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cc: EMR_CMRules@ofgem.gov.uk

Charles Phillips
Energy Security Team
Department for Business, Energy and Industrial Strategy
3rd Floor, 1 Victoria Street
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28th September 2018

Dear Mr Phillips

Capacity Market 5 Year Review

Triton Power is a private independent power generating company with a capacity of 1.85GW. We provide power to the UK wholesale electricity market, playing an important role in security of supply when renewable generation does not deliver, and process steam to local customers through our UK power stations. Our power stations are existing CMUs and we therefore welcome the opportunity to respond to BEIS and Ofgem's reviews.

As BEIS points out there is some confusion of the duties of BEIS, Ofgem and the Delivery Body (DB). The Rules and Regulations also create a complex and interlinking regime which parties have to comply with. We therefore have addressed the issues raised by both reviews in this one response and are copying this reply to Ofgem. We assume that BEIS and Ofgem will have to work together to achieve many of the potential changes required, so we hope this approach has been helpful.

Before answering your specific questions we wish to draw two key points to your attention:

1. National Grid's performance as the DB has been poor and we firmly believe the role should be given to another party. Their systems have been difficult to use (when they work), the registers are not kept up to date, and they do nothing to help parties get through pre-qualification.

2. The treatment of private wires on sites connected to the transmission network should be examined in detail. We may want to expand our Saltend CHP site, but the current CM rules would make that uneconomic. The current rules will incentivise us to book more transmission capacity and cut off a COMAH site in a CM event. This cannot be sensible. Furthermore, the regime is discriminating between private wires that are TO vs DNO connected, though the wires themselves may be at the same voltage. All such undue discrimination should be addressed.

If you have any questions in relation to any of the points raised please do not hesitate to contact me.

Yours sincerely

Mick Farr
President and Chief Operating Officer

cc: Johannes Pelkonen, Senior Economist, Ofgem - EMR_CMRules@ofgem.gov.uk

1. Do you believe there is a need to maintain the Capacity Market? What conditions would be necessary for the Capacity Market to be withdrawn?
Yes. The capacity market (CM) provides makes up the missing revenue for our generating sets, which cannot make enough money to justify staying open in the wholesale market. It does seem to be successful at encouraging new generation to be connected, as we ourselves are doing, but it is only small scale assets which are economic. We are not convinced this is a problem, but it does mean that the system operator and the DB must alter their resourcing and skills to manage this market change.

However, it is not clear to us how increasing amounts of intermittent generation, including the interconnectors, being included in the capacity market will not crowd out the controllable generation which the GB market needs and increase uncertainty of delivery in a stress event. BEIS must be mindful that the CM was meant to deliver reliable plant. A generator is not reliable if it knows it cannot run when called, for example a stress event in the middle of the night will not see any support given by solar panels.

We would urge BEIS not to lose sight of the CM's fundamental design criteria as it undertakes its review.

2. Do you believe the current objectives of the Capacity Market remain appropriate?
The CM is an insurance policy and should be there to make sure the lights do not go out in a stress event. The fundamental objectives have not changed and we reiterate the importance of controllable dispatch in achieving security goals.

3. Do you think the arrangements outlined in section 3.1 are adequate to ensure sufficient capacity is secured through the auctions to deliver security of supply?
We believe that the capacity market should deliver capacity in times of stress. However, we note that we have not yet had a stress event, so some caution should be followed here. While National Grid is the appropriate body to undertake the forecasting of required capacity, there are a number of areas which the PTE suggested refinement and we would support those improvements:

- The reliability of interconnectors needs further consideration as weather related stress events are likely to impact larger parts of the EU than anticipated previously, as the February weather illustrated. There has also now been work on the effect of increasing interconnector volumes on electricity markets, suggesting diminishing returns on their impact on security. These issues need further consideration.
- The de-rating of wind assets in the wider forecast may need updating in light of the uptake of on-shore wind. With an asset that is dependent on location we suspect the de-ratings of wind farms vary a lot and we suspect these assets are not being de-rated enough.
- We would like to see National Grid review their past forecasts, notably of peak periods, and report to the market on their accuracy.
- There remains little robust data on embedded generation and we suspect that the de-rating of these plants are therefore incorrect and need updating. The market would benefit more widely from greater, real time data on these

generators as they become an increasingly large element of the generation mix.

