

26 July 2015

Dear Sir or Madam

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

National Grid Interconnector Holdings (NGIH) welcomes the opportunity to respond to the above publication. NGIH is the ring fenced division within National Grid responsible for interconnector development and the management of National Grid’s interest in existing interconnectors.

We are broadly supportive of the changes in (i) the definition of “Mandatory CMU” to remove any types of ‘excluded capacity’ as defined by the Regulations, (ii) the amendment to the rule which defines demonstration of satisfactory performance by CMU Portfolios and (iii) the amendment to the LFCO formula.

See Appendix 1 for our response to the specific consultation questions

If you have any questions, please contact me on 07874 010 307

Yours faithfully,

Joshua Coomber

Senior Regulatory Analyst (Interconnectors)

Appendix 1 – National Grid Response to the Consultation Questions

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

Yes, we are supportive of the amendment to the definition of Mandatory CMU to prevent 'excluded capacity' from having to meet the requirements of a Mandatory CMU under the Rules during the prequalification period, when they are in fact unable to participate in the CM.

It makes sense, for the purpose of clarity, that excluded CMUs are not included within the "mandatory" definition for the purpose of the CM. It also makes sense that the Rules and the Regulations align fully.

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

Yes, we agree to the proposed drafting and the alignment of rules to overall policy.

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

Yes, we agree to the proposed drafting and the alignment of rules to overall policy and the addition of "on three separate days [OF11]." This, however, does not relate to Interconnectors and only to DSR and Non-CMRS Distribution CMUs

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

We are indifferent to this proposal. The proposal stipulates a change to the TA auction (2016/17) only, and interconnectors are not participating in this auction. Scaling obligations based on a historical average demand shape seems like a reasonable suggestion/proposal to take forward into the LFCO formula.