



npower Limited
Windmill Hill Business Park
Whitehill Way
Swindon
SN5 6PB

3rd May 2018

Dear Mark,

RE: Statutory consultation on changes to the Capacity Market Rules 2014 (the “Rules”) pursuant to Regulation 79 of the Capacity Market Regulations 2014 (the “Regulations”)

Please find enclosed our response to the statutory consultation on changes to the Capacity Market Rules 2014 on behalf of npower Limited. We are a relative new entrant to the Capacity Market, having participated in the recent 2017 T-1 and T-4 auctions, and our response summarises our observations to date. We hope to be able to explore some of the areas below in more detail as part of any formal review of the Capacity Market.

We are happy to discuss any aspect of our consultation response in detail and would be interested in participating in future consultations or discussions related to the proposals that will be considered further.

Your sincerely,

A handwritten signature in blue ink, appearing to read "R. Hudson".

Robert Hudson
Capacity Market Main Admin - npower Limited
npower Business Solutions



Response to specific rule change proposals

3. Prequalification information

We agree that the rules and regulations should allow for participation of small CHP units in the Capacity Market, either as DSR as described in CP242 or through changes similar to those described in CP261. Future consultation with stakeholders to find solutions to the issues highlighted is welcome.

4. Determination of Eligibility

Changes to configuration

We are supportive of changes to the Rules that allow greater flexibility for CMUs after prequalification and are pleased that this is an area that has been recognised as being one that requires further consideration in future.

We are committed to working with our customers to help them benefit from the DSR they can make available across their portfolios but the availability of this DSR is often subject to site or sector specific technical and commercial constraints. Rule 8.3.4(b) allows removal of DSR components but more flexibility to allow making changes to the size and number of components that make up a DSR CMU would be beneficial. This would also apply to changes within the delivery year and we welcome the changes being implemented as part of OF12.

8. Obligations of Capacity Providers and System Stress Events

We agree that distribution network connected CMUs with firm access rights should have equivalent protection from 'relevant interruptions' and that it isn't appropriate to extend this to distribution network connected CMUs with non-firm connections. However, we do not agree that distribution connected CMUs with non-firm connections should be excluded from participating in the Capacity Market as suggested in CP349. The nature of the flexible connection may increase the risk that the CMU will not be available during a system stress event or it may not, and a blanket exclusion risks restricting access to customers with suitable capacity. An option would be to de-rate non-firm connections but such a methodology would have to differentiate between types of non-firm connection and the likelihood that these would increase the risk of non-delivery during system stress events.

13. Testing Regime

We are supportive of the use of Balancing Services metered data and the use of DSR Alternative Delivery Periods for DSR Tests and to demonstrate Satisfactory Performance Days and also of changes that limit the requirement to re-test entire CMUs as a result of changes to individual components, as is described in CP244.