- We do not support the idea of including DSR in the CM as we expect peak prices themselves to elicit sufficient response from customers. With the VoLL under the balancing mechanism moving to £6,000/MWh in November we expect this to impact the behaviour of DSR in the market and negate the requirement for DSR parties to be included in the CM.
- We agree with the PTE that National Grid should model combined events, for example the cold weather earlier this year impacted both generation and gas supplies. These complex events, while rare, are not improbable and one buys insurance for improbable events.

4. What are your views on the split between the T-4 and T-1 auctions and the amount of set aside?

We consider the split is broadly correct.

5. Has the Capacity Market been successful in supporting investment in capacity (new and existing), both directly and indirectly? If not, please identify any changes that need to be made.

The main change we would want to see would be the tendering of the role of the Delivery Body. It is remarkable that after four years of operation, the DB is unable to carry out simple tasks like answer the phones. The entire pre-qualification process is fraught with difficulties, which just should not exist for existing plant. Plant – both existing and new – is being kept off the system by the inadequacy of the DB, the Portal and its staff. As an example, if we want to scrutinise the capacity market register, we do not go to “capacity market register” on the portal. Instead, we have to navigate to “document library” and “registers”. There are numerous other examples of the Portal and web-site not being user friendly. The DB acts just like the monopoly that is. Please find someone else to run the process.

6. Do the current 1, 3 and 15 year agreement lengths support investment in capacity and do they deliver against the objective of cos-effectiveness?

We have always argued that there is no reason why existing plants should not be allowed 15 year agreements. If an owner thinks their plant can deliver against that agreement that is their risk. We would therefore like to see all plant allowed to take agreements at T-4 up to 15 years.

However, if BEIS does not like that proposal, it should at least consider refurbishing plant being allowed 15 year agreements. We do not understand why re-furbished plant cannot be offered longer contracts. Once re-furbished, there is no reason why they cannot provide the same duration of capacity as new build. Finally, there may be merit in considering a contract length between 3 and 15 years as this would provide more flexibility for existing, refurbishing and new capacity providers.

7. Should penalties be adjusted to strengthen incentives for delivery during stress events? If so, how should penalties be adjusted?
Please provide a view on the methodology and factors to consider when setting penalties.

We consider it too early to strengthen incentives in a dramatic way as we have not experienced a stress event. However, we do not believe that the current penalty

regime, capping loses at revenue, is sending a strong enough signal for delivery. We suggest that the total penalty cap should be increase to say 110% of revenue so that it is not a free option to participate in the market.

We also feel that altering the way in which capacity is demonstrated should be changed to check assets can deliver in a stress event. At the moment, Satisfactory Performance Days are the method by which capacity is demonstrated. However, that capacity can be demonstrated at any point during the Winter, i.e. not in response to a demand from the System Operator. All BM plant, including interconnectors, should instead prove performance following at least one instruction from System Operator. A similar "despatch" test will be needed for non-BU plants, but with wider market access more CMUs should appear in the BM making the system easier to administer.

This demonstration of capacity availability would be more relevant if it was in response to a demand from the System Operator. So, for plant that is in the balancing mechanism, the System Operator could call plant say [twice a winter] to demonstrate that not only is the capacity available but that it is able to respond to an instruction from the System Operator. The tests could be notified, flagged to the market, and excluded from cash-out, similar to the way the Supplemental Balancing Reserve was tested.

Note the data should then feed into the portal for historic performance for the next pre-qualification round.

