

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by  
Ofgem):

Name of Organisation(s) / individual(s):  
EMR Delivery Body, National Grid Electricity  
Transmission plc

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:

[Click here to enter text.](#)

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

This proposal seeks to amend the Rules to clarify the definition of Reserve for Response (RfR) used as part of the Load Following Capacity Obligation (LFCO) formula.

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

Our proposal aims to update the definition of Reserve for Response (RfR) which is a component of the Load Following Capacity Obligation (LFCO) formula as per Rule 8.5.3.

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

The current definition of RfR was drafted on the basis of the T-4 auction only and therefore doesn't take into account the T-1 auction or the early auction. Our proposal is to amend the definition to ensure RfR levels are captured from the most recent Electricity Capacity Report prior to the relevant Auction Window for the relevant Delivery Year to ensure the numbers feeding into the calculation of LFCO are current and accurate.

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

Revision to the definition of RfR in Rule 8.5.3 as follows: "RfR is the reserve for response amount (in MW) published in the most recent electricity capacity report prior to the relevant Auction Window for the 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:**

Our proposal is to revise the definition of RfR to use the most recent Electricity Capacity Report numbers to ensure the LFCO calculation delivers the policy intent: that LFCO should scale obligations during a delivery period accurately. Having a more relevant and therefore more accurate RfR number would mean an LFCO which correctly reflects the reserve situation. This in

turn means that capacity market participants are expected to have provided the correct amount of capacity during stress events.

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

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