



## OFGEM CONSULTATION

### **Statutory consultation on changes to the Capacity Market Rules 2014 (the “Rules”) pursuant to Regulation 79 of the Capacity Market Regulations 2014 (the “Regulations”)**

Respondent’s details:

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Industry sector: Generator

### **Statutory consultation on changes to the Capacity Market Rules 2014 (the “Rules”) pursuant to Regulation 79 of the Capacity Market Regulations 2014 (the “Regulations”)**

Sembcorp Utilities (UK) Limited is the energy and utilities supplier to the Wilton International industrial park in Teesside and currently participates in the Capacity Market with Existing Generation and in the process of developing a new large Combined Cycle Gas Turbine Project on the site.

We appreciate the opportunity to comment on changes to the Capacity Market Rules and we hope our comments below ensure an ongoing workable legislative framework so we can continue to deliver power generation capacity for the UK.

## **Response to Consultation Questions**

### Proposed Amendments

*CP190 (National Grid) This proposal seeks to amend Rule 3.7.1 to remove the option for Applicants to defer provision of Relevant Planning Consents until after Prequalification.*

Sembcorp disagrees with Ofgem minded decision to take forward this proposal as to implement this Rule Change at this time is effectively a retrospective change to the Rules.

Projects than already have commenced development, particularly those going through the National Infrastructure Planning process, could have intended to defer the submitting planning consent until after prequalification within their existing project development programme. This could even be the case for the 2018 Auction given the duration of the National Infrastructure Planning process.

Therefore we propose, so as to not delay the potential deployment of capacity already being developed, that this Rule Change is postponed for at least two years to avoid being considered a retrospective change.

### *Calculating Connection Capacity (OF15)*


Sembcorp agree that the current options for calculating connection capacity are too restrictive particularly for Transmission Connected Combined Heat and Power CMUs.

However any Rule Change needs to clearly define the interaction between the CMU's bidding capacity, the de-rating factor and the subsequent capacity obligation. At present this is not clearly defined in the proposal.

With regards to the proposed test format it could place an obligation on a CMU to generate without any underlying financial reward. For example if a CMU did not hold Capacity Market Agreements for the times of the testing it would be obligated to run despite the possibility that it may have been taken out service for extended outage etc.

Therefore we propose that a CMU could either use its Historical Metered Output to define a connection capacity at prequalification which would not have to be reconfirmed - or have the option of declaring a connection capacity that it would demonstrate during the proposed new one year testing period.

Yours Faithfully



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