

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP202

Name of Organisation(s) / individual(s):
Alkane Energy Limited

Date Submitted:
11th November 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:

N/A

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

To allow an existing Capacity Obligation to be satisfied by any number of Generating Units/Components at any number of site locations and with any company ownership of individual generating units within a single CMU regardless of the current record on the Capacity Register and/or in the original pre-qualification, including consequential changes arising from Regulation 30A.

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

Rules 4.4.4, 7.5.1(r), 8.3.7, 9.2.10

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

Alkane is unable to make a change to the Register which changes the number of Generating Units that would be within a Generating CMU becomes different from the number of Generating Units within that CMU at the time it was first entered on the Register. This appears unjustifiably and unduly restrictive. It is not clear why a Capacity Obligation of 4MW should not be delivered by 1 x 4MW unit instead of 2 x 2 MW units or 4 x 1 MW units vice versa and what benefit accrues to any party by the imposition of such a restriction. Similarly the transfer of ownership of part of a Capacity Committed CMU as explicitly contemplated by rule 9.2.4(a) and Regulation 30A could be prohibited if the number of locations from which a Capacity Committed CMU delivers its obligation is arbitrarily restricted. This proposal seeks to ensure such changes are acceptable within the Rules and oblige the Delivery Body to update the Register with such changes.

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

Amend Rule 4.4.4 to read as follows:

4.4.4 The configuration of Generating Units or DSR CMU Components (as applicable) that comprise a CMU must not be changed once that CMU has Prequalified for a Capacity Auction until after the relevant Auction Results Day (but may be changed thereafter in accordance with the Rules).

Amend Rule 7.5.1(r) to read as follows:

- (r) in respect of a Generating CMU or a DSR CMU, where a Capacity Provider notifies the Delivery Body that the number, type and/or location of a Generating Unit(s) and/or DSR CMU Component(s), or location of an Interconnector CMU, is or will be different from that ~~the location~~ described in the Application and has demonstrated to the Delivery Body's reasonable satisfaction that notwithstanding the change(s) the Capacity Provider satisfies the requirements (with respect to an Applicant in relation to the CMU) of Rule 3.2 and the requirements of Rule 3.3.3 are met by the CMU, within ten Working Days of receiving such notification;

Amend Rule 8.3.7 to read as follows (and amend any cross references in the Market Rules to Rule 8.3.7 as appropriate):

8.3.7 Notifying changes in ~~Generating New Build~~ CMUs and DSR CMUs

A ~~Capacity Provider New Build CMU or DSR CMU~~ notifying the Delivery Body pursuant to Rule 7.5.1(r) that the number, type and/or location of a Generating Unit(s) and/or DSR CMU Component(s) is or will be different from the location described in the Application must provide the Delivery Body with the following as applicable:

- (a) Relevant Planning Consents as required by Rule 3.7.1;
- (b) Connection Arrangements as required by Rule 3.7.3;
- (c) ~~In the case of a New Build CMU, a -A report confirming they have met the Financial Commitment Milestone;~~
- (d) ~~Details of the Generating Unit(s) or DSR CMU Component(s) that will cease to be comprised in the relevant CMU;~~
- (e) ~~Details of the number and type of the replacement Generating Units or DSR CMU Components (including Generating Technology Class, Primary Fuel Source and, where applicable, BM Unit Identifiers, as defined in the Balancing and Settlement Code);~~
- (f) ~~The Anticipated De-rated Capacity of the Generating CMU following the replacement of Generating Units, based on their Generating Technology Class and Connection Arrangements, such Anticipated De-rated Capacity (including details of the Connection Capacity and the basis of its determination having appropriate regard to Rule 3.5B and Rule 3.5 or Rule 3.5A) and being no less than the De-Rated Capacity of the CMU prior to the change;~~
- (g) ~~BM Unit Identifiers (as defined in the Balancing and Settlement Code), if applicable;~~
- (h) An updated Metering Assessment, details of the Metering Configuration Solution and/or new Metering Test Certificate and any Detailed Line Diagrams;
- (i) Confirmation from the CM Settlement Body confirming the change to the Metering Configuration, as set out in Rule 8.3.3;
- (k) Confirmation of the new location and new Ordnance Survey grid reference;
- (l) STOR status as set out in Rule 3.4.8;
- (m) Low Carbon Exclusion and Low Carbon Grant status as set out in Rule 3.4.7;
- (n) Meter Point Administration Numbers of the relevant Meter(s) at the new location and, where a MPAN is already in use by another CMU, a declaration that explaining the relationship between these CMUs and the metering solutions necessary to identify their individual outputs;

The changes so notified will take effect on the tenth Working Day after the Delivery Body's receipt of the notification, save where the Delivery Body has within such ten day period notified the Capacity Provider that it is not reasonably satisfied that following the change(s) the Capacity Provider and

the CMU would be in compliance with the Rules. With effect from such date: (i) any Generating Unit or DSR CMU Component notified under paragraph (d) of this Rule 8.3.7 will cease to be comprised in the Generating CMU or DSR CMU as appropriate, and (ii) any Generating Unit or DSR CMU Component notified under paragraph (e) of this Rule 8.3.7 will be comprised in the relevant CMU in its (or their) stead.

Amend Rule 9.2.10 to read as follows

- 9.2.10 Subject to Rule 9.2.10A a Generating Unit comprised in a Generating CMU may not be transferred, sold or otherwise disposed of in whole or material part other than:
- (a) together with all other Generating Units comprised in such Generating CMU and, where applicable, together with the Capacity Agreement as contemplated in Rule 9.2.4(b)(i); or
 - (b) where Capacity Obligations in respect of the De-rated Capacity of the Generating CMU to the extent attributable to the relevant Generating Unit are transferred as a Transferred Part to the person acquiring it.

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:

There would be no impact on consumers and there would be no impact on industry codes.

The change ensures that any change to the number of generating units/components satisfying a particular Capacity Market obligation, including but not limited to a change of location for some or all the components, is explicitly allowed under the rules. This will better ensure that industry is able to deliver the obligations to which individual companies commit if there is an issue preventing delivery of capacity at a particular site/location, or if an opportunity opens to increase or otherwise optimise the delivery of capacity at an existing or new site/location by using a different number of generating units from that contemplated at the time of pre-qualification. It also requires the Delivery Body to update the Register if there is a transfer of part of an Obligation as explicitly allowed by Rule 9.2.4(a) and Regulation 30A even if this means the change of location or ownership of some of the Generating Units making up that CMU.

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

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