

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP223

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)

This proposal seeks to simplify the metering arrangements by reducing the dependence of small generators and DSR participants on Suppliers and Meter Operator Agents.

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

The proposal relates to the metering information required under Rule 3.6.1.

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

While recent reforms announced by Ofgem in May 2016 will make some rules simpler for Capacity Market participants, there remain a number of barriers to participation for DSR providers and smaller generators. This challenge was recognised by the National Infrastructure Commission in its 2016 report, which noted that “rules around testing and the makeup of portfolios of capacity, unintentionally precludes the participation of demand flexibility and storage”¹.

These barriers were demonstrated by the many TA participants that struggled to secure information from suppliers and Meter Operator Agents, causing significant delays, leading to capacity not meeting the metering and testing deadlines. These barriers prevent DSR capacity and small generators from participating in the Capacity Market, reducing competition and the take up of smart energy solutions. They also drive up compliance and administrative costs for participants, aggregators, and central bodies, increasing costs for consumers.

To resolve these issues and simplify the requirements, we propose the following:

- 1) In Rule 3.6.1(b) and (c) the letters referred to may also refer to a CMU component rather than a CMU. Therefore, we propose inserting after "CMU" the words "or CMU Component" in part (i) of both 3.6.1(b) and (c).
- 2) Rule 3.6.1(b) and (c) require a letter from a supplier if the site has not delivered a balancing service. As many sites do not deliver balancing services they will need such a letter. Aggregators are an important and growing route to market for DSR providers and small generators; however, suppliers are directly in competition with aggregators to secure these same DSR providers and small generators for their own aggregation businesses. Even if suppliers do not view aggregators as competitors, there is an administrative cost for suppliers to provide the requested information and no financial or regulatory incentive for them to provide the information to other businesses in a timely manner. Therefore we propose adding a new Rule that states the supplier or former supplier must provide the letter referred to in Rule 3.6.1(b) or Rule 3.6.1(c) within 21 days of request by the Applicant.

¹ National Infrastructure Commission, Smart Power, 2016.

3) The case of 3.6.1(c)(i) is likely to arise where a submeter is used within a site in order to separate the consumption or generation of a CMU Component from other processes at the site, such as an on-site renewable generator or a private-wire load. These are very common configurations. We do not see how a supplier can write the letter referred to in 3.6.1(c)(i) since the submeter is not a registered settlement meter and is therefore not visible to the supplier. While the information could be provided to the Supplier, it is not clear how the supplier would verify it.

We therefore propose amending 3.6.1(c)(i) by inserting after "or former supplier" the words "or Independent Metering Expert", as this is the only party that will have access to the relevant data in this common CHP configuration.

The definition of Independent Metering Expert would be as follows: 'means an experienced technical expert in the specification and operation of electricity metering systems, Independent of the relevant Capacity Provider, engaged by that Capacity Provider at its expense to prepare the letter concerning the CMU's physically generated net output required under Rule 3.6.1(c)(i).'

4) Where the Supplier Settlement Metering Configuration Solution is used, data must be provided to the Settlement Body by Half Hourly Data Aggregators, who receive it from Half Hourly Data Collectors. However, there is no obligation on these bodies to provide these data. We therefore propose adding a new rule 3.6.1(e) as follows: "Where the Supplier Settlement Metering Configuration Solution is used, the relevant Half Hourly Data Aggregators and Half Hourly Data Collectors must submit the required half hourly data to the Settlement Body in a timely manner in respect of each month in a relevant Delivery Year." Alternatively, it may be appropriate to review all of the requirements for the submission of data to the Settlement Body, as the Rules do not provide sufficient guidance in this area.

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

1) Addition:

Rule 3.6.1(b)

Each Applicant for an Existing Generating CMU that is a Non-CMRS Distribution CMU using the Supplier Settlement Metering Configuration Solution must provide **either in relation to the CMU or to each CMU Component which comprise that CMU:**

(i) a letter from the supplier or former supplier to such CMU **or CMU Component** confirming:

Rule 3.6.1(c)

Each Applicant for an Existing Generating CMU that is a Non-CMRS Distribution CMU using the Balancing Services Metering Configuration Solution or Bespoke Metering Configuration Solution must provide **either in relation to the CMU or to each CMU Component which comprise that CMU:**

(i) a letter from the supplier or former supplier to such CMU **or CMU Component** confirming the CMU's physically generated net output in MWh to three decimal places.

2) Addition:

Rule 3.6.1(d)

The supplier or former supplier must provide the letter referred to in Rule 3.6.1(b) or Rule 3.6.1(c) within 21 days of request by the Applicant.

3) Addition:

Rule 3.6.1(c)(i)

a letter from the supplier or former supplier **or Independent Metering Expert** to such CMU confirming the CMU's physically generated net output in MWh to three decimal places;

Rule 1.2 - Definitions

Independent Metering Expert – 'means an experienced technical expert in the specification and operation of electricity metering systems, Independent of the relevant Capacity Provider, engaged by that Capacity Provider at its expense to prepare the letter concerning the CMU's physically generated net output required under Rule 3.6.1(c)(i).'

4) Addition:

Rule 3.6.1(e):

Where the Supplier Settlement Metering Configuration Solution is used, the relevant Half Hourly Data Aggregators and Half Hourly Data Collectors must submit the required half hourly data to the Settlement Body in a timely manner in respect of each month in a relevant Delivery Year.

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:

Simplifying the metering arrangements will ensure the timely delivery of the information required and prevent the replication of the delays witnessed in delivering TA capacity over this summer. We are aware of several members that spent over 240 hours chasing the relevant data required from suppliers, taking up significant amounts of resource and time.

Furthermore, a move to a more outcome-based approach would drive down costs to consumers, while increasing participation from DSR providers and other non-traditional participants.

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

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