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3 May 2018

Statutory consultation on changes to the Capacity Market Rules 2014 (the "Rules") pursuant to Regulation 79 of the Capacity Market Regulations 2014 (the "Regulations")

EDF Energy is one of the UK's largest energy companies with activities throughout the energy chain. Our interests include nuclear, coal and gas-fired electricity generation, renewables, storage, and energy supply to end users. We have over five million electricity and gas customer accounts in the UK, including residential and business users.

EDF Energy welcomes the opportunity to comment on the proposed changes to the Capacity Market (CM) rules. Our detailed comments on the CM Rule change proposals are set out in the attachment to this letter. The most significant issues are:

Amending CM Rule 4.4.4 (CP272)

There must be a greater level of flexibility to allow certain elements of a CMU configuration to change. In particular, without changing the physical generating assets, changes to the number of BMU IDs within a CMU and the associated control systems may be necessary to meet the requirements of other elements of the market framework such as the BSC or CUSC, which may change over the lifetime of a Capacity Agreement.

Despite Ofgem's rejection of our change proposal CP272 as unnecessary, we are not certain that Rule 4.4.4 would permit the full range of changes to BMU IDs that may be necessary and we would welcome further clarification from Ofgem on this point. A change such as the one proposed in CP272 would remove this uncertainty, thus facilitating the provision of capacity in a manner consistent with the other obligations on market participants.

Capacity Market Register (CP270 and CP271)

We welcome Ofgem's support for the principle of greater transparency about the capacity that enters the CM Auctions. We believe that our proposals CP270 and CP271 would provide this improvement in transparency, without requiring the publication of any information that could be regarded as commercially confidential. Although we recognise the challenges that the Delivery Body faces, we urge Ofgem and the Delivery Body to implement these proposals and the associated system development as soon as possible.

We welcome Ofgem intention to publish aggregated figures about the types of DSR with agreements in its 2018 CM Operational Report.

Secondary Trading

We believe that increased liquidity of secondary trading would support the more efficient delivery of capacity, which would benefit both market participants and customers. We urge Ofgem to support measures that would encourage this increased liquidity, including proposals CP248 and CP262, which Ofgem is minded-to reject. These have the potential to deliver some improvements in secondary trading, although we believe that further measures may subsequently be needed.

CP248 would enable secondary trading before the T-1 auction. Despite Ofgem's concern that it may adversely affect the liquidity of T-1 auctions, we believe that it could improve the efficient operation of the T-1 auctions. If parties have agreed to transfer capacity obligations before the T-1 auction, this information should be made available to BEIS, the Delivery Body and the market by reflecting the transfers on the CM Register before a T-1 auction.

CP262 would address a shortcoming in the changes to satisfactory performance testing made by BEIS in December 2017. It would enable a CMU that can only deliver part of its capacity obligation to meet the requirement to demonstrate satisfactory performance by transferring the remainder of the capacity obligation to another party for the entire Delivery Year. Under the current CM Rules, such a transfer would not relieve the transferor of the obligation to demonstrate satisfactory performance on its entire capacity obligation.

The Delivery Body's system for facilitating secondary trading has now been developed and tested; industry agreed terms and conditions to facilitate secondary trading and volume reallocation are close to being agreed and the first trading has taken place. Therefore, it is appropriate to now consider changes to increase liquidity in secondary trading and provide more opportunity for parties to mitigate the risks involved with taking on a capacity obligation.

Battery Storage as DSR (CP353)

We believe that it is urgent to ensure that storage assets within a DSR CMU are not able to circumvent the intent behind the BEIS 2017 changes to storage de-rating. Storage assets within a DSR CMU should be treated in the same way that they would be treated outside a DSR CMU.

Ideally, we believe that the issue should be fixed this year but we recognise the practical constraints that may prevent this. We would welcome a clear statement of intent from Ofgem and/or BEIS that it will be resolved before 2019 prequalification.

CP353 could provide the basis for a solution to this problem; we have identified further changes that would be required in conjunction with CP353.

Data sharing

We welcome work being undertaken between the Delivery Body and EMR Settlements Company (ESC) to determine what information can be shared between CM delivery partners. We believe that it is important to consult industry parties before implementing the conclusions of this work.

Future changes

Ofgem has explained that the scope for making changes in this review is constrained both by the capability of the Delivery Body and the ESC to make the necessary system changes and by Ofgem's inability to make changes that would require Parliamentary approval of changes to the Capacity Regulations.

