

# Proposal for a Capacity Market Rules Change



Making a positive difference  
for energy consumers

Reference number (to be completed by  
Ofgem): CP198

Name of Organisation(s) / individual(s):  
National Grid Interconnector Holdings Ltd

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:

The proposer is unaware of any similar amendment

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

**Delays to Construction Programmes caused by network owners**

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 Rule 6.7.7 concerning delays to the commissioning of a Prospective CMU caused by a Transmission Licensee and the subsequent extension of the Long Stop Date, protecting the party constructing the CMU from having its agreement terminated because of the delays caused by the Transmission Licensee.

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

Prospective Interconnector CMUs are unique in that they interact with Transmission Licensees in both Great Britain and in another jurisdiction in respect of the “non-GB Part”. At present there is no allowance for the long stop date to be extended for delays caused by the transmission licensee constructing the connection for the “Non-GB part”

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

Amend the definition of a “Transmission Licensee” to include the party equivalent to a Transmission Licensee in respect of the “non-GB Part” of a Prospective Interconnector

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 Interconnectors face largely the same construction risks as Prospective Generating CMUs and take on equivalent responsibility to obtain the relevant permissions and demonstrate that construction progress is being made in accordance with their submitted construction plan. In common with Prospective Generating CMUs the risk of delays to the construction and Energisation fo the Prospective CMU that are genuinely beyond the control of the owner- principally those that

relate to the connection to the relevant transmission or distribution network. However, while the treatment is equivalent in all other respects, Prospective Interconnector CMUs are the only category of CMU that have two connections with two separate network owners, and under the current rules only delays caused by one of those network owners based in GB are allowed for. There is little difference in either network owner however, it is clear that the Interconnector developer has no control over delays to the build programme of either network operator and yet only those delays at the GB end of the interconnector are allowed for under CM Rules. We believe this to be an undue discrimination, and also note that it could see costs rise for consumers, where a short delay to a network operators construction programme could see an otherwise competent capacity market agreement being terminated, so eroding short term security of supply and then seeing that capacity from being replaced by more expensive sources of capacity in subsequent auctions (noting that the provisions exist in CM Rules (rule 5.3.2(b)) that may also bar entry into certain future auctions for prospective CMUs that have not met the Substantial Completion Milestone).

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

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