Having made penalties more onerous, and SPDs harder than reporting historic data, we recognise thought needs to be given to risk management tools. In particular we support:

- Allowing parties to choose their own deratings. This gives them control of the risk they take on in the CM.
- Improving secondary trading, so parties can quickly and easily manage their CM risk. This involves both prequalification to include automatic registration in the secondary trading market so that as many parties as possible become acceptable transferees and an on-line portal to clear trades in minutes/hours not days.

8. Do the current arrangements relating to credit cover and delivery milestones provide sufficient incentives / assurance that capacity will be delivered, with particular reference to DSR?

We observe that the requirement to place 2 sets of credit when new plant is seeking to qualify for T-1 and T-4 seems onerous. However, we feel our revised testing regime would improve delivery incentives, as would a higher penalty cap.

9. Do the termination events and fees need to be adjusted to create the right incentives for delivery? If so, how? Please provide a view on the methodology and factors to be considered.

We are concerned that there appears to be a number of plants that having secured agreements are not delivering. We would support therefore an increase in termination fees that would better incentivise parties to propose meaningful plans for construction, rather than some of the more speculative applications we believe have

been made. We believe that BEIS or Ofgem should undertake analysis as to why plant with agreements is not following through on these agreements. Understanding the reasons for termination as shown in Figure 3 and Figure 4 of the consultation would be a useful insight as to the workings of the capacity market.

Related to this is the concept of partial termination. At present, if a site cannot demonstrate that it can deliver its capacity, the entire agreement is terminated. We think there may be circumstances in which, for example, one unit is not delivered, where obligations being scaled would be a more proportionate response. We also note that a TEC reduction results in termination for TO connected plant, which could be scaled, but also a similar termination event is needed on DNO connected plant.

10. Do any other changes need to be made to ensure delivery of capacity by the different types of technology?

We do not believe the case has been made for the inclusion of intermittent sources of generation, which know they cannot deliver on demand. This would undermine the certainty of supply in a stress event and give a false view of the level of capacity that could be relied upon.

For all other technologies the pre-qualification, termination and penalties should be aligned, so that the market does not distort investment signals.

11. To what extent does the CM design ensure capacity resources are used in the most effective manner during stress events?

Until we have been through a stress event, it is difficult to answer this question. We have explained in our answer to question 7 above that it may be sensible that plant is required to show not just that it is available but is capable of being called.

We would also argue that the view of what is efficient can be assessed by economists, but they do not know the actual economics of each plant. What may therefore appear to be an “out of merit” plant may be operating in line with their own economics or approach to risk management.

12. Do the de-rating factors correctly recognise the contribution made by different technologies to security of supply? What changes need to be made?

The derating factors attributed to conventional generation is broadly correct as its based on years of evidence and statistical availability analysis.

The derating factors for technologies which cannot dispatch as and when required should be derated to absolute minimum capacity levels, if allowed into the CM at all, to ensure a false view of reliable capacity is not presented. Interconnectors, and renewables should they be included, cannot be relied upon in a stress event and derating factors should reflect the minimum level they deliver at any time.

As previously discussed, in our opinion DSR does not require participation in the CM to deliver in a stress event as other market signals will be sufficient. As such, if included at all, DSR should be derated to minimum capacity levels.

13. Do you think there are there sufficient safeguards in place to reduce the risk of over-procurement? If not, what changes could be made to further reduce the risk of over-procurement?

We do not believe that the capacity market is over-procuring. In fact we feel the inclusion of interconnectors means it has not bought enough capacity. The events in February showed that had it not been windy and/or the interconnectors had largely exported power the system was unlikely to have been secure.

14. Do you believe that the auctions have been sufficiently liquid to date and to ensure strong competition? If not, how could we improve liquidity and competition?