We urge Ofgem to work together with the Delivery Body and the ESC to find an improved approach to the delivery of system changes. This may require better resourcing of the Delivery Body and ESC and/or a more flexible approach to change management, whereby Ofgem could approve changes for future implementation to enable better planning of system changes.

We believe that the Five-Year Reviews of the CM by BEIS and Ofgem should provide an opportunity to improve the institutional and governance arrangements for the CM. This could enable Ofgem to move more quickly to implement useful changes such as their 2017 Of12 proposals to improve the calculation of connection capacity.

Meanwhile, if the current limitation on Ofgem imposed by the inability to change Capacity Regulations persists we urge Ofgem to set out specifically which Regulations prevent it from taking forward CM Rule change proposals. Also, where possible, Ofgem should provide its minded-to position on what it would do if it were able to amend the Regulations.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Guy Buckenham on 07875 112585, or me. I confirm that this letter and its attachment may be published on Ofgem's website.

Yours sincerely,



Angela Hepworth
Corporate Policy and Regulation Director

Attachment

Chapter 1. General Provisions

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| CP247 & CP343 | <p>We believe that improved access to secondary trading is beneficial and therefore we support Ofgem's proposed rule change to simplify the definition of Secondary Trading Entrant.</p> <p>However, Ofgem cites in its consultation document "Similarly, new projects delivering prior to their relevant first delivery year should be able to offer to provide capacity in the secondary market. These providers will have met the relevant milestones to deliver capacity and therefore we are satisfied that they will be reliable".</p> <p>We agree that such CMUs should be able to participate but believe that this is already allowed by Rule 9.2.6 (b); this has been confirmed by the Delivery Body. Therefore, it is not clear what CMUs these CM rule changes are intended to cover; we would welcome greater clarity about the defect which Ofgem seeks to remedy.</p> |
| CP257 | <p>We note that Ofgem could not implement CP257 because it would require a change to Regulations. In any event, while we can see a possible case for enabling DSR capacity to compete for multi-year agreements, we believe that it would be important to consider this in a wider context. For example, we note that some of the concerns that would be addressed by CP353 are currently mitigated by the limitation of DSR to single year agreements.</p> |
| CP286 | <p>We agree with Ofgem that this is not an appropriate issue to address within the Rules.</p> |

Chapter 3. Pre-qualification Information

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| CP253, CP347 & CP348 | <p>We support Ofgem's proposed change. We agree that the highest output should be demonstrated by the CMU as a whole not by the sum of the highest outputs of individual generating units. We also agree that replacing 'Average Highest Output' in CM Rules 3.5.3 and 3.5.4 with 'Average Output' is appropriate.</p> <p>However, we believe that Ofgem's Of12 proposals, if they can be implemented, are likely to provide a better solution to the setting of connection capacity.</p> |
| CP275 | <p>We agree with this CP275; an alternative change to 3.3.3 (a) is:</p> <p style="padding-left: 20px;"><i>...Capacity Agreement, (or is part of a CMU which currently has a</i></p> |

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| | <i>Capacity Agreement) for the ...</i> |
| CP288, CP307 & CP319 | No comment |
| CP293 | We understand Ofgem's reasoning for this proposed change and we note that this will change the incentives on capacity providers when considering future opt-out notifications. We agree that this change may be sensible for CMUs that opt out of future auctions. However, capacity providers who made decisions in respect of past auctions did so on the basis that the CMUs that made a "non-operational opt out" would not be eligible to participate in the T-1 auction. We do not see a good reason to make a retrospective change in respect of plant CMUs with a "non-operational opt-out" decision from a previous auction. |
| CP334 | We agree with Ofgem's minded-to decision. |
| CP242, CP243 & CP261 | We note that Ofgem could not implement these changes because they would require amendments to Regulations. We also believe that changes to Regulations or CM Rules to facilitate the increased participation of "behind the meter" generation as DSR should also recognise that the operation of "behind the meter" generation already delivers a potential benefit to the operator by reducing the cost of the CM Supplier Charge. Ideally, such generation would be enabled to participate in the CM as generation and would not benefit from a reduction in the CM Supplier Charge. This would be consistent with BEIS' March 2017 decision on their consultation on "proposals to simplify and improve accessibility in future capacity auctions". |
| CP254, CP341 & CP342 | We agree with Ofgem that these proposals must be rejected because they do not consider the wider issues that may arise (for example, how would capacity be apportioned between capacity agreements for over or under delivery in a stress event). However, we believe that it may be possible to develop solutions to these issues, which could then enable this proposal to be considered further in a later year if there are sufficient benefits from it. |
| CP255 | We agree with Ofgem's minded-to rejection of CP255 on two counts. Firstly, it would require changes to the Regulations. Secondly, following consultation, BEIS has set out a clear plan to end unabated coal-fired generation by 2025 in a way that avoids risks to security of supply and also enables operators of coal-fired plants to plan for their closure. |

