

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by Ofgem):  
CP147

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 chapter 9 – Transfer of Capacity Obligations. Specifically an addition in Rule 9.2 – Restrictions on transfer and eligibility to trade.

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

This proposal seeks to focus the Applicants, Capacity Providers and Delivery Body on Prequalification assessment and supporting applicants through the process during the Prequalification window.

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

New Rule -  
9.2.1A No transfer may take place during the Prequalification Assessment Window for any Capacity Auction.

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:

Transfers of Capacity Agreements follow a set process. One of the aspects of a transfer which the Delivery Body carries out is to ensure that the Capacity Obligation is not being transferred to CMUs which already possess a Capacity Agreement (or whether it is excluded or defaulting). Similarly during Prequalification we check whether any of the CMUs already have an obligation for the Relevant Delivery Year.

There is a conflict in these two processes if a transfer is requested during the Prequalification window, and there is a risk that a CMU could prequalify and also have an obligation transferred to

it during the same period.

Furthermore, there is precedent for not carrying out other activities during the Prequalification window, for example Rule 13.2.3 prevents DSR tests from taking place during the assessment window. Preventing transfers during the assessment period allows the Delivery Body to focus on Prequalification and supporting Applicants. The main priority during Prequalification is ensuring maximum participation and successful applications to deliver the best value for money for consumers.

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 - *Will increase the efficiency of the Prequalification Process by focussing both the industry and the Delivery Body on Prequalification during the assessment period.*
- 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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