

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem):

Name of Organisation(s) / individual(s):
EMR Delivery Body, National Grid Electricity
Transmission plc

Date Submitted:
11 November 2016

Type of Change:

- Amendment
- Addition
- Revoke
- Substitution

If applicable, whether you are aware of an
alternative proposal already submitted which
this proposal relates to:

[Click here to enter text.](#)

Proposal summary (short summary, suitable for published description on our website)

This proposal relates to the option to defer provision of Planning Consents for New Build and as applicable Refurbishing CMUs during Prequalification.

What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):

The proposal seeks to remove the option within Rule 3.7.1 for Applicants to defer provision of Relevant Planning Consents.

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

Deferral of Planning Consents is currently possible up to 22 working days prior to commencement of the first bidding window for the relevant auction. Evidence from the first two T-4 auctions has shown that a significant percentage of Conditionally Prequalified Capacity did not progress to auction due to being unable to provide Relevant Planning Consent within time (13% in 2014 and 29% in 2015). The increased numbers of New Build participants in the 2016 Prequalification process means that 439 of 564 (78%) registered New Build CMU's for the T-4 auction and 183 of 302 (60%) for the Early Auction elected to defer Planning Consent. The expectation is that there will be a significant number of conditionally prequalified CMUs that will fail to qualify for this year's Auctions. Revoking the provision for deferral of Planning Consents will remove a key discrepancy between the level of Aggregate De-rated capacity of CMUs which has prequalified to bid in the Capacity Auction and the capacity that subsequently moves forward to participate in the Auction. This will provide an earlier indication of liquidity for all auctions. Deferral of Planning Consents undermines the analysis and interpretation possible on the results of Prequalification which has ongoing implications for security of supply. This change proposal looks to facilitate the efficient operation and administration of the Capacity Market.

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

3.7.1 Relevant Planning Consents: Remove 3.7.1 (a) (i), Amend 3.7.1 (a) (ii) to remove "otherwise", and remove "and in the case of 3.7.1(a)(ii) must provide documentary evidence of Relevant Planning Consents". Amend 3.7.1 (b) to include new point "(i) documentary evidence of

Relevant Planning Consents” and update subsequent numbering. Remove 4.5.1(vi) and renumber remaining provisions. Remove 4.7 in its entirety. Remove 7.4.1(xiv).

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:

Removing the option to defer Planning Consents will reduce the number of Applications that are initially conditionally prequalified but do not then progress to prequalify for the Capacity Auction. This will therefore provide earlier understanding of the likely volume of Aggregated De-rated Capacity that is able to participate in the Capacity Auction. Additionally, initial evidence from this 2016 Prequalification Round shows that a significant number of applicants who deferred planning did not provide the relevant documentation by the date required. If these Applicants had not applied during prequalification, the Delivery Body expects to have saved in excess of 500 hours work. This cost will ultimately be borne by the end consumer. There are a number of Applicants who appear to have a credible project timeline and may use the extra few weeks to progress planning applications. However it is the Delivery Body’s view that these Applicants could have started the planning application process prior to prequalification.

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

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