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| | Moreover, the application of Carbon Price Support has helped to ensure that coal plant delivers capacity while being constrained to run at relatively low load factors. EDF is a signatory to the “Powering Past Coal” declaration and we fully support the phase out of unabated coal-fired generation. However, it would be inappropriate to introduce changes to the CM Rules that are inconsistent with BEIS’ plan. |
| CP269 & CP283 | We agree with Ofgem’s minded-to decision. We believe that the disclosure of the holding company details helps to provide better transparency to all stakeholders about the identity of market participants |
| CP258 & CP315 | We agree with Ofgem’s minded-to decision. We believe that CP258 and CP315 if implemented, would increase the workload for the Delivery Body between pre-qualification and capacity auctions with minimal benefit for the CM. Furthermore, the CM rules are clear and industry has had several years to sort out any legacy issues and therefore there is no need for an extension to these consents. |
| CP296 | No comment |
| CP297 | No comment |
| CP298 & CP351 | We agree with Ofgem’s reasons for not making any change at this stage. Nevertheless, we support further work that would facilitate greater sharing of relevant CM data between the relevant CM delivery partners with appropriate controls. We also recommend that industry parties are consulted before implementing the conclusions of this work. |
| CP317 | No comment |
| CP318 | We agree with Ofgem’s minded-to decision. We also note that there is greater transparency of data for transmission-connected capacity than for distribution-connected capacity. |
| CP335 | We agree with Ofgem’s minded-to decision. |
| CP336 | We do not understand Ofgem's reasons for rejection. We note that it may be unduly expensive to upgrade the metering of existing CMUs, however, we would anticipate that all New Build CMUs are fitted with industry standard metering systems. Furthermore, we would expect that it would be beneficial to |

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| | customers that the costs incurred by ESC to manage settlements would reduce if New Build CMUs are measured correctly by equipment that meets industry standards. |
| CP337 | We agree with Ofgem's minded-to decision |
| CP345 | No comment |
| CP291 | <p>We support the intent of CP291, which seeks to clarify the Auxiliary Load Calculation. This is an aspect of the CM Rules that requires greater transparency. Although Ofgem's minded-to position is to reject CP291 because of crossovers with BSC modification P354, we do not believe that these crossovers will have any practical effect because P354 only affects Supplier BMUs and CP 261 only affects transmission-connected generation CMUs.</p> <p>However, we believe that the implementation of CP291 would be dependent on the implementation of Ofgem's minded-to proposals in relation to proposals CP279, CP289 and CP290, which Ofgem proposes to implement in 2019. We believe that Ofgem should reconsider CP291 with a view to 2019 implementation, by which time it should be possible to resolve any potential crossover with P354.</p> |
| CP295 | <p>We support the intent of CP295 but we do not believe it is appropriate for a mechanistic allocation of station transmission load to be applied across the CMUs onsite.</p> <p>An alternative solution may be to require that the station transformer load must be apportioned across the units such that 100% of the station transformer is allocated. This could include a requirement that the allocation should be line with the physical characteristics of the plant and that a justification of the allocation must be provided to the ESC.</p> |
| CP349 | We look forward to contributing to Ofgem's development on how to appropriately manage CMUs with non-firm connections. |
| CP350 | <p>We are sympathetic to the issue raise in CP350 and believe that this should be further.</p> <p>However, where a generator benefits from CM revenue, the demand they supply should be liable for the CM Supplier Charge.</p> |

