

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be
completed by Ofgem):
CP146

Name of Organisation(s) / individual(s):
National Grid Electricity Transmission Ltd

Date Submitted:
15/01/16

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):

This proposal relates to the timeline for Prequalification, the exact timeline is not specified in the rules at present.

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

This proposal seeks to address the number of prequalification applications which progress to a tier 1 appeal. It also seeks to formalise a first stage review of Prequalification applications by the Delivery Body.

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

The drafting will need to be developed through consultation with the Authority.

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:

The current Prequalification timeline consists of a single application window, followed by assessment and results. During the previous two Prequalification rounds a large number of the applications have failed Prequalification and had to progress a Tier 1 appeal following which the large majority have successfully Prequalified. The current timeline is as follows;

- 4 week application window
- 6 week assessment window
- 1 week to apply for a Tier 1 Appeal
- 1 week Tier 1 Appeal assessment.

We believe that by changing the structure of the first 10 weeks we can increase the first time pass rate and reduce the number of tier 1 appeals.

The proposed structure is as follows

- 2 Week initial application window (this is open to everyone)
- 3 Week initial assessment window (during this period the application window will freeze

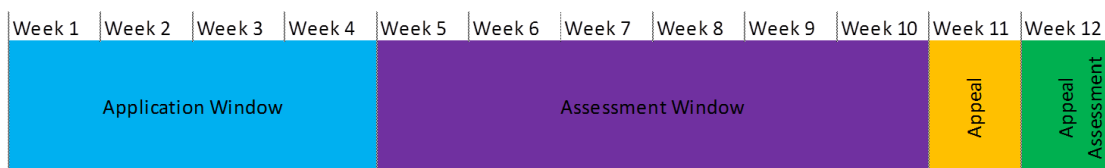
and all applications will be assessed, at the end of the three weeks, applicants will be provided with a provisional Prequalification Decision)

- Further 2 weeks to amend applications (this is the opportunity for those applicants who have already applied to amend their applications based on the feedback from the provisional Prequalification Decision. We do not propose that any new applications would be accepted during this period).
- Final 3 week assessment period. (The application window will close for the final time and all applications will be assessed. At the end of this window the final Prequalification Decisions will be issued)

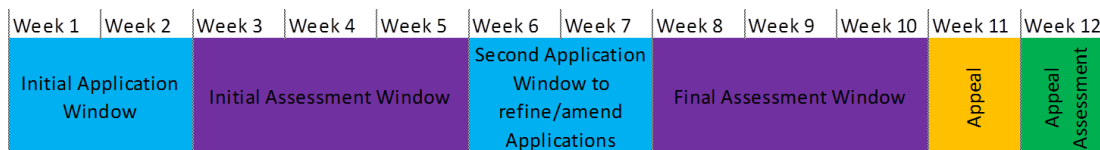
The timeline would then revert to the previous with a week to apply for a Tier 1 Appeal, followed by a week to assess the appeal.

This is represented below

Existing



Proposed



We believe the industry will value this approach, particularly the provisional decision as it affords the opportunity for applicants to amend any incorrect parts of their application and provide any information which was missed initially. We have feedback from stakeholders stating they value our early feedback on applications, but the current timeline does not allow us to check all the information provided before the assessment period closes, not does it allow us to provide feedback on applications before Prequalification Results Day.

Furthermore it should reduce the pressure on the industry during the 1 week appeal window by providing two weeks, earlier in the process to work on any application feedback.

Justification against the Objectives

- promoting investment in capacity to ensure security of electricity supply - *A timeline which is seen as less demanding by applicants may see an increase in applicants and thus an increase in capacity available for procurement. Similarly early indicative results will provide the opportunity to amend any omissions maximising the number of successful applicants driving the best value for consumers.*
- facilitating the efficient operation and administration of the Capacity Market - *This proposal maximises the time available to Applicants and the Delivery Body making Prequalification more efficient. Reducing the number of tier 1 appeals will facilitate more efficient operation and relieves the pressure on the industry during a single week.*
- ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013 – *Maintains the deadlines written into Regulation.*

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

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