

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP340

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 change whether their CMU is a CMRS metered or Non-CMRS metered CMU.

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

This proposal relates to rules 7.5.1 (Delivery Body amendments to the Capacity Market Register) and 8.3.3 (Metering)

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

It is currently not possible for a Capacity Provider to change their CMRS/ Non-CMRS status after prequalification closes. However, it is possible for a Capacity Provider to change other information about their application after this point, (such as their metering assessment) and it is a recognised industry practice for generating units to change their CVA registered status whilst operational as (the Balancing and Settlement Code makes specific provision to allow this to happen). It should therefore be allowed for a Capacity Provider to alter their CMRS/Non CMRS status at any point between the prequalification close and the end of the relevant Delivery Year.

Further, it is reasonable to expect the Capacity Provider to change the way they are metered, and the capacity market framework should endeavour to provide for market developments incentivising this, such as the BM-Lite, which will facilitate generating units entering and exiting the Balancing Mechanism with greater flexibility.

Provided that a Capacity Provider provides an updated Metering Assessment with their request to change status, this should pose no risk to the operation of the Capacity Market.

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

After Rule 7.5.1 (w) add

7.5.1 (x) to record any change to the CMU Type of a Distribution CMU where a request has been received from the Capacity Provider of that Distribution CMU to change CMU Type subject to the requirements of rule 8.3.3A(b) being met

After Rule 8.3.3 add

8.3.3A (a) This Rule 8.3.3A applies to a Capacity Provider for a Distribution CMU for which that Capacity Provider has submitted a request to the Delivery Body under rule 7.5.1 (x)

(b) Where this rule applies the Capacity Provider must submit a completed Metering Assessment with respect to that Distribution CMU

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 auction liquidity and decrease security of supply risks, as Distribution CMUs will face less risk of their Capacity Agreement being terminated if greater flexibility is introduced for metering arrangements. This is of particular importance to over 2.5 GW of Distribution Connected CMRS registered capacity (see table below) that will require this assurance.

Figure 1: Distribution CMRS Auction Acquired Capacity by Delivery Year

Auction	Distribution CMRS Auction Acquired Capacity (MW)
T-4 2014	1657.028
T-4 2015	1644.339
T-4 2016	1899.863
EA 2017	2677.856

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):

Edmund Frondigoun

UK Power Reserve

edmund.fronDIGOUN@ukpowerreserve.com

0121 712 1970