

About KiWi Power

KiWi Power is the UK's leading demand response aggregator and has been a key player in the UK energy market since 2009. We are passionate about driving innovation in technology to create efficiencies, generate commercial opportunities and promote a green agenda. We have a large customer base made up of a diverse range of clients.

Consultation Response

1. General Provisions

Amendment number(s)	Ofgem position	KiWi Power Response
CP247 CP343	Take forward	We agree with taking forward these changes. It is important to ensure that the widest range of CMUs are able to participate in secondary trading in order to increase liquidity in the secondary market.
CP257	Unable to progress	We understand that Ofgem is unable to take forward this rule change, but are in favour of enable all types of CMU, in particular DSR, to be able to access CM Agreements of greater length
CP286	Reject	No comment

3. Prequalification Information

Amendment number(s)	Ofgem position	KiWi Power Response
CP253 CP347 CP348	Partially take forward	We are in favour of Ofgem's proposal to permit historic output to be evidenced by using any 3 settlement periods on separate days in the period up to 24 months prior to the close of the prequalification window. This will provide much-needed clarity to a confusing rule which was the cause of several prequalification disputes we were involved in last year. This new formation of rule 3.6.1 should make the provision of historic output periods more straightforward and

		remove a barrier to entry.
CP275	Take forward	No comment
CP288 CP307 CP319	Take forward	No comment
CP293	Take forward	We fundamentally disagree with Ofgem's position regarding this rule change. In the consultation document, Ofgem suggests that there is an issue with auction liquidity which could be improved by this rule change. This is simply not the case, as is seen by the significant oversupply entering both the T-1 and T-4 auctions earlier this year. Furthermore, this would have the opposite effect regarding the transparency of future plant availability; it would incentivise plant to speculatively opt-out of the T-4 auction and still be able to retain the option of entering the T-1 auction should the wider economics of the energy market facilitate their staying open. This creates an unfair advantage to existing generators, enabling them to enjoy the relatively security of the ability to secure a Capacity Market agreement at either auction, without having to declare their honest intention regarding staying open for any given delivery year. This would be yet another advantage that large existing generation plant would enjoy over new, innovative technologies like DSR in the Capacity Market, further discentivising significant volumes of DSR to participate in the T-1 auctions (which are more suited to DSR participation than a T-4 auction).
CP334	Take forward	KiWi Power supports this proposal
CP242 CP243 CP261	Reject	We understand that there are technical reasons for rejecting these proposals regarding greater inclusivity of decentralised energy resources in the Capacity Market. We note that you have indicated that you will continue to work with BEIS and stakeholders to explore these details in greater detail, and expect that you will continue to do so with a view to introducing an Ofgem-led rule change in future.
CP254 CP341	Reject	We agree with the premise that incremental capacity should be capable of gaining a Capacity Agreement, and agree with Ofgem's assessment that serious consideration needs to be given to how to verify that

CP342		incremental capacity and the mechanism by which it becomes eligible to gain a Capacity Agreement. We agree that enabling secondary trading participation for incremental capacity is likely to be most straight forward and should be prioritised over participation in a full T-1 auction process.
CP255	Reject	We agree with this rejection
CP269	Reject	We agree with this rejection
CP283		
CP258 CP315	Reject	We disagree with Ofgem's position on this issue. Enabling flexibility on submitting planning consents is currently a strength of the prequalification process. Given the volume of documentation required within a relatively short period of time, the ability to be able to defer planning consents helps to remove the administrative burden and a barrier to entry into the Capacity Market. Furthermore, in the consultation document you set out that this system can encourage speculative applications pending planning consents. We do not see why this is necessarily an issue, especially as any new-build generation CMU will also have to pay credit cover due to the speculative nature of the CMU. It has also been the case, in our experience, that obtaining planning consents is far from a straightforward process, and locking projects out of the capacity market on this basis would be irrational. The situation is particularly acute for new-build generators with short build times, such as battery energy storage systems, where an inability to defer planning consents would mean that projects would be unable to ever prequalify as a new-build generation CMU, despite that being exactly what they are.
CP296	Reject	We agree with this rejection
CP297	Reject	We agree with this rejection
CP298 CP351	Reject	We agree with this rejection
CP317	Reject	We agree with this rejection
CP318	Reject	We agree with this rejection
CP355	Reject	We agree with this rejection

