

Proposal for a Capacity Market Rules Change



Making a positive difference
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Reference number (to be
completed by Ofgem):
CP175

Name of Organisation(s) / individual(s):
ENGIE

Date Submitted:
11 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:

No.

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

This proposal relates to the achieving the Satisfactory Completion Milestone (SCM). In the current Rules, Refurbishing CMUs have to be Operational at their connection capacity whereas New Build CMUs have to be Operational at 90% of their de-rated Capacity Obligation. The Rule change aligns the treatment of Refurbishing CMUs with New Build CMUs with respect to meeting the SCM.

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

Under Rule 6.7.1, a Generating CMU, a New Build CMU or a Refurbishing CMU will have met its Substantial Completion Milestone (SCM) obligation if: (a) the corresponding Generating Unit(s) is/are Operational with an aggregate physical generating capacity (in MW) which, after being multiplied by its De-rating Factor, equals or exceeds 90 per cent of its Capacity Obligation; (and also clause (b) which is not relevant to this change)

“Operational” for a Refurbishing CMU is defined in here as where:

(c) for a Refurbishing CMU, whose Connection Capacity is greater than the Connection Capacity of its equivalent Pre-Refurbishment CMU, an Independent Technical Expert has issued a certificate confirming that the relevant test from “(a), (aa) or (b) above has been met (substituting FON for ION where applicable), and the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations); and

(d) for any Refurbishing CMU, whose Connection Capacity is less or equal to the Connection Capacity of its equivalent Pre-Refurbishment CMU, an Independent Technical Expert has issued a certificate confirming that the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations)

It is worth noting that the definition of “Operational” for a Transmission CMU is:

(a) for a Transmission CMU, the issuance of an ION for that Generating Unit and that physical capacity;

“commissioned” is defined in the CM Regulations as:

in relation to a generating unit, means that—

(a) such procedures and tests have been completed as constitute, at the time they are undertaken, industry standards and practices for commissioning a generating unit of that type such that it is capable of operation at its connection capacity

“connection capacity” is defined in the CM Regulations as:

in relation to a generating CMU or a generating unit forming part of a CMU, means the amount which in accordance with capacity market rules is declared in an application for prequalification as the connection capacity of that generating CMU or generating unit;

In the CM Rules, under 3.5.2(a), the connection capacity for a Transmission connected CMU is:

(a) the Connection Entry Capacity stated in the Grid Connection Agreement for that Generating Unit;

For a Prospective Distribution CMU, connection capacity is defined in 3.5.2(c) as

(c) for a Generating Unit forming part or all of a Prospective Generating CMU which is a Distribution CMU: (i) the registered capacity (or inverter rating, if applicable) for that Generating Unit stated in the Distribution Connection Agreement for that Generating Unit or in the written confirmation from the Distribution Network Operator provided pursuant to Rule 3.7.3(b)(ii) (as applicable); or

Alternatively, a generating CMU may determine its connection capacity using Rule 3.5.5.

To meet the SCM, the Refurbishing CMU must be Operational at 90% of its de-rated capacity. But to be considered as Operational (which it must be to meet the SCM), it must be fully commissioned and capable of operation at its connection entry capacity, or in the case of a Distribution CMU registered capacity/inverter rating (both of which are higher than the derated capacity). Alternatively Rule 3.5.5 can be used which will also lead to a higher outcome.

Refurbishing CMUs must therefore be Operational at their connection capacity whereas New Build CMUs must be Operational at 90% of their de-rated Capacity Obligation. Given that Capacity Payments are on the basis of de-rated capacity and for other types of generating CMU there is no requirement to be operational at the connection capacity, the Rules should apply a consistent treatment.

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

Change the definition of Operational to:

“Operational” for a Refurbishing CMU is defined in the CM Rules as where:

*for a Refurbishing CMU, whose Connection Capacity is greater than the Connection Capacity of its equivalent Pre-Refurbishment CMU, an Independent Technical Expert has issued a certificate confirming that the relevant test from “(a), (aa) or (b) above has been met (substituting FON for ION where applicable), and the CMU and supporting infrastructure has been ~~fully~~ commissioned (as defined in the Regulations) **such that it can operate at 90% of its de-rated capacity obligation; and***

*(d) for any Refurbishing CMU, whose Connection Capacity is less or equal to the Connection Capacity of its equivalent Pre-Refurbishment CMU, an Independent Technical Expert has issued a certificate confirming that the CMU and supporting infrastructure has been ~~fully~~ commissioned (as defined in the Regulations) **such that it can operate at 90% its de-rated capacity obligation.***

The word “fully” has been deleted in the above proposed changes as the Regulations only define “commissioned “not “fully commissioned”.

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:

This change would ensure consistency of treatment between New Build and Refurbishing CMUs in assessing whether or not they have met their Substantial Completion Milestone.

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

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