

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP273

Name of Organisation(s) / individual(s):
EDF Energy

Date Submitted:
17 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)

We propose to amend the excess capacity volume for T-1 auctions (currently set at 100MW) to mirror the levels for T-4 (1GW).

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

This proposal amends Rule 5.5.18.

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

Ofgem's decision in 2015 to set the excess capacity volume for the T-4 auction at 1GW was intended to retain competitive pressures in the auction, while still providing protection against strategic withholding as it was expected to reduce the probability that a bidder is able to precisely calculate when it might be able to arbitrarily close the auction. At that stage, the volumes of supply and demand in T-1 auctions may not have been accurately foreseen.

As it is now apparent that the CMUs participating in the T-1 auction are likely to be of similar sizes to those participating in the T-4 auction, we believe that it is appropriate for the T-1 Auction to mirror the T-4 Auction in the publication of Excess Capacity.

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

5.5.18 Prior to the start of each Bidding Round the Auctioneer must announce and publish:

- (a) the Bidding Round Price Spread for that Bidding Round;
- (b) the Potential Clearing Capacity at the Bidding Round Price Floor for that Bidding Round; and
- (c) except in relation to the first Bidding Round, the Excess Capacity as at the start of the Bidding Round, which when announced must be
- (i) for the case of T-4 Auction or a Supplementary Auction rounded to the nearest 1 GW ;
 - (ii) for the case of a T-1 Auction (other than a Supplementary Auction) rounded to the nearest

~~100MW 1 GW~~;

(iii) for the case of a T-4 Auction or a Supplementary Auction if the Excess Capacity is below 1GW, 'below 1GW'; and

(iv) for the case of a T-1 Auction (other than a Supplementary Auction) if the Excess Capacity is below ~~100MW 1 GW~~, 'below ~~100MW 1 GW~~';

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:

Impact on Participants

It may limit the information given during the auction about remaining supply

Impact on the Delivery Body

Minimal, the Delivery Body will need to amend the parameter.

Impact on other parties

None

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

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