

## 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. Sembcorp is also in the process of developing a new large Combined Cycle Gas Turbine Project, Tees CCPP, 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 that can continue to deliver power generation capacity for the UK.

## **Response to Specific Consultation Questions issued 22 March 2018**

### Proposed Amendments

#### *CP247 (Alkane), and CP343 (Welsh Power)*

*These proposals would extend Secondary Trading eligibility. CP247 would include any CMUs that were not prequalified for the auction but subsequently fulfil all prequalification requirements ahead of the delivery year as Acceptable Transferees. CP343 would allow recently commissioned, non-contracted, Existing CMUs to register for Secondary Trading once the CMU has proven its ability to deliver capacity*

Sembcorp agrees with Ofgem's proposed decision to take forward these proposals as we support any improvements in the ability to trade obligations under the Rules.

#### *CP253 (Centrica), CP347 (Centrica) and CP348 (Restore)*

*These proposals all relate to Rule 3.6.1, which obligates Existing Generating CMUs to provide their three highest historical outputs...*

Sembcorp agrees with Ofgem's proposed decision to take forward these proposals in some form. Flexibility in detailing a CMU's historical output for the purpose of specifying connection capacity enables Combined Heat and Power (CHP) CMU's to better specify an achievable capacity for delivery compared to the existing Rules.

#### *CP255 (Client Earth)*

*This proposal would introduce a requirement that generating units participating in T-4 Auctions, for delivery years from 2022 onwards, must meet an Emissions Performance Standard of 450 g/kWh of CO<sub>2</sub>.*

Sembcorp agrees with Ofgem's proposed decision to reject this proposal as the Capacity Market Regulations and Rules should not be the primary means for the implementation of environmental policy changes in the energy sector.

#### *CP258 (Drax) and CP315 (InterGen)*

*These proposals would allow more flexibility around the provision of planning consents. CP258 proposes to reinstate the option for applicants to defer provision of Relevant Planning Consents until 22 working days before the auction, but with an application fee payable if the consent is not provided. CP315 proposes to require Relevant Planning Consents to be submitted by the end of the Prequalification Window, but to allow them to be varied until 22 working days before the auction.*

Sembcorp disagrees in part with Ofgem's proposed decision to reject this proposal.

When the Relevant Planning Consent process is the Development Consent Order (DCO) process then there should be more flexibility with regards to deferring the Relevant Planning Consents. Unlike varying Section 36 or Town and Country Planning consents the DCO process is very long, at least 2 years and is at the behest of the Planning Inspectorate and Secretary of State, and involves considerable costs to the application. Therefore the deferral of planning permission for DCO Planning Consents should be maintained and indeed extended.

#### *CP297 (ESC)*

*This proposal seeks to provide NGET and the CM Settlement Body with sufficient information in order to exclude ineligible capacity (for example capacity which is part of a low carbon support scheme) that is located behind a Meter Point used by a CMU.*

Sembcorp agrees with Ofgem's proposed decision to reject this proposal as the Bespoke Metering Test arrangements should ensure only eligible net capacity is included.

#### *CP328 (NGIH)*

*This proposal aims to change the prequalification process to allow applicants to correct errors. Specifically it suggests that NGET, where it believes that capacity would be eligible but for an error or omission in the application form, it could conditionally prequalify a CMU pending the applicant remedying its error or omission.*

Sembcorp disagrees with Ofgem's proposed decision to reject this proposal. The prequalification interface (EMR Portal) is not fit for purpose and administration errors are very easy to slip through into the submission. We propose that CMU's who have previously prequalified should be able to have the same CMU conditionally prequalified pending the applicant remedying its error or omission.

#### *CP329 (NGIH)*

*This proposal would amend the Rules so that a reduction in Transmission Entry Capacity (TEC) caused solely by the failure of the System Operator (SO) to deliver a connection would not lead to a Termination Fee under Rules 6.10.1(g) or 6.10.1(ga).*

Sembcorp agrees with Ofgem's proposed decision to take forward this proposal.

*CP256 (Client Earth), CP346 (Anonymous), and CP352 (Anonymous)*  
*These proposals would all add new standards for generators participating in the Capacity Market.*

Sembcorp agrees with Ofgem's proposed decision to reject these proposals as the Capacity Market Regulations and Rules should not be the primary means for the implementation of environmental policy changes in the energy sector.

*CP304 (ESC)*

*This proposal aims to clarify the metering requirements for a CMU which is a BMU. Rule 8.3.3(g)(ii) requires a Capacity Provider for a CMU that is a subset of a BMU to select the relevant Bespoke Metering Configuration Solution when they confirm the Metering Configuration Solution...*

Sembcorp agrees with Ofgem's proposed decision to take forward this proposal as this is a useful clarification in a complex set of requirements.

*CP300 (ESC)*

*This proposal seeks to allow Capacity Providers more time to rectify issues identified in a failed Metering Test where the Capacity Provider has been notified of the failure a significantly in advance of the relevant Metering Test Certificate deadline. The proposal suggests that the current rectification timeframe of 40 working days may not be sufficient to rectify complex changes to Metering Arrangements.*

Sembcorp agrees with Ofgem's proposed decision to take forward this proposal as the current rectification timeframe of 40 working days is not sufficient to rectify certain complex changes to Metering Arrangements.

*CP301 (ESC)*

*ESC has proposed revisions to Schedule 6 (the Metering Statement). These are to improve efficiency for both participants and ESC. Metering testing arrangements have now been in operation for two years and ESC has identified a number of recurring issues arising from current drafting. In particular, these concern information participants must provide to reduce metering test delays or, potentially, failed tests.*

Sembcorp agrees with Ofgem's proposed decision to take forward this proposal of revisions to improve efficiency of complying with Schedule 6

*CP302 (ESC)*

*This proposal would update the standards specified in Schedule 7 to account for older standards in effect at the time of Metering Equipment installation. Schedule 7 sets out the Bespoke Technical Requirements for Metering Equipment*

*under the CM Rules. This proposal would update the specified standards for Measurement Transformers.*

Sembcorp agrees with Ofgem's proposed decision to take forward this proposal of updating Schedule 7 to reflect standards in effect at the time of original installation.

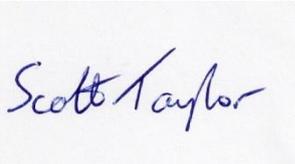
*CP303 (ESC)*

*This proposal would allow the use of Metering Equipment that does not meet the minimum accuracy classes specified in Schedule 7 (Bespoke Technical Requirements), provided that it can be demonstrated that the Overall Accuracy of the Metering Systems is within the allowed limits.*

Sembcorp disagrees with Ofgem's proposed decision to reject this proposal with respect to Existing CMU's commissioned before the Capacity Market Regulations (2014) were enacted. In this case the consideration of the demonstrating that the Overall Accuracy of the Metering Systems is within the allowed limits should be allowed in the assessment of the Metering Test submission, providing the equipment meets the standards in effect at the time of original installation.

If you have any question on this response please contact me.

Yours Faithfully



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