

To - EMR_CMRules@ofgem.gov.uk

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Dear Mark,

CM Rules

VPI Immingham (VPI) owns and operates a CHP plant near Immingham, on the south bank of the river Humber in the UK. It is one of the largest CHP plants in Europe, capable of generating 1,240 megawatts – about 2.5% of UK peak electricity demand and up to 930 tonnes of steam per hour, which is used by nearby oil refineries to turn crude oil into products such as gasoline.

Ofgem is already aware that we had significant issues during the prequalification process last year despite having pre-qualified the same asset for the preceding years. NG's performance as the EMR Delivery Body last year cost us a lot of time and money. We are therefore in favour of any rule changes that would place more stringent performance measures/requirements on the EMR Delivery Body to try and ensure that the CM operates more efficiently in future.

VPI has the following comments on the proposals for changes to the CM Rules:

CP165 (VPI Immingham); CP230 (Energy UK) - VPI recognises the issues with the Regulations which Ofgem raised. We therefore would ask that Ofgem passes this proposal to BEIS and works with them to resolve the problem in a timely manner. It may be possible for BEIS to provide guidance to the EMR Delivery Body on the interpretation of the rules to ensure a more pragmatic, less costly, solution for the coming year.

CP205 (UK Power Reserve); CP232 (Energy UK) - VPI understand why Ofgem does not wish to obligate itself to undertake an audit, but we do believe some closer regulatory scrutiny is required to make sure the EMR Delivery Body is doing its job properly. Even a selective review of some decisions would put pressure on the EMR Delivery Body to get the processes right and undertake their job with the right rigour and customer service levels.

CP170 (RWE) - While we would agree with Ofgem that the EMR Delivery Body should be giving reasoned decisions it is our experience they do not. For example, it wasn't made clear to us what was wrong with our connection agreement last year. We believe that had NG had to explain its decision it may have done a sense check that an operational plant, generating as their pre-qualification decisions were made, would have a current connection agreement. It would have also made it a lot clearer what information was required in a Tier 1 appeal to rectify the issue. If Ofgem does not agree to this it is even more important that they audit the performance of the EMR Delivery Body.

CQ2: Should the SO be required to update the information included in a CMN and if so what should such updates include? Please clarify why participants need this information in a CMN and cannot access it readily elsewhere - VPI would agree that some additional information would help to ensure a more considered, efficient response from market players. Information could include an explanation as to the factors they believe are creating the tight margin, for example XMWs not available, or demand at X% of SND.

This is information parties can get, but it would be more efficient for the EMR Delivery Body to tell the market what is driving the CMW rather than hoping everyone can work it out for themselves. This is analysis they must do so sharing it seems like a low cost improvement.

Other Issues

Interconnectors - VPI continues to have concerns about the treatment of interconnectors in the CM. They are transmission assets and not power stations and therefore may never deliver anything, and can do nothing to ensure that they do deliver. The damage to IFA last year illustrated the sensitivity of the market to interconnectors. In light of this experience, BEIS and Ofgem should be considering de-rating these assets more than in previous years.

While we appreciate BEIS had to find a way to allow cross border participation in the CM, at the request of the Commission, this would appear to be a design issue that should be reconsidered in light of Brexit. We would urge Ofgem and BEIS to consider this issue in the near future.

If you or your colleagues wish to discuss any of these issues further please do not hesitate to contact me.

Yours sincerely



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