


<h1>Proposal for a Capacity Market Rules Change</h1>		 <p>Making a positive difference for energy consumers</p> <p>Reference number (to be completed by Ofgem): CP248</p>
<p>Name of Organisation(s) / individual(s): Alkane Energy Limited with majority support of Flexible Generation Group members (none against)</p>	<p>Date Submitted: 17th October 2017</p>	
<p>Type of Change:</p> <p><input checked="" type="checkbox"/> Amendment</p> <p><input type="checkbox"/> Addition</p> <p><input type="checkbox"/> Revoke</p> <p><input type="checkbox"/> Substitution</p>	<p>If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:</p> <p>N/A</p>	
<p>Proposal summary (short summary, suitable for published description on our website)</p> <p>Extend Secondary Trading Eligibility</p>		
<p>What the proposal relates to and if applicable, what current provision of Rules the proposal relates to (please state provision number):</p> <p>9.2.5 (a) – Transfers of Capacity Agreements</p>		
<p>Description of the issue that the change proposal seeks to address:</p> <p>The rules require that the transfer of all or part of a CM agreement may only happen after the T-1 auction for the relevant Delivery Year.</p>		
<p>If applicable, please state the proposed revised drafting (please highlight the change):</p> <p>Alter 9.2.5 (a) as follows – “under Rule 9.2.4(a) can be effected on the Capacity Market Register at any time outside the pre-qualification window and provided that:....”</p>		
<p>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:</p> <p>Parties may be aware in advance that their CMU is going to be unable to deliver for a given year or part year, for example they are planning a major outage, and this restriction limits the way that they can manage their commercial risk as well as creating unnecessary uncertainty around deliverability of the total Capacity Obligations. It would be more efficient if Parties are able to transfer to an Acceptable Transferee as soon as they are aware of a limitation in their potential ability to meet their Capacity Obligation as an integral part of planning their operations for not just the next year, but several years ahead.</p> <p>Any CM rules that limit the wider commercial freedom of CM participants should be removed where possible. Risk management is vital for all businesses and it would seem to the benefit of the market as a whole if changes in obligations can be seen on the registers as soon as they are agreed.</p>		

Ofgem previously stated that it had no evidence that this was a problem, but we can assure Ofgem that the late transfer notices is creating a risk and is limiting Parties' commercial freedoms. The issue is also exacerbated by the late timing of the auctions for 2018 delivery, so waiting until after the T-1 auction leaves Parties with little time to resolve trading before the delivery year starts.

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

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