

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP305

Name of Organisation(s) / individual(s):
Electricity Settlements Company (ESC)

Date Submitted:
17.10.17

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 oblige Capacity Providers to permit ESC to visit generator offices and sites and provide information.

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

8.7 Requirement to provide general assistance
12.3 Monitoring of Capacity Providers
13.5 Site Audit

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

Under the current legislation ESC has no way to confirm any of the information given by the Capacity providers within the CM Rules, including if it suspects fraud or mistake. This proposal seeks to address this. Section 8.7 gives Capacity Providers a broad duty to assist ESC with its queries, and section 13.5 allows ESC to conduct site visits for metering purposes specifically, with 2 months' notice. However, if there is for example, a suspicion of fraud is under investigation, these sections will not be sufficient in order for ESC to act quickly and check any relevant information. The notice period could allow the generator (or their agent) to alter, remove or add information/plant and potentially destroying any evidence of the allegation. ESC also seeks to be able to copy/view documentation relevant to any investigation.

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

Insert a new: 12.3.1A – the proposed drafting is below

The Office of Gas and Electricity Markets

9 Millbank London SW1P 3GE Tel 020 7901 7000 Fax 020 7901 7066 www.ofgem.gov.uk

12.3.1 A Capacity Provider must permit the CM Settlement Body or any of its officers, agents or representatives (and any Independent Technical Expert appointed for the purposes of this Chapter 12), at reasonable times and intervals to:

- (a) visit any of its offices between 9:00am and 5:00pm Monday to Friday for the purposes of: (i) inspecting and photocopying extracts from any books and records held by the Capacity Provider which are relevant to the delivery of Capacity Obligations by its Capacity Committed CMUs;
- (ii) meeting with the Capacity Provider's officers and auditors for the purpose of discussing its obligations under the Regulations and the Rules; and
- (b) inspect any site that contains a CMU, provided the CM Settlement Body has given the Capacity Provider 24 hour's notice of such an inspection.

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:

The obligation on the Capacity Provider to allow the Delivery Body to inspect records and visit sites already exists, but is currently only provided to the DB. Conferring the power on ESC, which intends to use the power when necessary, might impose a marginal additional burden on industry, but will reduce the risk to suppliers and consumers, who pay the CM levy, as it will reduce the risk of fraudulent payments.

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

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