

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP266

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

Date Submitted:
17/10/2017

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)

To allow existing generating CMUs who successfully prequalify to then have the option to amend their Bidding Capacity ahead of the auction. This would bring this technology class in line with DSR.

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

Rule 5.5.11 allows for DSR applicants who wish to participate in the CM auction to notify the Delivery Body of the DSR Bidding Capacity. If this capacity is a reduction from the capacity stated in a prequalification application then this notice allows them to amend this without incurring any penalties. There is no such provision for existing generating CMUs.

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

It is currently unfair to existing generating CMUs that they are unable to amend their Bidding Capacity once they have submitted their prequalification application whereas unproven DSR are permitted to do so. This creates an uneven playing field and places risk on the applicant if any industry rules change during this time which may be detrimental to their business and which mean they may need to amend their Bidding Capacity. Examples of industry rule changes creating new risks are outlined in E.ON's Rule Change Proposal regarding withdrawing existing generation in between prequalification and the auction.

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

Rule 5.5.11 should be amended from "...an Applicant for a Prequalified DSR CMU..." to "...each prequalified New Build CMU, Refurbishing CMU, Existing Generating CMU and DSR CMU..."

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:

If this proposal is unsuccessful it may lead to existing generating CMUs either not submitting an application in the prequalification window or effectively opting out of the auction by setting their exit price at the price cap. If such existing generating CMUs do withdraw then this may lead to higher auction outturn prices as there would be less capacity to meet the required demand capacity, resulting in higher costs for the consumer and less flexibility in the nation's security of supply. If

existing generating CMUs were able to amend their Bidding Capacity, they may not withdraw from the auction.

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

E.ON UK PLC