

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP214

Name of Organisation(s) / individual(s):
Association for Decentralised Energy

Date Submitted:
11.11.2016

Type of Change:

- Amendment
- Addition
- Revoke
- Substitution

If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:

Proposal summary (short summary, suitable for published description on our website)

For the purpose of calculating the Baseline Demand for DSR CMUs, each Demand Sample should be amended to account for Triad Management, in line with the existing amendments for STOR, FFR, FR FCDM and Constraint Management Services.

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

The calculation of Adjusted Demand Sample in Schedule 2.

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

Triad Management offers a valuable service to National Grid as it decreases the maximum load on the Transmission Network. Therefore, it should not be discouraged, and currently Capacity Providers have to absorb a very large risk to participate in both Triad Management and the Capacity Market.

Schedule 2, 3.1 allows for the baseline demand of a DSR site to be adjusted to reflect any impact of discharging a balancing services obligation. However, this does not include Triad Management, and as such sites participating in Triad Management appear to have a lower baseline demand during Triad Periods. This may result in under-delivery penalties should a Capacity Market Stress Event occur during subsequent settlement periods.

The provision to adjust baseline demand should be extended to Triad Management as this is also a valuable service for the System Operator, and should not be penalised. Each month the Capacity Provider for DSR CMU should submit to EMRS the settlement periods of the previous month when CMU Components participated in Triad Management. The step change in output for these settlement periods should then be used to calculate the Adjusted Demand Sample.

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

Schedule 2

3.1. Each Demand Sample must be amended by:

3.1.1 adding any energy being provided by the reduction of consumption or increase in generation; and

3.1.2 subtracting any energy being consumed or generation not being provided,

in each case for the purpose of **Triad Management defined as such pursuant to Rule 1.2** and of a balancing service defined as such pursuant to Standard Condition C16 of the Transmission Licence and provided by the DSR CMU Component during the period to which it relates (each an "Adjusted Demand Sample")

Rule 1.2 - Definitions

1.2.1 In these Rules:

Triad Management – Reducing demand on the Transmission Network through the reduction of net import through the settlement meter by either decreasing site load or utilising on site generation assets.

Alternatively**Schedule 2**

2.1 The relevant data points for determining the baseline Demand for a DSR CMU Component with respect to a Settlement Period or DSR Alternative Delivery Period must be the Demand at that DSR CMU Component in the equivalent Settlement Period or DSR Alternative Delivery Period, as appropriate:

2.1.6 – any such Settlement Period or DSR Alternative Delivery Period which falls while a CMU component is participating in Triad Management

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:

Prospective CMU Components already participating in Triad Management would be more willing to participate in the Capacity Market. This is due to the reduced risk of receiving revenue penalties for providing Triad Management services.

Currently Generating CMUs with embedded generation can benefit from exporting during Triad periods since they have no baseline. In order to provide a level playing field, DSR CMU Components must also be able to benefit from reducing load/exporting during Triad periods.

If DSR CMU Components are not able to maintain this revenue, then the price bid in the Capacity Auction must be higher to account for the opportunity cost of participation. This in turn will lead to higher clearing prices and so increase the cost of the Capacity Market for end consumers.

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

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