

Proposal for a Capacity Market Rules Change

ofgem

Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP267

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 a new build CMU applicant to submit a Parent Company Guarantee (PCG) instead of either a letter of credit or cash deposit when required to submit credit cover

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

Regulation 53 (3) currently defines credit cover as being a "letter of credit or cash deposit", this should be amended to include a PCG.

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

This proposal seeks to allow additional flexibility when an applicant is required to submit credit cover. A PCG is a standard industry contractual tool which enables a company to enter into a contract with another party without incurring the charges associated with providing a letter of credit and loss of interest with a cash deposit.

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

Regulation 53 (3) should be amended as follows: 'credit cover means a letter of credit, cash or a Parent Company Guarantee'

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:

There would be little or no impact on the industry or consumers, the proposal just allows for credit cover being replaced by a PCG instead of a letter of credit or cash deposit. If the new build CMU subsequently failed any credit cover related parameters then the PCG would enable the relevant penalty to be paid to the Delivery Body within 'x' amount of time.

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

E.ON UK PLC