

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP281

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

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)

Remove restrictions on generation unit configurations

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

4.4.4 – stops a change to the configuration of Generating Units after a CMU has pre-qualified.

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

Delete this rule. A party may not know what its site configuration will be if it has not yet purchased new assets or it changes the design of its site for another reason, such as finding a site issue once building commences. Parties will not make the decision about where to deploy equipment, etc. until after they have secured a CM agreement and it is not obvious why Ofgem feels that knowing the components helps the auction clear efficiently.

At the current time parties can get round this rule by giving a very high level description of its site at prequalification. Parties who have taken part in the CM before are aware that a detailed description can make you trip over this rule later, but new entrants do not. It is therefore a barrier to entry.

The rule is also located in the chapter dealing with what the Delivery Body does, not what parties need to know about pre-qualification or when they will be terminated. If it were to be a requirement then it should more logically sit under the termination clauses (6.10).

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

Delete 4.4.4

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:

This rule stops parties delivering capacity in the most efficient manner. It limits choice over plant type and configuration before the investor has to make this decision, potentially committing them to

a less efficient plant than one they could build were they to come across different equipment or ideas prior to construction.

The rule seems to serve no useful purpose in terms of ensuring capacity is delivered as the rules check the CMU can deliver its obligated volumes, or can reduce the obligation in the case of new CMUs not completing at the size envisaged at pre-qual, so how they deliver seems somewhat irrelevant.

Some parties are already circumventing the rules by keeping plant description high level. It is therefore distorting competition and creating a barrier to entry.

The rule is not located in the section on termination, but is a termination event. It therefore makes reading the rules more difficult specifically for new entrants.

The customers would be best served by deleting the clause so that parties deliver their obligated capacity in the most economic and efficient manner.

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

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