

Proposal for a Capacity Market Rules Change



Making a positive difference
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Reference number (to be completed by
Ofgem): CP259

Name of Organisation(s) / individual(s):
E.ON UK plc

Date Submitted:
16th November 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:

[Click here to enter text.](#)

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

Proposal is to allow an additional window for DSR Tests to be completed in the period between the Prequalification Results Day (PQRD) and up to 30 working days after PQRD. This would allow Capacity Providers to test Unproven CMUs prior to the auction, confirming their proven capacity and using this to adjust the Unproven DSR CMU size prior to taking it into the auction, reducing the risk of CMUs failing to deliver. These CMUs would still enter the auction as Unproven DSR but having completed the DSR Test, the CMU's proven capacity would be known allowing the CMU size to be adjusted to reflect this prior to the auction.

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

DSR Testing provisions – under section 13.2.2

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

At present DSR CMUs are prevented from carrying out DSR Tests in the period between the Prequalification window commencing and the Capacity Agreements being awarded. In 2017/18 for the T-1 auction this period is expected to run from 27th July 2017 to approximately 12th February 2018, a period lasting over 6 months. Any DSR CMU unable to complete a DSR Test prior to the Prequalification window is therefore prevented from completing a DSR Test in the following 5 month period before the auction, even where the CMU may be available to do so. This prevents Capacity Providers from proving their DSR capacity prior to the auction, preventing them from using the proven capacity when adjusting the size of the Unproven DSR CMU prior to the auction, thus increasing the uncertainty of actual capacity and the risk of CMUs failing to deliver their capacity obligation.

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

13.2.2 A DSR CMU can participate in a DSR Test either:

(a) prior to the commencement of the Prequalification Window for a Capacity Auction (in which case the DSR CMU may submit an Application for Prequalification as a Proven DSR CMU); or

(b) in the 30 working days following the Prequalification Results Day (in which case the DSR CMU would still be Prequalified as an Unproven DSR CMU); or

(c) after the award of a Capacity Agreement but by no later than one month prior to the commencement of the Delivery Year for that Capacity Agreement (in which case the DSR CMU must submit an Application for Prequalification as an Unproven DSR CMU); and

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:

By providing more opportunities to undertake DSR Tests prior to the auction and by giving greater certainty on DSR capacities taken into the auction, this measure supports the goal of proving greater certainty over DSR capacity. We recognise that this could increase the workload on EMR during the appeals window but would expect the impact should be manageable and likely to involve different teams/personnel. It would also be expected to reduce work-load later in the year by bringing some DSR Testing activity forward. It could also reduce work load further if it reduces the number of DSR CMUs failing to meet their Capacity Obligation triggering changes to DSR components, Re-Tests, appeals etc.

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

**Andrew Jones, Technical Operations Manager, E.ON. Tel: 07921943381
Email: Andrew.D.Jones@eon-uk.com**