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| CP353 | <p>We support the intention of CP353 and believe that it is important that this is taken forward. Although there is a general issue that many technologies providing DSR may only be able to deliver for a limited duration (e.g. turn down from refrigeration or some furnaces), we recognise that this may be a complex area to consider and is outside the scope of CP353. However, we believe that it is urgent to ensure that storage assets within a DSR CMU are not able to circumvent the intent behind BEIS' 2017 changes to storage de-rating. Storage assets within a DSR CMU should be treated in the same way that they would be treated outside a DSR CMU.</p> <p>Ideally, we believe that the issue should be fixed this year but we recognise the practical constraints that may prevent this. We would welcome a clear statement of intent from Ofgem and/or BEIS that it will be resolved before 2019 prequalification.</p> <p>CP353 is welcome but we do not believe that it entirely resolves the problem. Most DSR has prequalified as Unproven DSR. This means that there is no information at prequalification about the technologies included in the DSR CMU. Therefore, the existence of storage within the DSR CMU would not be identified. We believe that the following are required:</p> <ul style="list-style-type: none"> • A requirement for capacity providers to provide information equivalent to that required from Proven DSR providers under CM Rules 3.9.2 and 3.9.3 for each of their DSR components once the information becomes known. • A process specified within the CM Rules whereby the Delivery Body (and/or Settlement Body) would inspect that information to ensure that the correct Technology Class and de-rating factor is applied to each CMU component so that it is used in the DSR Test. <p>We also believe that consideration should be given to applying a <i>de minimis</i> limit to storage units that would be subject to this process. A site providing DSR may have storage batteries embedded within it and we do not want to make the process excessively onerous where the benefits would be small. For example, it may be sensible to exempt, say, up to 1 MW of battery storage within a CMU.</p> |
| Of15 | Please refer to our comments on CP253, CP347 and CP348. |

Chapter 4. Determination of Eligibility

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| CP272, CP281 & CP306 | <p>There must be a greater level of flexibility to allow certain elements of a CMU configuration to change.</p> <p>We note that Ofgem has rejected CP 272 because it does not believe that CM Rule 4.4.4 as it stands would prevent Capacity Providers from changing BMU IDs. However, we are concerned that it is not clear whether Rule 4.4.4 would permit the full range of changes that might be required to BMU IDs that might potentially arise, including, for example, a change in the number of BMU IDs within the CMU and the associated control systems. Such changes, which would not change the physical generating assets, may be necessary to enable the Capacity Provider to meet the requirements of other elements of the market framework such as the BSC or CUSC, which may change over the lifetime of a capacity agreement.</p> <p>We would welcome clarification from Ofgem that CM Rule 4.4.4 would permit such changes to BMU IDs and the associated control systems provided that the physical generating assets are unchanged. A change such as the one proposed in CP272 would remove this uncertainty, thus facilitating the provision of capacity in a manner consistent with the other obligations on market participants.</p> <p>We agree with Ofgem that it would probably not be appropriate to remove CM Rule 4.4.4 entirely and that, for example, the Generating Technology Class should not change; this is consistent with our proposal CP272.</p> |
| CP287 | <p>We agree with Ofgem's minded-to position that CP287 should not be taken forward because the benefits are limited and it would require extensive changes to the CM Rules.</p> |
| CP284, CP308, CP310 & CP340 | <p>No comment</p> |
| CP322 | <p>No comment</p> |
| CP328 | <p>We support Ofgem's minded-to rejection of CP328. We believe that it may be more appropriate for the Delivery Body to produce better, clearer Guidance that is aligned with Ofgem's understanding. We anticipate that this would minimise the issues identified in CP328, which would lead to a reduced number of disputes.</p> |

Chapter 5. Capacity Auctions

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| CP273 | We are pleased that Ofgem is minded-to take forward a variant of EDF Energy's proposal CP273. |
| Of16 | No comment |
| CP249 | We support Ofgem's minded-to decision to reject CP249. We agree with Ofgem that forcing a Capacity Provider to exit at the Price Taker Threshold could unnecessarily increase the clearing price and that it is reasonable for providers to change their bids based on information revealed during the auction. New information may also be revealed during the period between submission of a Price Maker Memorandum (PMM) and the auction itself. |
| CP250 & CP251 | We support Ofgem's minded-to decision to reject CP250 and CP251. We believe that the current arrangements, which enable Ofgem to monitor PMMs and bidding behaviour provide adequate protection for customers and that the Price Maker status of a CMU should be regarded as commercially sensitive information. |
| CP264 & CP266 | We agree with Ofgem's minded-to rejection of these proposals as they would lead to increased complexity and Capacity Providers can reflect new information about the economics of their operation in their bidding strategy in the auction. However, we do not agree with Ofgem that the "option of trading part of the obligation away in the Secondary Trading market" is necessarily a viable option. Liquidity in the secondary trading market is very low due to the inability to trade prior to the T-1 auction. Furthermore, trading a part of a CMU's capacity obligation does not remove the requirement to demonstrate satisfactory performance on the entire obligation. |
| CP316 | We agree with Ofgem's minded-to rejection of this CP316. |