We believe that there could be more liquidity introduced into the capacity market. The pre-qualification process is far too complicated and keeps viable capacity out of the market. We cannot see how it can be sensible to force existing plant to pre-qualify in many ways as if it is new plant. This should be a simple process whereby the Delivery Body pre-qualifies existing plant and the plant operator would confirm, via a Directors' statement, that all relevant details remained correct (or be obligated to adjust them if not). The situation where large existing plant is being failed at pre-qualification due to minor clerical errors is absurd. The situation where parties have to provide evidence to National Grid (as Delivery Body) that they have sufficient TEC (which is a contract with National Grid as Transmission System Operator) is just an example of needless paperwork. This particular example is even more needless since the TEC register is a publicly available document held by National Grid. There are many other examples as to how the pre-qualification process places needless requirements on existing plant.

Related to this is the vexed question of Regulation 69. We see no reason why new information should not be introduced at the time of a tier 1 or tier 2 appeals. The aim of the capacity market must be to pre-qualify eligible sites. Regulation 69 seems to put artificial barriers in the way of plant, existing and new, that wishes to pre-qualify and thereafter participate in the auctions. There is no evidence that parties are trying to qualify with no data, but there is evidence that parties are all writing long letters of explanation about their sites to pre-qualify, even if the plant is the same as it has been for the last decade! If Regulation 69 is to be retained, parties should be able to rely on publicly available information, such as the TEC register, to support their applications during an appeal.

As noted above, we want to see a different party try to run the DB role. We would also like to see a new system of registers and pre-qualification portal that make the whole process far easier than it is today. Up to date guidance, high services levels (answering phones, replying to e-mails, clear communication, etc.) and tighter incentives need to be put in place. The DB should be trying to help parties, not trying to trip them up. There have been four years of pre-qualification and we can safely say the process has not improved and we feel no more confident about pre-qualifying this year than we did last year – and we are obligated to pre-qualify!

15. What further changes are needed to better facilitate the participation of new, innovative or smart technologies, including from DSR, in the Capacity Market?

As noted above, there should be no special treatment and we see no reason that the new technologies capable of delivering when needed should not be able to participate under the current rules.

16. How could we go about allowing augmentation of batteries?
Triton is not currently a battery provider and believes no technology should receive special treatment. If a battery provider commits to a CM contract then its testing requirements should be in line with all other technologies. The testing / change in penalty arrangements we propose would require participants to perform on demand rather than at a time of its choosing which should provide a rigorous test to batteries, renewables, & DSR, all of which should prove their capability over a sustained period equivalent to the expected duration of a stress event.

17. Please provide any other ideas on how to improve cost effectiveness of the Capacity Market.
As mentioned above, removing National Grid as the Delivery Body, and reworking the Portal, would be the best way to improve the cost effectiveness of the capacity market. Removal of Regulation 69 should also be implemented.

The interconnectors should also not be underwritten twice by customers, getting both CM payments and a cap and floor revenue protection arrangement. These wires are deemed by EU law to be transmission, not generation, and therefore should not be in the CM. At the very least investors should choose between cap and floor or the CM.

We also suggest that the way prequalification works is changed. As noted above, DB should have a system to roll forward all existing CMUs (rather than using the partial cloning), allowing simple confirmation of participation with the provision of the directors certificates. We hope Ofgem has time to do work in this area.

18. What are the main distortions in competition that need to be addressed to ensure a level playing field in the CM auctions?
Triton believes that there is a distortion arising from the partial exclusion of some generation sets connected to private wires. We have a power station that supplies an on-site load. This is by way of privately owned wire. The capacity rules do allow for generation connected to private wires that are connected to a distribution system to participate in the capacity market. However, this opportunity is not available to generation connected to private wires then connected to a TO, though technically they may be the same. This is discriminatory and should be amended.

In addition, the fact that one of our generation sets supplies directly to an on-site industrial consumer should mean that we are eligible for capacity payments. By supplying this customer directly, we are avoiding the need for capacity payments to be made to another (off-site) generator. This is discrimination and will deter us making further investments at this site.

As explained elsewhere, the inclusion of interconnectors in the capacity market is a distortion. They cannot be relied upon to flow the “right way” at times of system stress. They benefit from the cap and floor regime, giving them a lower cost of capital, and pay none of the system charges generators do such as TNUoS, making

their opex lower as well. Finally they do not deliver any actual MWs at the other end of the wire. If EU gencos had other CM type agreements, would BEIS be happy they held obligations in GB as well?

