

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by  
Ofgem): CP338

Name of Organisation(s) / individual(s):  
UK Power Reserve

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:

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

This proposal will allow Capacity Providers of Distribution connected CMUs to aggregate CMRS CMUs as part of a CMU Portfolio for the purposes of Satisfactory Performance Days

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

Proposal relates to rule 13.4.1B (CMU portfolio)

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

It is currently possible for a Capacity Provider of non-CMRS or DSR CMUs to demonstrate Satisfactory Performance by testing a group of Capacity Committed CMUs simultaneously (of a combined capacity of no more than 50MW), and taking the aggregate output as demonstration of Satisfactory Performance, provided that this is equal to or greater than combined sum of Capacity Obligations.

However, CMRS CMUs are currently not able to do so; There is no reason why this should be the case, as, other than the 50MW cap, there are no further technical requirements for a group of non-CMRS CMUs to aggregate as part of a CMU portfolio. Therefore the option to aggregate as part of a CMU portfolio should be extended to CMRS CMUs to ensure technology neutrality.

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

Amend Rule 13.4.1B (b) to read

13.4.1B (b) ~~Non-CMRS~~ Distribution CMUs, where, for each such CMU the aggregate connection capacity of all generating units is no greater than 50MW.

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 change will improve efficiency of auction-acquired capacity, and decrease security of supply risks; CMRS-connected Distribution CMUs will face less risk of their Capacity Agreement being terminated if Capacity Providers can prove Satisfactory Performance to an adequate level for a portfolio of CMUs.

Introducing this schedule will reduce the risks to security of supply by removing unnecessary penalties for Capacity Providers who can deliver on their obligation at portfolio level; This will further level the playing field, as CMRS and Non-CMRS distribution CMUs will be afforded the same opportunities under the rules, and therefore avoids any unnecessary technological discrimination created under the current arrangements. Given the increasing quantity of <50MW Distribution connected CMRS capacity, this rule change would ensure that between 400-800 MW of Capacity may remain CM compliant, as detailed below:

**Figure 1: Sub 50MW Distribution CMRS Auction Capacity by Delivery Year**

<50MW Distribution	
Auction	CMRS Auction Acquired Capacity (MW)
T-4 2014	402.488
T-4 2015	706.920
T-4 2016	849.511
EA 2017	815.693

**Sources:**

Capacity Market Register T-4 2016 13\_10\_2017

Capacity Market Register EA 2017 13\_10\_2017

Capacity Market Register T-4 2015 04\_10\_2017

Capacity Market Register T-4 2014 13\_09\_2017

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

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