b>	
<b>What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):</b>  Rule 5.10 Capacity Auction results, specifically the reporting of the results.		
<b>Description of the issue that the change proposal seeks to address:</b>  Currently (under rule 5.10) the delivery body is required to provide numerous pieces of information to different stakeholders after the close of the capacity auction. The earliest time this information is released is within 24 hours to notify bidders whether or not they have been successful according to provisional results.  We suggest adding the time for publication of this information into rules, to provide clear direction for all stakeholders.		
<b>If applicable, please state the proposed revised drafting (please highlight the change):</b>  An addition into the rules at 5.10.  5.10.1 The Delivery Body must within 24 hours of the Capacity Auction clearing notify Bidders whether, based on the provisional results, they have been successful in a Capacity Agreement with respect to a Bidding CMU. Such notification is provisional only and does not constitute notification of a Capacity Agreement.  <b>5.10.1A The Delivery Body must by 20:00 the day of the Capacity Auction clearing publish the following provisional results of the Capacity Auction:</b> <b>(a) the Clearing Price;</b> <b>(b) the aggregate Bidding Capacity of Capacity Agreements awarded.</b>		
<b>Analysis and evidence on the impact on industry and/or consumers including any risks to note when</b>		

**making the revision - including, any potential implications for industry codes:**

Currently there are no clear rules about when the clearing price and capacity are provided to bidders and made public following the conclusion of the capacity market Auction. The Delivery Body is required to release results to bidders within 24 hours and to the secretary of state “as soon as practicable”. The clearing price and volume are not required to be published until 8 working days after the auction. This creates a substantial information asymmetry, where the results are known by CM participants, the Auctioneer and Government for 8 working days, but not made available to other stakeholders/energy market participants.

To mitigate this risk, the Delivery Body has agreed with DECC to publish key items from the Provisional Results Report to the SoS (The Clearing Price and the Volume of Agreements Procured) at 8 pm on the day following the Clearing Round. This time is chosen to coincide with the release of information to bidders.

By substantiating this into the rules, industry and other stakeholders can be confident that the provisional clearing price and capacity will be published soon after the auction finishes and at a set time.

This builds on the expansion of Rule 5.5.18 made during 2015.

**Justification against the Objectives:**

- Promoting investment in capacity to ensure security of electricity supply

*Neutral*

- Facilitating the efficient operation and administration of the Capacity Market:

*Clearer direction for the delivery body will result in a more efficient administration process.*

- Ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013

*Neutral*

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

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