

**INFORMAL CONSOLIDATED VERSION OF THE CAPACITY MARKET  
RULES  
12 July 2021**

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# CHAPTER 1: GENERAL PROVISIONS

## 1. General Provisions

### 1.1 Citation and commencement

- 1.1.1 These Rules may be cited as the Capacity Market Rules 2014.
- 1.1.2 These Rules come into force on the same day as the Regulations (except for Part 11 and regulation 88) come into force.

### 1.2 Definitions

- 1.2.1 In these Rules:

<b>the Act</b>	means the Energy Act 2013
<b>EA 1989</b>	means the Electricity Act 1989
<b>the Regulations</b>	means the Electricity Capacity Regulations 2014 as amended in particular by the Electricity Capacity (Supplier Payment etc.) Regulations 2014 <sup>1</sup> , the Electricity Capacity (Amendment) Regulations 2015 <sup>2</sup> , the Electricity Capacity (Amendment) (No. 2) Regulations 2015 <sup>3</sup> , the Electricity Capacity (Amendment) Regulations 2016 <sup>4</sup> , the Electricity Capacity (Amendment) Regulations 2017 <sup>5</sup> , the (No. 1) Regulations 2019 <sup>6</sup> , the (No.2) Regulations 2019 <sup>7</sup> , the Electricity Capacity (Amendment etc) (Coronavirus) Regulations 2020 <sup>8</sup> , and the Electricity Capacity (Amendment) Regulations 2021, and references to a regulation by number alone are to the regulation so numbered in the Regulations
<b>(No. 1) Regulations 2019</b>	means the Electricity Capacity (No. 1) Regulations 2019
<b>(No. 2) Regulations 2019</b>	means the Electricity Capacity (No. 2) Regulations 2019
<b>the Rules</b>	means these Capacity Market Rules 2014
<b>3 Year Minimum £/kW Threshold</b>	has the meaning given to that term in Regulation 11
<b>15 Year Minimum £/kW Threshold</b>	has the meaning given to that term in Regulation 11
<b>Acceptable Transferee</b>	has the meaning given in Rule 9.2.6, 9.2.7 or 9.2.8 (as applicable)

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1 S.I. 2014/3354.

2 S.I. 2015/875.

3 S.I. 2015/1974.

4 S.I. 2016/742.

5 S.I. 2017/1053.

6 S.I. 2019/862.

7 S.I. 2019/1139.

8 S.I. 2020/697.

<b>Active Energy</b>	means the electrical energy produced, flowing or supplied by an electric circuit during a time interval, being the integral with respect to time of instantaneous Active Power, measured in units of watt-hours or standard multiples thereof
<b>Active Power</b>	means the product of voltage and the in-phase component of alternating current measured in units of watts and standard multiples thereof, that is:  1000 watts = 1 kW  1000 kW = 1 MW
<b>Additional Information</b>	means the additional information to be submitted with an Application, being: <ul style="list-style-type: none"> <li>(a) in the case of an Application relating to an Existing Generating CMU, such information as is required pursuant to Rule 3.6;</li> <li>(aa) in the case of an Application relating to an Interconnector CMU, such information as is required pursuant to Rule 3.6A and/or 3.6B;</li> <li>(b) in the case of an Application relating to a New Build CMU, such information as is required pursuant to Rule 3.7;</li> <li>(c) in the case of an Application relating to a Refurbishing CMU, such information as is required pursuant to Rule 3.8; or</li> <li>(d) in the case of an Application relating to a Proven DSR CMU, such information as is required pursuant to Rule 3.9; or</li> <li>(e) in the case of an Application relating to an Unproven DSR CMU, such information as is required pursuant to Rule 3.10</li> </ul>
<b>Adjusted Eij</b>	means, for each CMU i, and Settlement Period j, from time to time, the sum of Eij and ACMVij
<b>Adjusted Load Following Capacity Obligation (ALFCO)</b>	has the meaning given in Rule 8.5.2
<b>Administrative Parties</b>	has the meaning given to that term in Regulation 2
<b>Affected Person</b>	has the meaning given to that term in Regulation 2
<b>Agent</b>	means a person nominated by an Applicant pursuant to Rule 3.3.5 to perform its obligations with respect to a CMU (whether as Applicant,