CP336	Reject	We agree with this rejection and for Ofgem's logic in rejecting this change proposal.
CP337	Reject	We agree with this rejection
CP345	Reject	We agree with this rejection
CP291 CP295	Reject	We agree with this rejection
CP349	Consider further	We agree that this warrants further consideration
CP350	Consider further	We agree that this warrants further consideration. It is important to facilitate prequalification for as many CMUs as possible, and enabling private network sites to enter the Capacity Market would be a very positive step.
CP353	Consider further	This proposal is wholly inappropriate and counter to the whole ethos of DSR and the Capacity Market. The Capacity Market rules should not require DSR to specify what technologies are being used. On a practical level, when entering an unproven DSR CMU, we do not know what that CMU will comprise of when proven. Therefore, it is impossible to undertake this for unproven DSR. Furthermore, what Scottish Power are really attempting to do here is to apply the illogical Government position which ties battery derating factors to their duration to DSR CMUs. This would be inappropriate as duration is simply not a parameter for consideration in the Capacity Market, as it is a market for Capacity, rather than power. Furthermore, the Capacity Market has a financial mechanism for rewarding and penalising CMUs which cannot provide output at their declared level during a stress event using the calculations set out in the rules. The design of the Capacity Market built-in a mechanism to ensure delivery during a stress event, and there is nothing to suggest that this needs to be amended or built on via further rules. We appreciate that Ofgem will wish to undertake further engagement on this issue, but we will resist all attempts to further disadvantage the participation of DSR in the Capacity Market, as this rule change proposal seeks to do.
Of15	Consider further	We agree that this warrants further consideration

4. Determination of eligibility

Amendment number(s)	Ofgem position	KiWi Power Response
CP272 CP281 CP284 CP287 CP306 CP308 CP310 CP322 CP340	Reject	We agree with this rejection, but also that these issues warrant further consideration. Our priority in this area is ensuring the implementation of component reallocation for DSR, which is covered elsewhere
CP328	Reject	We agree with this rejection on the grounds that Ofgem is unable to act alone here, but agree with the premise of the change proposal to amend the unworkable scenario we find ourselves in regarding the rectification of errors made during the prequalification process.

5. Capacity Auctions

Amendment number(s)	Ofgem position	KiWi Power Response
CP273	Take forward	We don't see a downside to pursuing this approach
Of16	Take forward	The highly technical nature of this proposal means that understanding the impact of the proposal at the level of detail provided in the consultation document is difficult. Perhaps some further worked examples would be useful, as well as some indication that this has proved to be an issue in previous Capacity Auctions, and the scale of the consumer detriment that not pursuing this change may lead to.
CP249 CP250	Reject	We disagree with Ofgem's position on these amendments. It would be very useful information for the market to understand the position of price takers and price makers in the auction to help decide auction

CP251		bidding strategy. It will also provide greater transparency around the closure plans for the existing generation plant fleet, which is of great strategic importance for the sector overall
CP264 CP266	Reject	We agree that this can already be effectively mitigated by bidding at the maximum auction price
CP316	Reject	We agree with the sentiment behind this change proposal – that there are simply too many different deadlines and timescales within the Capacity Market framework, and since they are usually set relative to the auction date, they vary year on year. The deadlines tool recently launched by the EMR Delivery Body has helped in this regard, but more can be done to ease the administrative burden on participants. This change proposal might not be the most effective way of tackling this issue, but we would welcome further consideration of the general topic by Ofgem

6. Capacity Agreements

Amendment number(s)	Ofgem position	KiWi Power Response
CP329	Take forward	We don't see a downside to pursuing this approach
CP326	Reject	We agree with this rejection

7. Capacity Market Register

Amendment number(s)	Ofgem position	KiWi Power Response
CP270 CP271	Consider further	This proposal absolutely cannot receive any further serious consideration until component reallocation for DSR CMUs is implemented. The two go hand in hand, because once it is possible to reallocate components between DSR CMUs, it then follows that some of that information could be made available via the CM register. However, before that is possible, there is no compelling reason to include such information on the CM register. Furthermore, regarding the classification differences between 'turndown' and 'generation' DSR,

		it will not be possible to make this differentiation at an unproven stage, and given a CMU may be made up of multiple generation and turndown components this neat distinction will not work in all cases. It is also worth noting that this information is already supplied to the EMR Delivery Body and EMRS as part of the DSR testing process, so the central parties already have this information readily available for their monitoring purposes.
CP321	Take forward	We don't see a downside to pursuing this approach

8. Obligations of Capacity Providers and System Stress Events

Amendment number(s)	Ofgem position	KiWi Power Response
CP256 CP346 CP352	Mostly reject but take forward minor amendments	We don't see a downside to pursuing this approach
CP279 CP289 CP290	Take forward	We don't see a downside to pursuing this approach
CP304	Take forward	We don't see a downside to pursuing this approach
CP305	Partially take forward	<p>We accept the intent of this change proposal, but on a practical level a one month notice period may not be sufficient to arrange a site visit. As an aggregator, we need to agree a mutually convenient date for our team, our client's team and for the inspection team and then complete all of the relevant pre-site documentation, health and safety questionnaires etc. As a DSR CMU will consist of multiple components across several sites, which may be geographically very dispersed, this is often a complex exercise regarding significant co-ordination.</p> <p>We appreciate that a one month notice period is probably appropriate for generation sites, where the CMU owner is also the asset owner, and the CMU will typically encompass one site, so recommend changing the rules so that they apply for generators only,</p>