We also believe that the inclusion of intermittent sources of electricity will severely distort the capacity market. The amount of intermittent generation that could be attracted into the market might well push the price of capacity provision to unfeasibly low levels, thereby reducing the incentive on conventional plant to bid.

19. Are there distortions in the interaction of the various markets (wholesale, ancillary, CM) or their charging arrangements which impact the effectiveness of the CM?

One of the major distortions was removed following Ofgem's review of embedded generation. We are however concerned about Ofgem's review of charging. After 2 years of review, Ofgem seems to be minded to open a Significant Code Review of forward looking charges and access arrangements. This is to go alongside the existing Significant Code Review of residual charging. There are a number of other areas that Ofgem wants industry to pursue. We are concerned that with such a large area of issues under review – probably until the mid 2020's – it will impact the amount of investment that we, and others, feel willing to make.

The increasing levels of interconnection are creating distortions in the wholesale power market and these will be made worse with the introduction of TERRE, MARI, etc. As well as the interconnectors not being subject to the same charges as GB generators, the power plants at the other end of the wires also often pay no TNUoS, no carbon price support, or other taxes. The Government may have the option of charging incoming power the missing charges after Brexit, but at the current time the additional costs on GB generators over foreign producers will make the market less economically efficient.

Triton agrees that behind the meter assets are a concern, not only in the CM but in the BM and TERRE as well. Assets behind meters should only be able to participate in the market where their delivery at the boundary can be measured. There is no point in customers buying services that do not impact on the total system. We can have sympathy with customers on mixed sites that may not know if they will deliver to the system, it still does not make sense for other customers to buy services from them. We believe that operational metering must be checked against boundary metering. If a site cannot do this then it cannot deliver to the system and should be excluded.

On all other policy areas we believe that the treatment of DSR, if included in the CM at all, should just be aligned with all other CMUs as we do not believe the case has been made for lower termination charges, etc.

We agree that smaller parties not paying the costs of the EU ETS is distortionary and should be addressed. At the current time it looks probable that the UK will leave the EU ETS scheme, which may resolve this. If not, the Government can place a higher CPS rate on generators not subject to EU ETS. This would appear to level the playing field quickly and easily.

20. How could the Capacity Market better complement the decarbonisation agenda, whilst still ensuring technology neutrality?

We do not see how the capacity market can better complement the decarbonisation agenda while ensuring technology neutrality. Introducing intermittent sources into the capacity market would not, in our view, be technology neutral, as the obligations of intermittent plant would be inherently different from conventional plant. BEIS must remember what the capacity was meant to achieve – a margin of generation which could deliver in a stress event. It was not meant as a mechanism to support other technologies which cannot deliver in a stress event. That does not mean that the Government cannot come up with new schemes to recognise the benefit of other technologies, but the capacity market is not the appropriate mechanism.

The capacity market is designed to support the ongoing increases in renewable generation, as well as the Government's desire to see greater take up of EVs and electric heating. In that sense it seems to compliment the roll out of more renewable energy and greater electrification.

21. Should wind and solar be allowed to participate in the Capacity Market? Why?

No. Such plant cannot deliver firm capacity. There is nothing to stop it applying to be in the CM, but it should be able to pass the "deliver when called" test which we propose and face the increased penalties we propose in excess of 100% of the CM revenue – the security of the UK system should not be undermined by renewable participants playing a zero risk game.

22. What factors need to be considered to enable renewables to participate in the Capacity Market whilst ensuring security of supply?

Renewables should not be allowed to participate in the CM. If they were allowed, the impact on conventional generation, and the prices obtained in the capacity market, if large amounts of intermittent sources of generation were introduced needs to be carefully considered. Existing parties may feel that the CM becomes more risky if plant in the CM is known to be unable to deliver on say a dark, still night.

