


<h2 style="text-align: center;">Proposal for a Capacity Market Rules Change</h2>		 <p>Making a positive difference for energy consumers</p>
<p>Name of Organisation(s) / individual(s): National Grid Electricity Transmission Ltd</p>	<p>Date Submitted: 15/01/16</p>	
<p>Type of Change:</p> <p><input checked="" type="checkbox"/> Amendment</p> <p><input type="checkbox"/> Addition</p> <p><input type="checkbox"/> Revoke</p> <p><input type="checkbox"/> Substitution</p>	<p>If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:</p>	
<p>What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):</p> <p>During Prequalification, Existing, Pre-refurbishing and Proven DSR CMUs are required to complete a Metering Assessment and provide single line diagrams, with Prospective and Unproven DSR CMUs being required to complete this at a later date. This requirement is covered by Rules 3.6.4, 3.6.A.3 and 3.9.4, however the exact contents of the metering assessment are provided by the Settlement Body and detailed in the Auction Guidelines. Additionally some applicants are required to provide confirmation of their metering configuration solution and declare whether it complies with the applicable Governing Documents, this is set out in Rule 3.4.3 (v).</p>		
<p>Description of the issue that the change proposal seeks to address:</p> <p>Simplifying Prequalification has been identified as a priority area in Ofgem open letter, furthermore the feedback from applicants following Prequalification is that they would like to see the amount of required information reduced.</p> <p>We have reviewed all of the information provided during Prequalification and have split it into three main categories</p> <ul style="list-style-type: none"> i. Information we use to determine whether a plant can deliver an agreement ii. Administrative information to identify the ownership and directors declarations iii. Other information not relevant to Prequalification. <p>Metering assessments and other information falls into the third category. It is collected during prequalification to determine whether a metering test is required. For some applicants the metering assessment is straightforward, for others there is a lot of information required, and finding the single line diagrams (particularly for those applying as Despatch Controllers) is challenging.</p> <p>Once collected, the metering assessment information is published on the register for the Settlement Body to use in administering Metering Tests, and the Single Line Diagrams are stored by the Delivery Body and provided to the Settlement Body when requested.</p> <p>We believe that applicants would prefer delaying the provision of metering information until after</p>		

the auction. We also believe it would be advantageous to provide this information direct to the Settlement Body, this would allow applicants to ask metering questions direct to the experts, instead of the current process where they ask the DB and we refer them to the Settlement Body.

There are two potential solutions to this issue. The first, possibly as an interim solution is to reinstate the Metering Assessment deferral, extend the timeline for completing the assessment and include single line diagrams. The second, for which the drafting requires more thorough development, is the remove metering information from prequalification and add it into Rule 8.3.3.

Metering Information should also be removed from the Register. The information is only used by the settlement body and if the information were provided direct to them there would be no need to detail it on the register. Should this proposal be rejected the metering information should still be removed from the Register. Further support for this is contained in a proposal specific to the Register.

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

The exact drafting will depend on the solution chosen, the following is an example of how to extend the deferral.

3.6.4 (b) ~~In the First Full Capacity Auction only, an~~ An Applicant may elect to defer completing a Metering Assessment for an Existing Generating CMU until after the ~~First Full~~ Capacity Auction ~~relating to the relevant Delivery Year.~~ in which case the Applicant must declare that it will complete a Metering Assessment for that Existing Generating CMU by no later than the date falling ~~3-years~~ 18 months prior to the start of the relevant Delivery Year.

4.5 Notification of Prequalification decision to Applicants

4.5.1 On the Prequalification Results Day, the Delivery Body will notify each Applicant other than a Secondary Trading Entrant that the following information is now available on the Capacity Market Register:

(b) where the Prequalification Decision is that the CMU has Prequalified:

~~(xi) in the case of an Existing Generating CMU or a Proven DSR CMU, whether or not, based on its Metering Assessment, the metering arrangements for such CMU will be subject to a Metering Test in the event that it receives a Capacity Agreement in the relevant Capacity Auction;~~

7.4 Contents of the Capacity Market Register

With respect to each Capacity Auction, the Delivery Body must ensure that the following entries are made on the Capacity Market Register:

7.4.1 On or before the Prequalification Results Day

(d) in relation to any Prequalified CMU:

~~(xi) the results of the Metering Assessment for the CMU;~~

New Rule required in chapter 8 to move the metering information and confirmation of the Metering Configuration Solution to post auction and to explain submission to the Settlement 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:

Based on feedback received, we believe that applicants would appreciate the reduction in the amount of information required during prequalification. During 2014 the majority of participants elected to defer the assessment to a later date and during 2015 unfortunately missing metering information was one of the main failure reasons on Prequalification Results day which, particularly for T-4, seems unnecessary, and instead the 4 years between prequalification and the Delivery Year should be used to manage the metering information.

We do not believe there is a risk of Applicants not providing the required information at a later date. Following Prequalification in 2014 the majority of applicants deferred provision of the metering assessment. Following the Auction, all the applicants who were required to complete a metering assessment did so within the required timescale.

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 - *Removal of Metering from Prequalification will improve the efficient administration of Prequalification. Provision of the metering information direct to the settlement body removes an unnecessary step from the process and should increase data quality.*
- 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):

Matthew Magill
EMR - Capacity Market Manager
National Grid
E: matthew.magill@nationalgrid.com
T: 07790 357992