		retaining the two month timescale for DSR CMUs.
CP323	Take forward	We don't see a downside to pursuing this approach
Of13	Take forward	We don't see a downside to pursuing this approach
CP267	Reject	We agree with this rejection
CP278	Reject	We agree with this rejection
CP282	Reject	We agree with this rejection
CP311		
CP292	Reject	We agree with this rejection
CP294	Reject	We agree with this rejection
CP330	Reject	Including this minor rule change would provide welcome clarification as to the acceptable documentation for proving a connection agreement, and we are unclear why Ofgem has rejected this proposal
CP324	Reject	We agree with this rejection
CP327	Reject	We understand Ofgem's position on this issue, but the EMR Delivery Body should provide far greater transparency regarding CMNs, and Ofgem should open a working group on this issue with a view to bringing forward a modification next year
CP331	Reject	We agree with this rejection
CP333	Reject	We agree with this rejection
CP339	Reject	We agree with this rejection given recent action taken by BEIS
Of12	Take forward for 19/20	We are disappointed that Ofgem has again failed to implement component reallocation for DSR CMUs. It is integral to the future participation and viability of DSR in the Capacity Market that component reallocation becomes a reality as soon as possible. We recognise that there will be IT system and administrative impacts which the EMR Delivery Body will need to consider and plan for, but given this change proposal has been under development for several years, the appropriate preparations should have been made in both of these respects. We agree with the proposals set out by Ofgem in its change proposal and look forward to them

		being implemented swiftly.
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9. Transfer of Capacity Obligations

Amendment number(s)	Ofgem position	KiWi Power Response
CP245	Reject	We accept the limitations around making system changes this year, but expect that this proposal will be reconsidered when system changes come into scope
CP248	Reject	Enabling secondary trading to take place for T-4 Capacity Agreements ahead of the T-1 auction for the delivery year would have considerable benefits, and would enable capacity providers unable to meet a series of consecutive T-4 Capacity Agreements to have certainty about their future participation in the Capacity Market ahead of time, rather than being forced to participate in an annual process
CP262	Reject	We agree that this change has already been given effect

12. Monitoring

Amendment number(s)	Ofgem position	KiWi Power Response
CP312 CP325	Take forward in principle	We agree with the proposed approach as this would simply the current requirements

13. Testing Regime

Amendment number(s)	Ofgem position	KiWi Power Response
CP244	Take forward in specific circumstances	We agree that this is an important change which should be implemented
CP276	Take forward	We agree that this is an important change which should be implemented

CP277 CP344	Take forward	We agree that this is an important change which should be implemented
CP280	Take forward	We don't see a downside to pursuing this approach
CP300	Partially take forward	We don't see a downside to pursuing this approach
CP320	Take forward	KiWi Power supports this proposal as it should not place a greater administrative burden on Capacity Market participants
CP388	Take forward	We don't see a downside to pursuing this approach
CP259	Reject	We disagree with Ofgem's approach; maximum time should be made available to conduct DSR testing, and the EMR Delivery Body should have the processes in place to efficiently facilitate this. The proposal very sensibly suggested including an additional window to enable DSR providers to firm up their proven capacity ahead of an auction, and it seems illogical that Ofgem has rejected it.
CP260 CP332	Reject	We agree with this rejection

15. Schedules & Exhibits

Amendment number(s)	Ofgem position	KiWi Power Response
CP252 CP285	Take forward	We are pleased that Ofgem will take steps to rationalise the exhibits required and ease the complexity and administrative burden around this process
CP301	Take forward	Whilst we haven't experience these issues with the current Schedule 6, we don't see a downside to pursuing this approach
CP302	Take forward	We don't see a downside to pursuing this approach
CP246	Reject	We accept that this has not been accepted, but would appreciate greater clarity on the large system impacts cited as the rationale.
CP263	Reject	We agree that this requires further consideration

CP313		
CP314		
CP265	Reject	We strongly support this change proposal. BEIS' actions in December 2017 to reform the technology classes for energy storage was irrational, unjustified and will provide no benefit to consumers. It is clearly a knee-jerk reaction to battery energy storage systems entering the Capacity Market in greater volume, and BEIS made a policy decision that this would be an undesirable outcome.
CP274	Reject	We agree that this is a complex issue which would require system changes, but it does warrant further consideration
CP303	Reject	We agree with this rejection

16. Schedules & Exhibits

Amendment number(s)	Ofgem position	KiWi Power Response
CP268	Reject	We agree with this rejection. The EMR Delivery Body has taken steps to publish this information, which currently is sufficient. However, if this voluntary approach is not maintained then a rule change may become necessary in future
CP299	Reject	We agree with this rejection
CP309	Reject	We agree with this rejection