

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP328

Name of Organisation(s) / individual(s):
National Grid Interconnector Holdings Ltd

Date Submitted:
17th 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:

The proposer is unaware of any similar amendment

Proposal summary (short summary, suitable for published description on our website)

Simplification of the Prequalification Process

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

Chapters 3 and 4 (DETERMINATION OF ELIGIBILITY) specifically 4.2.4, 4.3.1 and 4.4 Decisions to be made by the Delivery Body

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

In this year's prequalification process the Delivery Body expressed that the assessment of the information provided by CM applicants would be more stringent. CM participants are now required to provide all relevant information at the time of the prequalification submission rather than being able to submit new information in an appeal process following the Delivery Body's assessment decision. We think that the recent changes could be detrimental to consumers and drive up costs.

It is clearly in the consumer's best interest that as much eligible capacity as possible to be competing against each other in the capacity auction. That will lead to lower clearing prices and lower costs to consumers.

We think that the over-riding aim of the prequalification process should be to determine what is eligible to participate in the auction and to ensure that eligible capacity can participate. It should not be designed to exclude otherwise perfectly eligible capacity for a simple error on an administrative application form.

While the Delivery Body has made great efforts this year to talk parties through the process, they are also presenting the assessment process as being incredibly strict with even minor mistakes punishable by exclusion from the auction process. By way of an example, the Delivery Body stated that failure for the ordinance survey reference number to not be presented in a six digit format (with three numbers separated by a space)

would be a disqualification of an application. This disqualification would prevent this applicant from participating in the auction which would reduce competition and potentially increase costs to consumers.

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

We appreciate the need for the Delivery Body to not be complacent with the assessment of the CM applications; however, would propose that a simplification of the process would benefit both the Delivery Body and the CM applicant.

We think that the process would be much improved if the Delivery Body is able where it believes that capacity would be eligible, but for an error or omission in the application form, to be "conditionally prequalified" pending they applicant remedying its error or omission in the form. This would perhaps give the applicant a week to correct the error, and then the delivery body the ability to change the prequalification status to "prequalified" once the error has been remedied, or "not prequalified" if not remedied in the week long window.

This would potentially avoid eligible participants from being disqualified from the process for non-material reasons, which may potentially increase costs to consumers.

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:

Potential implications for eligible capacity providers being disqualified from CM auctions for non-material administrative error.

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

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