

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by  
Ofgem): CP322

Name of Organisation(s) / individual(s):  
EMR Delivery Body

Date Submitted:  
17 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:

n/a

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

The Delivery Body suggests an amendment to rule 8.3.7 so that once Substantial Completion Milestone (SCM) / Minimum Completion is met, a New Build CMU cannot change location. Once a New Build CMU is built, there is currently nothing preventing that CMU changing location. The Delivery Body therefore recommends updating rule 8.3.7 to limit a CMU changing location until either the SCM / Minimum Completion is met and prevent a change in location after this point.

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

8.3.7

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

Amendment of rule 8.3.7 to prevent a CMU changing location once SCM / Minimum Completion is met and that CMU effectively becomes an Existing CMU.

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

"A New Build CMU; which has not met it's Substantial Completion Milestone or Minimum Completion Requirement; or Unproven DSR CMU notifying the Delivery Body pursuant to Rule 7.5.1(r) that the location of a Generating Unit(s) and/or DSR CMU Component(s) is or will be different from the location described in the Application must provide the Delivery Body with the following as applicable:"

**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:**

We believe the intent of the Rule is to allow a New Build CMU to change location if the site has moved slightly post planning phase. However, the Delivery Body is having to process numerous change of address requests where the applicant is clearly moving to a different project and have

**examples of CMUs changing address multiple times. We believe the potential exists for exploitation of the Rule and want to ensure this doesn't continue to occur. Although prohibited under secondary trading, we believe the opportunity exists for applicants to trade out their new build agreement before they have met SCM / Minimum Completion. Applicants could then enter the auction under the proviso that they don't have to fulfil the obligation which could therefore mean they are likely to accept a lower clearing price and therefore the cost of capacity is unlikely to be an accurate representation of market forces.**

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

**Andrew Ford – 01926 655630 - Andrew.j.ford@nationalgrid.com – Delivery Body**