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Dear Sir / Madam,

Please see below for GridBeyond's replies to the Statutory Consultation on changes to the Capacity Market Rules.

CP244

We support this proposal. Any changes to the Rules which reduce the disruption faces by parties within a DSR CMU who have not changed their configuration is to be welcomed.

CP275

We support this amendment. Capacity Market Rules are applied to participants very strictly and the slightest deviation from the letter of a rule can have harsh consequences. There should be no room in the Rules for alternative interpretations of meaning when a participant can find themselves removed from an auction or delivery year because of a misinterpretation, especially when there is so little recourse to latitude in interpretation from the Delivery Body.

CP276

We support this amendment. Clarification to Rule 13.2.6A will greatly help parties to provide their capacity to National Grid and will contribute to the ability to stack Balancing Services with Capacity provision. Parties within a DSR CMU who have already demonstrated 30



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consecutive minutes of load reduction on the requisite number of occasions should not have to repeat those demonstrations simply because they did not fall precisely on the starting second of a settlement period.

CP277

We support this amendment, for reasons similar to CP276 above.

CP353

This proposal seeks to create a different technology class for DSR within the Capacity Market and seeks to impose minimum durations on those technologies. Such an action would be reasonable only if the Capacity Market was *Technology Neutral* in how it accepts the delivery of capacity from providers. However, the Capacity Market is **not** Technology Neutral:

- Rule **8.6.1** permits generation assets to deliver capacity by continuing to deliver the output that they were delivering at the time of a capacity event – in other words, by carrying on doing what it was doing regardless.
- Rule **8.6.3** defines the capacity delivered from a DSR CMU as being the **DSR Volume** which that DSR CMU can provide.
- **DSR Volume** is defined in the CM Rules as being the step-change difference between a computed baseline and an active reduction in consumption in a given settlement period.

We can see that not only must DSR assets actively make a change to their behaviour in order to provide capacity, but they must do so against a constantly re-calculated baseline.

- A **500MW CCGT turbine**, for instance, can be generating at 500MW when a capacity event is called, and in order to fulfil its capacity obligation all it must do is keep on doing what it was designed to do.
- A **20MW DSR CMU**, on the other hand, must make a 20MW reduction in consumption, interrupting business activities for an undetermined length of time.
 - It must do this against a baseline which is changing with the seasons.
 - A DSR CMU made up of a portfolio of cold-storage assets, for instance, may be consuming a steady 20MW in the summer when its DSR Test was performed, and would be capable of reducing this consumption for the provision of capacity.
 - However, in the middle of a cold winter the cold-storage assets will not have to be working as hard to maintain temperature, and may only be consuming 10MW.





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- Against a continuously re-calculated baseline, the DSR CMU will only be able to deliver 12MW of reduction in this case, and not the AACO of 20MW.
- Nowhere in the Capacity Market Rules or Regulations is it taken into consideration that such a portfolio *has already reduced its consumption from the grid by 8 MW* against what it could be consuming at a time of system stress.

Generation assets are allowed to receive capacity payments, therefore, for doing exactly what they are designed to do, and in some cases for doing nothing extra at all. DSR assets, on the other hand, must make an active change in their consumption, and do so against a shifting baseline. CP353 overlooks the differences in treatment in the Capacity Market between DSR Assets, Generation Assets, and Storage assets. There is no mention in CP353 of redressing the balance in how assets are treated when calculating the delivery of capacity

We also note that behind-the-meter assets, such as storage assets, may have other uses that just delivery of power onto the grid. The nature of their usage will likely be different to that of directly connected assets and so should be treated differently. There is no indication in CP353 of how the Delivery Body would be able to distinguish between the response delivered from a behind-the-meter battery from the response delivered from load reduction. Insisting on installing Bespoke Metering sub-metering at every single DSR site – which would be the logical outcome of CP353 – would render most capacity from DSR far too expensive to deliver, pricing DSR out of the market for no justifiable reason.

National Grid have repeatedly said both that a Capacity Market Event is likely to only be a once-in-ten-years event, and that any capacity incidents are liable to be resolved in the Balancing Mechanism or by Balancing Services within 30 mins. Both DSR Testing and SPD delivery require only 30 minutes of delivery. It is inappropriate to make such extra demands on DSR CMUs beyond these requirements.

Yours sincerely,

Eamonn Bell
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