Chapter 6. Capacity Agreements

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| CP329 | We agree that there is a discrepancy between CM Rules 6.7.7 and 6.10.1 and that CM Rule 6.10.1 should be amended to protect the Capacity Provider from a failure of the TO or DNO to provide a |
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| | <p>connection on the same basis as CM Rule 6.7.7 (i.e. including failure by subcontractors where the subcontractor is not a member of the same Group as the Capacity Provider.)</p> <p>We also suggest that the legal text in both CM Rules should be amended to read:</p> <p><i>"...including as a result of the failure of their subcontractors (provided that such the Transmission Licensee, Distribution Network Operator or subcontractor is not the Capacity Provider or in the same Group)." </i></p> |
| CP326 | No comment |

Chapter 7. Capacity Market Register

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| CP270 & CP271 | <p>We welcome Ofgem's support for the principle of greater transparency about the capacity that enters the CM Auctions. We believe that EDF Energy's proposals CP270 and CP271 would provide this improvement in transparency, without requiring the publication of any information that could be regarded as commercially confidential. We urge Ofgem and the Delivery Body to implement these proposals and the associated system development as soon as possible.</p> <p>We recognise the challenges that the Delivery Body faces and we understand that the Delivery Body is currently enhancing the CM Register. We welcome Ofgem's commitment to publish aggregated figures about the types of DSR with capacity agreements in its 2018 CM Operational Report.</p> |
| CP321 | No comment |

Chapter 8. Obligations of Capacity Providers and System Stress Events

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| CP256, CP346 & CP352 | We support Ofgem's minded-to decision to reject these proposals. They are unnecessary and would add complexity to the CM Rules without delivering any benefit. |
| CP279, CP289 & CP290 | We support Ofgem's minded-to decision to implement these proposals in 2019. |

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| CP304 | No comment |
| CP305 | We support Ofgem's minded-to decision to facilitate ESC's access to sites to inspect metering. However, ESC should liaise in advance with Capacity Providers to ensure that ESC staff will be able to meet any reasonable or regulatory requirements for site entry. |
| CP323 | No comment |
| Of13 | <p>As we said in our response to last year's consultation on the CM Rules, EDF Energy believes that storage should be treated like other forms of generation and so we do not believe that the term B is necessary at all for a Storage Facility in Rule 8.6.2.</p> <p>Nevertheless, if the term B is included, we agree with Ofgem that the existing definition in Rule 8.6.2 could over-reward a Storage Facility and that it is therefore desirable to introduce Schedule 2A to define a more appropriate baselining methodology.</p> <p>However, we believe that there is a problem with the "pre-CMW adjustment" within the proposed baselining methodology (Schedule 2A paragraph 3.3). In the equivalent adjustment for DSR (Schedule 2), this term adjusts for the demand before a Capacity Market Warning varying from the baseline level. We do not believe that this adjustment is appropriate for a Storage Facility as it will continue to provide an additional reward for charging a battery in the periods before the issue of a Capacity Market Warning (albeit diluted by using six Settlement Periods rather than two). We believe it may be better to omit the pre-CMW adjustment from Schedule 2A.</p> <p>We also note that the proposed Schedule 2A refers to a Capacity Market Warning; this should be updated to refer to a Capacity Market Notice.</p> |
| CP267 | We support Ofgem's minded-to decision to reject CP267. Even if it were within Ofgem's power to make this change, we do not support the use of Parent Company Guarantees, which would add significant complexity as it would be necessary to ensure that the credit quality of the parent company could be verified. |
| CP278 | We support Ofgem's minded-to decision to reject CP278 and we agree with their reasons for rejection. |
| CP282 & CP311 | We support Ofgem's minded-to decision to reject CP282 and |

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| | CP311. |
| CP292 | We support Ofgem's minded-to decision to reject CP292. |
| CP294 | No comment |
| CP330 | No comment |
| CP324 | No comment |
| CP327 | No comment |
| CP331 | No comment |
| CP333 | We support the intent of CP333. We note the reasons for Ofgem's rejection of this proposal and we believe there would be merit in developing an alternative solution such as an adjustment to the ALFCO formula. |
| CP339 | We support Ofgem's minded-to decision to reject CP339. |
| Of12 | We support Ofgem's minded-to decision to implement Of12. |

