



EMR_CMRules@ofgem.gov.uk

19 August 2016

Dear Ms. Pickford,

Consultation on further amendments to the Capacity Market Rules (the “Rules”) pursuant to Regulation 79 of the Capacity Market Regulations 2014 (the “Regulations”)

Green Frog Power are very grateful, as always, for the opportunity to engage in discussions and consultations regarding our exciting and very complex electricity market.

We are broadly in agreement with Ofgem’s proposed rule changes. We provide more detail below.

We feel the need to draw attention to the poor choice in timing for this consultation (though we note it is thankfully brief). Ofgem is aware that we are in the midst of CM prequalification, as always in the August holiday season. A higher

than usual volume of regulation is affecting our sector at the moment. With a lot of conflicting tasks and priorities, it was with some dismay and frustration that we received notice of this consultation. We recognize of course that Ofgem has a duty to consult on these matters, and as noted above, we do very much appreciate having the opportunity to contribute, but in the future, where possible, we would ask for consideration of timing and resource intensity.

Yours faithfully,

Graz Macdonald

Head of Regulatory and Policy Analysis

Green Frog Power Limited

Q1a. Do you agree with the proposal to amend the definition of Mandatory CMUs? Please provide evidence and clear reasoning for your answer.

Green Frog Power agree with the proposal to amend the definition of Mandatory CMUs so as to minimize administrative burden for all affected parties.

Q1b. Do you think our proposed drafting accurately reflects the policy intent we have outlined?

We note that while it is tidier to exclude from the definition those that are excluded from the CM by virtue of Regulations 16-18, it is not necessary.

Plant under a relevant STOR contract and thereby falling under Regulation 18 are all exemptable anyway (so not mandatory already). Any plant that signs a *new* long-term STOR contract *is not* excluded from the CM through Regulation 18, but is still not mandatory if it is also exemptable.

Nonetheless, this proposed amendment does no harm.

Q2. Do you think our proposed drafting accurately reflects the policy intent we have outlined?

Green Frog Power agrees that the proposed drafting is appropriate.

Q3: Do you agree with our preferred option for amending the LFCO formula? Please provide evidence and/or clear reasoning with your answer.

We think that Ofgem's preferred option (originally proposed by us) is a sensible and prudent balance of simplicity and effectiveness.