

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP348

Name of Organisation(s) / individual(s):
REstore

Date Submitted:
05/03/2018

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)

Restore proposes to add an additional methodology to determine the Connection capacity of a CMU to complete the ones available in the Rules and cover some situations that cannot be solved within the current rules. More specifically, REstore proposes to amend the methodology based on the 3 highest outputs that is allowed within article 3.5.3 of the Rule, and give the opportunity to apply for a lower Connection Capacity.

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

This proposal aims at adding more flexibility to the current rules by allowing to calculate a lower level of Connection capacity. This option is not available within the current rules, which do not allow to prequalify a CMU that has been or will be generating beneath its maximum output.

For instance:

- if the 3 highest outputs selected according to rule 3.6.2 are not close enough one to another, then this can result in the CMU not complying with the rule 4.4.2 (f) which states that each of those 3 outputs should be higher than the anticipated de-rated capacity;
- if the CMU is expected to run at a lower output in the future, the applicant does not have the opportunity to select a lower Connection capacity (and therefore a lower de-rated capacity), therefore being exposed to risks of penalties.

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

Currently, the rules only allow to calculate a Connection capacity either based on the allowed export capacity of the CMU, or on the 3 highest outputs within the last 24 months. Whenever a CMU has been (or is expected to) generating at lower levels for whatever reason, then the methodologies proposed lead to either (i) the impossibility to prequalify, or (ii) prequalifying a level of capacity that the CMU will not be able to deliver during a stress event and therefore overestimate its contribution to the security of supply.

We consider our proposal should be treated as urgent by Ofgem and included in its spring 2018 Rule change consultation for implementation prior to the next round of CM auctions. Our proposal is administratively straightforward. Deferring consideration of our proposal to 2019 would have significant, adverse commercial impact on possible capacity market participants who are currently prevented from participating. We also believe there are clear benefits to the efficient operation of the CM and consumers

from our proposal. Our proposal therefore meets the criteria for urgency set out in Ofgem's guidance on the CM Rule Change process and should be considered in the spring 2018 consultation.

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

We propose to introduce a new rule 3.6.2(a) (iv) in the paragraph 3.6.1 - Previous Settlement Period. This option could be chosen if the by default option of selecting the 3 highest outputs within the last 24 months leads to a Connection capacity that is too high.

Proposed rule:

3.6.2(a) (iv) if the Applicant considers that using the 3 highest outputs within the last 24 months leads to a Connection capacity that is too high, the Applicant can select 3 outputs of his choice within the last 24 months.

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:

Restore sees 2 concrete beneficial outputs from this proposal:

- First, some CMUs are currently not able to get prequalified at all within the current rules will be able to do so from now on, bringing additional MWs to the CM, and therefore increasing security of supply and adding more liquidity
- Second, CMUs for which the Applicant already know during the prequalification procedure that the future output will not be in line (lower) with the historic one, will be able to prequalify with a lower de-rated capacity, resulting in a more accurate and reliable value.

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

Romain Benquey

Mobile: +33658388175

Romain.benquey@restore.energy

REstore