Chapter 9. Transfer of Capacity obligations

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| CP245 | We agree with Ofgem's minded-to decision to reject CP245. While the proposal is right in principle, we recognise that the implementation costs may outweigh the benefits. |
| CP248 | We support CP248, which has the potential to improve liquidity in secondary trading and we disagree with Ofgem's minded-to decision to reject it. We note Ofgem's concern that it may adversely affect the liquidity of T-1 auctions; however, we believe that the efficient operation of T-1 auctions could also be adversely affected if parties have agreed to transfer capacity obligations before the T-1 auction but the current restriction in the Rules means that this information will not be made available to BEIS, the Delivery Body and the market as a whole until after the T-1 auction. |
| CP262 | We support this CP262 and disagree with Ofgem's minded-to decision to reject it. The rule changes made by BEIS in 2017 were primarily intended to deal with concerns that the Rules provided an |

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| | <p>inadequate sanction for failure to meet the requirements for Satisfactory Performance Days (SPDs) which BEIS believed to require urgent attention even if the solutions adopted was imperfect. BEIS' December 2017 consultation response recognises the merit in developing further solutions that would "<i>permit CMUs to remain in the CM at a lower level of capacity obligation equivalent to that which they were able to demonstrate</i>".</p> <p>While the mechanism envisaged in the BEIS' paper was "<i>partial termination</i>", this proposal could address the same problem in another way. Under the current CM Rules, a CMU which is only able to deliver part of its capacity obligation, would fail to meet the SPD requirements even if it transferred the remainder of the capacity obligation to another CMU (because the Rules would only provide relief if the entire obligation is transferred for the entire Delivery Year). CP262 would allow a CMU in this position to transfer part of its capacity obligation to another CMU and then to demonstrate that it could meet the SPD requirements in respect of the remainder of the obligation.</p> <p>This proposal does not fully address the shortcomings in the 2017 rule changes in respect of Satisfactory Performance Days but it would nevertheless represent a significant improvement.</p> |
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Chapter 12. Monitoring

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| CP312 & CP325 | We support Ofgem's minded-to decision to take forward aspects of CP312 and CP325. |
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Chapter 13. Testing Regime

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| CP244 | We support Ofgem's minded-to decision to take forward CP244. |
| CP276 | We support Ofgem's minded-to decision to take forward CP276. |
| CP277 & CP344 | No comment |
| CP280 | No comment |
| CP300 | No comment |

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| CP320 | No comment |
| CP338 | We note that Ofgem's minded-to approval of CP338 would extend additional flexibility to all Distribution CMUs to demonstrate satisfactory performance. However, this flexibility does not exist for Transmission CMUs. CP262, which Ofgem is minded-to reject, could offer a means of providing some additional flexibility through secondary trading to enable Transmission CMUs to demonstrate Satisfactory Performance. |
| CP259 | No comment |
| CP260 & CP332 | No comment |

Chapter 15. Schedules & Exhibits

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| CP252 & CP285 | We support the changes Ofgem is minded-to implement; these changes should simplify the situation where there is a prospective CMU for which all generating units belong to the same legal owner. This aligns the prospective CMU process with that of the existing units and reduce the number of certificates required by moving to a CMU level basis. |
| CP301 | No comment |
| CP302 | No comment |
| CP246 | No comment |
| CP263, CP313 & CP314 | <p>We support Ofgem's proposed approach. We agree with Ofgem that the CM should be market-wide and technology neutral and therefore we support the principle of participation of renewable technologies in the CM where they are not receiving other forms of support. However, it is important that the full implications are properly considered.</p> <p>Although de-rating factors should in principle be set on the basis of Equivalent Firm Capacity (EFC), it will be necessary to consider how it would be applied in practice. It will also be necessary to consider whether the existing approach to demonstrating satisfactory</p> |

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| | <p>performance based on ability to deliver de-rated capacity is appropriate for intermittent technologies.</p> <p>We believe the right approach is for Ofgem and BEIS to undertake further analysis and consultation to enable the implementation of the necessary changes before the 2019 pre-qualification round.</p> |
| CP265 | We agree with Ofgem's minded-to decision. The improved approach to storage de-rating provides an accurate reflection of the capacity contribution of storage assets; it was introduced following consultation with stakeholders and CP265 provides no good reason for changing it. |
| CP274 | As Ofgem acknowledges, CP274 would rectify a defect in the CM Rules, which would lead to inaccurate results under some limited circumstances. Nevertheless, we recognise the need to prioritise the changes which are implemented and we accept Ofgem's decision not to take this proposal forward. |
| CP303 | No comment |

Other

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| CP268 | No comment |
| CP299 | No comment |
| CP309 | No comment |

EDF Energy

May 2018