

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by  
Ofgem): CP345

Name of Organisation(s) / individual(s):  
Waters Wye Associates

Date Submitted:  
Click here to enter text.

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)

Allowing new CMUs to be TO connected via private wires or a shared connection

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

3.7.3 Connection Arrangement for new build CMUs

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

The rules do not envisage a situation where a new build CMU is located on a site with either a shared TO connection or a private wire to a TO connection. The rules do allow for a private wire to a DNO connection and for CMUs to share a Grid Connection Agreement (BCA) if plants are existing, the rules therefore seem discriminatory. They limiting the ability of a party to select the most economic and efficient way to connect new build CMUs, which will lead to a less efficient outcome for customers.

We have proposed two alternative ways to address this issue as we believe that in future a number of parties may consider locating new build generation on sites with existing BCAs. Under this scenario the new plant will effectively share the connection with an existing plant, but the existing plant will be the holder of the site's BCA (only one party can sign a BCA). The new plant is likely to have a commercial arrangement with the existing plant to share their TEC, but it seems unlikely that the EMR Delivery Body will be happy to be checking such arrangements.

To try and address this problem we have considered two different solutions:

Option 1 – The existing CMU has a BCA, but the new CMU could sign a BEGA to show that it has the TEC rights required under the rules at pre-qualification. The existing CMU still has to increase its TEC and alter its BCA as physically the new plant will be sharing the existing plant's connection. The EMR Delivery Body would then need to be able to check that the aggregate units under the relevant BCA have the required TEC rights.

**Option 2 – Treat the connection as a Private Network, requiring the network owner to confirm it has an agreement with the relevant Transmission Owner to export the energy from the new power station onto the TO network. This agreement may not be directly with the TO, but with the holder of the BCA.**

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

**Definitions – Extend the definition of a Grid Connection Agreement to include a Bilateral Embedded Generation Agreement (BEGA):**

**means, in relation to a Transmission CMU or an Interconnector CMU, a Bilateral Connection Agreement or a Bilateral Embedded Generation Agreement between the System Operator and a person responsible for the CMU**

**This may also require that 3.7.3 (a)(ii) is also extended - “provide a copy of the Grid Connection Agreement for each Generating Unit comprised in the CMU with the Application *and, if applicable, an explanation of any commercial agreement where the relevant Grid Connection Agreement contains Transmission Entry Capacity which is shared.***

**And/or add**

***3.7.3 (d) An Applicant which is unable to give the confirmation referred to in Rules 3.7.3 (a)(i) may, instead of complying with Rule 3.7.3(a), either***

***(i) provide a letter from the owner of the Private Network, to which the CMU will be connected, that confirms that the owner of that Private Network has a relevant Grid Connection Agreement for Transmission Entry Capacity for the relevant Delivery Years for the Generating Units comprised in that CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of that CMU and any other CMUs to which any such Grid Connection Agreement applies; or***

***(ii) provide a letter from the owner of the Private Network, to which the CMU will be connected, that confirms that the owner of that Private Network has an agreement with the holder of the relevant Grid Connection Agreement for Transmission Entry Capacity for the relevant Delivery Years for the Generating Units comprised in that CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of that CMU and any other CMUs to which any such Grid Connection Agreement applies; and***

***(iii) in the letter explain how the Transmission Entry Capacity in the relevant Grid Connection Agreement is shared by all CMUs at the connection point.***

**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:**

**With changes to the transmission charging regime and a reducing availability of DNO capacity for new connections, owners of transmission connected sites will look to build new assets on those sites. These assets may be in addition to existing plants rather than taking over from retiring assets. Where these transmission connections can economically accommodate such new build this should be encouraged as it will reduce the cost to customers of delivering new capacity.**

**We do not believe that there are any risks provided the EMR Delivery Body can easily understand how TEC in a specific BCA is shared between the existing and new assets. BCAs can only be signed by one party, so sharing capacity in this manner is already used, notably at windfarms. However, the CM Rules did not envisage this capacity sharing between old and new CMUs and thus will be resulting in less flexibility for developers in future.**

**National Grid as TO may need to consider how a BEGA would allocate the TEC at the point of connection if Ofgem choose to go down the BEGA route. However, we believe that this is an issue that they will need to address anyway where new companies come to invest on existing sites with shared connection assets.**

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

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