

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP204

Name of Organisation(s) / individual(s):
UK Power Reserve

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:

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

This proposal would extend the duration of the Satisfactory Performance test, by increasing the length of one test periods to eight continuous half-hourly settlement periods. This would provide a greater degree of certainty regarding the operational performance of CMUs being awarded Capacity Agreements.

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

This rule change seeks to extend the duration of one of the Satisfactory Performances Tests as defined in Rule 13.4.1. The change applies to capacity market contracts awarded after the 2016 auction that relate to delivery after 2020/21

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

The current historic performance test period is not suitable for proving that a CMU can generate its nominated de-rated capacity for the duration of a system stress event. The current testing period is three single half-hour settlement periods across different days; Whilst this proves that a CMU can reach its full de-rated capacity for a single settlement period, it is not adequate evidence that it can do so for the duration of an entire stress period; A stress period could last substantially longer than thirty minutes.

As such, providing three half-hourly periods does not constitute an adequate testing period. This lack of certainty could pose a risk to security of supply, as there is no real guarantee that a CMUs can generate its de-rated capacity for any significant length of time. Therefore, we are proposing to include as part of the output testing the requirement to provide settlement data for eight consecutive settlement periods.

The proposed extension of the Satisfactory Performance Test period will ensure that security of supply is further ensured, as evidence of being able to generate continuously for an extended period of time is a further guarantee that procured capacity will be able to run for a lengthy stress event.

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

13.4.1E Subject to Rule 13.4.1A and Rule 13.4.1B, for capacity agreements awarded after the 2016 auctions that relate to delivery after 2020/21, if a Capacity Committed CMU has not demonstrated to the

Delivery Body (in accordance with Rule 13.4.2) capacity at a level equal to or greater than its Capacity Obligation or aggregate Capacity Obligations (“Satisfactory Performance”) for at least one Settlement Period (which Settlement Periods may fall within a System Stress Event) ~~on three separate days (each a “Satisfactory Performance Day”)~~ **on two separate days and eight consecutive settlement periods on one further separate day (these three demonstrations are collectively referred to as “Satisfactory Performance Days”)** during the Winter of the relevant Delivery Year:

a) the Capacity Committed CMU must demonstrate the ~~three~~ Satisfactory Performance Days after 1 May in that Delivery Year or at any time in any subsequent Delivery Year;

b) the Capacity Committed CMU’s entitlement to Capacity Payments will be suspended in accordance with the Regulations from 1 May in that Delivery Year until the later of 1 June in that Delivery Year and the day on which ~~the third~~ Satisfactory Performance Days **is are** demonstrated pursuant to Rule 13.4.1(a) above; and

9.5 Transfers and testing 9.5.1 For capacity agreements awarded after the 2016 auctions that relate to delivery after 2020/21, a Capacity Committed CMU which has not delivered the requisite capacity ~~on the requisite number of~~ **to satisfy the requirements** of Satisfactory Performance Days during Winter must satisfy the requirements of (and will be subject to the consequences set out in) Rules 13.4.1(a), 13.4.1(b) (if applicable) and 13.4.1(c) irrespective of whether some or all of the Capacity Obligations to which the testing requirements related have since been transferred pursuant to this Chapter 9.

13.4.1AA For capacity agreements awarded after the 2016 auctions that relate to delivery after 2020/21, for the purposes of the definition of “Satisfactory Performance Days” in Rule 13.4.1, in the case of an Interconnector CMU, the demonstration that is to be made is of Net Output at a level greater than zero as recorded for the purposes of the BSC by file CDCA-I041 of the Central Data Collection Agent (CDCA).

13.4.1B For capacity agreements awarded after the 2016 auctions that relate to delivery after 2020/21, subject to Rule 13.4.1C and for the purposes of the definition of “Satisfactory Performance Days” and in Rule 13.4.1, in the case of a group of Capacity Committed CMUs with the same Capacity Provider (a “CMU Portfolio”), where those CMUs are either:

- (a) DSR CMUs which consist of DSR CMU components on two or more different sites; or (b) Non-CMRS Distribution CMUs, where, for each such CMU the aggregate connection capacity of all generating units is no greater than 50MW, the demonstration that can be made instead of Rule 13.4.1 is capacity delivered in aggregate by the CMU Portfolio at a level equal to or greater than their combined Capacity Obligations (subject to Rule 9.5.1) for at least ~~one~~ four Settlement Periods (which Settlement Periods may fall within a System Stress Event) during the Winter of a relevant Delivery Year.

[Click here to enter text.](#)

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:

The increase in the Satisfactory Performance test period will allow for a greater level of confidence in CMUs being awarded Capacity Agreements; as being able to run at full capacity for four hours continuously demonstrates the ability of a CMU to run the course of a stress event. This increased security of supply will benefit consumers.

[Click here to enter text.](#)

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

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