

Proposal for a Capacity Market Rules Change



Making a positive difference
for energy consumers

Reference number (to be completed by
Ofgem): CP238

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

Date Submitted:
14 February 2017

Type of Change:

- Amendment
- Addition
- Revoke
- Substitution

If applicable, whether you are aware of an alternative proposal already submitted which this proposal relates to:

Some aspects of CP224.

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

Proposal to remove the existing Storage Generating Technology Class and create two separate Storage Generating Technology Classes for: (i) pumped storage hydro stations and (ii) battery and other non-pumped storage plant types.

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 amending Schedule 3 of the Rules and would require the Delivery Body to calculate and publish separate de-rating factors for each of the proposed new Technology Classes. The new Technology Classes would apply to all auctions taking place after 1 September 2017.

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

The current Storage Generating Technology Class covers both battery storage facilities and pumped storage hydro stations. However, per the 2016 Electricity Capacity Report, the de-rating factor applied to Storage was determined by the Average Availability of pumped storage assets only. Following the significant increase in 2016 of battery storage assets prequalifying for Capacity Auctions, it is appropriate to question whether this methodology provides an accurate assessment of the available capacity of this type of plant.

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

SCHEDULE 3: GENERATING TECHNOLOGY CLASSES.

Amend Table at 1.1 as follows:

In the *Storage* line within the Table at the second bullet, replace “includes” with “excludes” so the wording now reads

- *excludes* hydro Generating Units which form part of a Storage Facility (pumped storage hydro stations).

Add a new *Pumped Storage* line into the Table with the following details in the second column:

- *Hydro generating units which form part of a Storage Facility (pumped storage hydro plants)*

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:

With the emergence of a new technology (battery storage) the Generating Technology Classes should be reviewed to ensure the de-rating factors can be applied appropriately. Pumped storage has historically shown extremely high levels of availability and has high de-rating figure of 96.29%. Given that battery storage uses an entirely different technology, there is no justification for assuming that the reliability of battery storage is the same as pumped storage. It will be important to assess independently what level of reliability it is appropriate to assume for battery technology.

The impact of inappropriate de-rating factors could be an under or over procurement of capacity, both of which are potentially harmful to end consumers through lower system security (under procurement) or higher costs (over procurement).

This proposal is therefore in accordance with Ofgem's principal objective to protect the interests of consumers, including in respect of security of supply. It is also aligned with the CM rule change objectives in facilitating efficient operation and administration of the Capacity Market and promoting security of supply.

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

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