

Philippa Pickford
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Ofgem
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London
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19 August 2016

Dear Philippa,

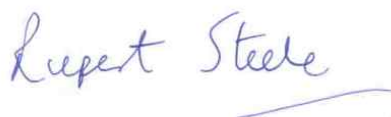
Statutory consultation on further amendments to the Capacity Market Rules

ScottishPower is pleased to respond to Ofgem's statutory consultation on further amendments to the Capacity Market Rules pursuant to Regulation 79 of the Capacity Market Regulations 2014.

We continue to support Ofgem's commitment to ensuring that the detailed framework of Capacity Market (CM) Rules is fit for purpose going forward, and we broadly agree with the proposed changes. Our responses to the questions in the Open Letter are provided in Annex 1 attached.

If you have any questions in relation to our response, please do not hesitate to contact me.

Yours sincerely,



Rupert Steele
Director of Regulation

**STATUTORY CONSULTATION ON FURTHER AMENDMENTS TO THE CAPACITY
MARKET RULES – SCOTTISHPOWER RESPONSE**

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

Yes, as noted in the consultation, the proposal would prevent 'excluded capacity' from having to meet the requirements of a Mandatory CMU under the Rules during the prequalification period, when such capacity is in fact unable to participate in the Capacity Market.

In this regard, the proposed changes facilitate the efficient operation of the Capacity Market and ensure compatibility with the Capacity Market Regulations.

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

Yes, we believe that the proposed drafting reflects the policy intent.

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

Yes, we believe that the policy intent was to test on three separate days during the Winter of the relevant Delivery Year, and this proposed change ensures a standardised approach to the demonstration of Satisfactory Performance Days across all CMUs.

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

Yes, we agree that the most straight-forward approach for amending the Load Following Capacity Obligation is the first option identified, scaling obligations based on a historical average demand shape. As noted in the consultation, this strikes an appropriate balance between accuracy and simplicity for stakeholders and will help to reduce the chance of unintended consequences.