23. What factors need to be considered to enable the participation of hybrid projects in the Capacity Market?

Hybrid project should not receive any special treatment and all technologies should be on a level playing field within the rules.

The site must prove that both assets can deliver simultaneously or that one would only deliver in any given event. With dedicated metering the ability to know which asset ran should be possible. However, as with behind the meter assets, there needs to be a check that the assets in the CM have delivered at the boundary, not just on the site. For example a wind farm with a battery will have no benefit for the customers if in a stress event the wind farm is cut off to allow the battery to run.

It is also worth reviewing the rules on mixed sites where all the assets are eligible for the CM. For example mixed sites include a battery on a CCGT site, or a mix of OCGT and CCGT. The sharing of connections and different asset owners is quite difficult under the CM rules and the wording of the pre-qualification requirements should be reviewed.

24. For co-located projects, do you think that all components of the site (both the CM eligible and the non-CM) will be able provide their full capacity during the system stress event due to local distribution or transmission network constraints?

We are not sure what this question is getting at. It is highly likely that during a system stress event, there will be system constraints at transmission and distribution level. We do not see why this should impact on intermittent load any more than firm load. All parties must comply with instructions from the network owners to operate within the technical capability of the networks at any given time to ensure the safe operation of the networks.

25. What factors need to be considered when developing the de-rating methodology or wind and solar? What approach could be taken to de-rating hybrid CMUs?

We believe non dispatchable CMU's such as renewables and interconnectors should not be allowed to participate in the CM. If included, de-rating must be an accurate summary of the likely availability of solar or wind. Relying solely on average historical performance, given the rapid increase in solar and wind, would not seem to be appropriate. In the case of wind the location of the sites can have a significant impact on what they can produce, so regional assessment may be necessary. The derating should be set at the lowest output observed at the site at any given time and should be proven by on-demand testing rather than the participant being allowed to test run at a time of their choosing.

26. What lessons can be learnt from the participation of renewables in other overseas capacity markets?

We have nothing to add here.

27. Is the current de-rating factor methodology for interconnectors appropriate for assessing their contribution to security of supply? Are there any particular challenges or risks you wish to highlight?

As explained throughout this reply, we do not consider that interconnectors should be considered firm load and should not be in the capacity market. If interconnectors are in then why not DNOs?

Triton does not believe that the de-rating methodology is appropriate for interconnectors. Unlike physical plant, interconnectors cannot be relied upon to be available during a stress event. It may be that during a stress event, a particular interconnector is exporting, thereby actually increasing the stress on the system. Given that the direction of travel is governed by commercial arrangements on the day, including interventions by other system operators, it does not appear to us that interconnectors should be allowed to participate in the capacity market.

We note that the PTE suggested that each interconnector is derated, rather than being based on the county to which it is connected. We also note the work done by Aurora on the impact of the increasing volumes of interconnection on the security of the GB market, showing diminishing returns from interconnection. The de-ratings must therefore recognise the diminishing returns from interconnectors.

28. What other factors need to be considered to ensure that interconnectors and domestic capacity providers compete on a level playing field? Please provide ideas on how any issues you have identified can be addressed.
Exclusion of interconnectors would be the simplest way to address the lack of firmness. Alternatively they should only pre-qualify if they are not benefitting from a cap and floor regulatory regime. They could also have a reduced clearing price to recognise that they are not facing the same costs as generators.

Alternatively, a more conservative regime of de-rating would be appropriate. We recognise that the growing number of interconnectors has historically been seen as adding to the security of supply since there will be multiple markets from which power can be sought. However, recent academic studies have shown this is not the case, in fact interconnectors may create a security concern in an event that stretches across Europe.

29. How could we facilitate direct participation of overseas capacity in the future?
We do not support the direct participation of overseas capacity in the future. We are not aware that there would be reciprocity of this proposal. In any event, the physical and commercial operation of interconnectors means that oversees capacity cannot be relied upon as firm.

