

Proposal for a Capacity Market Rules Change

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Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP247

Name of Organisation(s) / individual(s):
Alkane Energy Limited with majority support of
Flexible Generation Group members (none
against)

Date Submitted:
17th October 2017

Type of Change:

- Amendment
- Addition
- Revoke
- Substitution

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

N/A

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

Extend Secondary Trading Eligibility

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

9.2.6 – Acceptable Transferees

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

The rules limit the parties who can become acceptable transferees for the purposes of trading under Chapter 9. Specifically it requires that the party was prequalified for the relevant delivery year and does not have an agreement (9.2.6(a) and (c)), or it is an Eligible Secondary Trading Entrant. The definition of the Eligible Secondary Trading Entrant does not include parties who tried, but failed to prequalify. It is unclear what the intent of this limitation was as it would appear sensible to allow any party who can meet the pre-qualification criteria to be eligible for trading.

For example where an existing asset fails prequalification for a Delivery Year on a technicality the plant has no opportunity to pick up a CM obligations for that year. With the inability to submit additional information for appeals may see more parties failing for non-material reasons. Assuming the plant could pass the pre-qualification process, albeit after the standard window, it seems inefficient not to allow it to take on obligations it can deliver.

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

Alter the definition of Secondary Trading Entrant to include – (d) a CMU that was not prequalified for the relevant Delivery Year during the prequalification window, but is subsequently able to demonstrate it satisfies all of the prequalification requirements for that Delivery Year.

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:

The rules are restricting the number of plants who are able to participate in secondary trading which will reduce liquidity in the market. Ultimately this may result in not enough plant being available in a stress event or it will just increase the cost of delivering energy to customers in a stress event.

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

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