However, if BEIS believes that GB gencos should be allowed in EU CMs and vice versa, we suggest that a UK registered company could hold a CM agreement related to capacity it has procured elsewhere. The party would need to demonstrate a direct relationship with that capacity, similar to DSR aggregators prove their relationship and capacity. There would then need to be guarantees of interconnector capacity, in the same way GB plant has to show connection capacity to access the GB system.

The pre-qualification of the capacity would be the same as for GB plant, which does require that the Delivery Body understand the connection terms, etc. of foreign assets. However, with a pre-qualification process (as proposed above) the time allowed for new market entrants will buy the Delivery Body time to check on foreign assets. The assets would also have to be subject to our proposed testing regime; deliver on demand.

30. To what extent do the current institutional arrangements support an effective change process?
It is unclear at times whether change is required to the Rules or the Regulations. We feel that at times both the Delivery Body and Ofgem hide behind the Regulations as a reason not to pursue change. The change process working only once a year is also quite onerous and does not allow time to reasoned consideration of the changes raised.

One improvement would be to make the change proposals earlier in the process or to allow changes to be raised all year. The change in rules was made just before pre-qualification and this meant we had to understand a new set of rules which was exacerbated by the problems of the Delivery Body and the Portal. There would therefore need to be some cut off when changes can be implemented for a given year.

We suggest that Ofgem create a standing CM work group. It could meet as required and consider the proposals raised (a notice of a meeting may prompt proposals). The group could work up proposals or consider specific issues, trying to get consensus on the best options for addressing specific issues. The group can then report to Ofgem who can accept or reject the change proposals. This would be a process very similar to other "code governance" processes with which the industry is very familiar.

We suggest that Ofgem ask one of the existing code administrators to support them in running this process (not National Grid as it has the worst performance in terms of code administration). We also propose that BEIS use this new collaborative process as well to road test any rules changes they wish to consider.

31. To what extent do the defined and allocated roles and responsibilities support effective administration and delivery of the annual processes related to pre-qualification, delivery and payments? Please provide suggestions on how issues can be addressed.

As explained, the main problem is the DB. This includes inconsistent guidance, failure to answer emails, failure to answer the phones, the administration of the Portal, the development of the Portal and the ever changing guidance. In a competitive market, we would simply not put up with the level of incompetence we see. We would seek another provider but we are tied to the DB and we believe National Grid should now contract out this role.

We do not believe that the "incentives" placed on National Grid have any impact on improving their performance. A record number of appeals, and a record number of modifications implies to us that this process is simply not working. In four years we have seen limited improvements in the DB's performance and staff turnover has made their consideration of applications, etc. feel like a random event, with conflicting advice still being given.

There is also a need to allow all parties to appeal all of the DB's decisions so that they are not both the judge and jury on the rules. The ability to appeal may make the DB more robust, but at the current time the lack of ability to challenge means that the parties simply have to accept whatever the DB says and seems to have led to them requesting information not required in the rules and making some decisions with which external legal advice may disagree.

32. Please provide any suggestions you have for improving the management of fraud and error risk.

Remove the Delivery Body. We do not think the DB's system allow it to easily or effectively track CMUs between years and auctions. We do not believe that there is a lot of fraud being attempted, but do believe the administration is a mess and BEIS is right to be concerned that the DB could not spot fraud as it cannot even track large power plants through the mess it has made.

33. Are there any lessons from overseas capacity mechanisms that could be useful in improving the GB Capacity Market?

We are not aware of oversees capacity markets, so are not able to comment on this.

Emissions Performance Standard
Given that no one is building coal fired generation, we see no reason to alter the Emissions Performance Standard.

As a matter of principle, environmental policy should aim to address environmental issues with a direct policy as that will be the most efficient approach. Environmental objectives implemented via other market mechanisms are likely to be distortionary, by accident not design, and less efficiently delivered. Implementation of the IED, MCPD, etc. are a more efficient way to implement environmental policy and more likely to be effective.

We are happy for this response to be published.

Triton Power, September 2018