	Bidder or Capacity Provider) under the Regulations and the Rules
<b>Agent Nomination Form</b>	means an agent nomination form in the form set out in Exhibit E
<b>Aggregate Offered Capacity</b>	means, in relation to a price in a Capacity Auction, the aggregate of the Bidding Capacity for all Bidding CMUs that are not the subject of an Exit Bid with an Exit Price higher than such price
<b>Aggregate Traded Capacity Market Volume (ACMV)</b>	means the quantity determined in accordance with Rule 10.4.2
<b>Aggregator Declaration</b>	means a declaration in the form set out in Exhibit F
<b>Aggregator Transfer Declaration</b>	means a declaration in the form set out in Exhibit H
<b>Anticipated De-rated Capacity</b>	means the anticipated De-rated Capacity for a CMU, based on the information provided by an Applicant pursuant to Rule 3.4.5(a) and Rule 3.4.5(b) and the applicable De-rating Factor for the CMU and, in the case of a Generating CMU that comprises more than one Generating Technology Class, the applicable De-rating Factor for each Generating Unit
<b>Applicable Baseline Methodology</b>	means: <ul style="list-style-type: none"> <li>(a) for the purposes of determining DSR Volume in the calculation of <math>E_{ij}</math> for a DSR CMU during a System Stress Event, the baseline methodology in use at the time the DSR CMU pre-qualified for the relevant delivery year as recorded on the Capacity Market Register; and</li> <li>(b) otherwise, the Baseline Methodology</li> </ul>
<b>Applicant</b>	means the person that has submitted, or is entitled to submit, an Application with respect to a CMU as determined in accordance with Rule 3.2
<b>Applicant Confidential Information</b>	means all data and other information of whatever nature and in whatever form, including but not limited to written, oral, electronic and in a visual or machine-readable form (including but not limited to CD-ROM, magnetic and digital form) and relating to the affairs of an Applicant that is furnished to the Delivery Body by the Applicant or an Applicant-related Party under or in accordance with the Rules, the Regulations or the Auction Guidelines
<b>Applicant Credit Cover</b>	has the meaning given to that term in Regulation 59
<b>Applicant Declaration</b>	means an applicant declaration in the form set out

	in Exhibit D
<b>Applicant-related Party</b>	means, in relation to a CMU, its Applicant (or Bidder or Capacity Provider, as applicable) and any Agent its Applicant may appoint
<b>Application</b>	means the application that is to be completed by the Applicant in accordance with Rule 3.3.6(a) and includes a Registration Declaration
<b>Application Process</b>	has the meaning given in Rule 3.1.1
<b>Approved Metering Solution</b>	means a Metering Configuration Solution approved by the CM Settlement Body which is an arrangement of Metering Equipment for: <ul style="list-style-type: none"> <li>(a) a Generating Unit that is not a BM Unit;</li> <li>(b) a DSR CMU Component that is not a BM Unit; or</li> <li>(c) a CMU that is a partial BM Unit</li> </ul>
<b>Associated Fossil Fuel Component</b>	means a Fossil Fuel Component which supplies electricity to a Storage Facility: <ul style="list-style-type: none"> <li>(a) via a Private Network; or</li> <li>(b) as an Electricity Supplier in respect of that Storage Facility</li> </ul>
<b>Auction Acquired Capacity Obligation</b>	has the meaning given in Rule 8.5.3
<b>Auction Guidelines</b>	has the meaning given in Rule 2.2.1
<b>Auction Monitor</b>	has the meaning given in Rule 5.14.1(a)
<b>Auction Parameters</b>	has the meaning given to that term in Regulation 11
<b>Auction Results Day</b>	has the meaning given in Rule 5.10.6
<b>Auction Target Capacity</b>	has the meaning given to that term in Regulation 11(3)
<b>Auction Window</b>	has the meaning given to that term in Regulation 2
<b>Auctioneer</b>	has the meaning given to that term in Regulation 24
<b>Authority</b>	means the Gas and Electricity Markets Authority
<b>Automatic Low Frequency Demand Disconnection</b>	means an automatic low frequency demand disconnection pursuant to OC6.6 of the Grid Code
<b>Auxiliary Load</b>	has the meaning given to that term in Regulation 2
<b>Average Output</b>	has the meaning given in Rule 3.5.4

<b>Back-feed Milestone</b>	means: (a) for a Transmission CMU, the date on which its Energisation Operational Notification is received; and (b) for any other Generating CMU, the commencement of activities to commission the Generating Unit(s) comprising the Generating CMU which involve energizing that Generating Unit
<b>Balancing and Settlement Code (BSC)</b>	has the meaning given to that term in Regulation 2 of the Regulations
<b>Balancing Mechanism</b>	has the meaning given to that term in the NGET Transmission Licence
<b>Balancing Mechanism Reporting Agent or BMRA</b>	has the meaning given to that term in Annex X-1 of the BSC.
<b>Balancing Mechanism Reporting Service or BMRS</b>	has the meaning given to that term in Annex X-1 of the BSC.
<b>Balancing Service</b>	has the meaning given to that term in the NGET Transmission Licence
<b>Balancing Services Metering Configuration Solution</b>	means a Metering System installed to comply with one of the following Relevant Balancing Services: (a) Short Term Operating Reserve; (b) Frequency Control by Demand Management; or (c) Firm Frequency Response
<b>Base Period</b>	has the meaning given to that term in Regulation 2 of the Regulations
<b>Baseline Demand</b>	means, for a DSR CMU Component and a Settlement Period, the baseline Demand of that DSR CMU Component in that Settlement Period calculated in accordance with the Applicable Baseline Methodology  for a Generating Unit which forms part of a Storage Facility, the Baseline Demand of that Generating Unit calculated in accordance with Schedule 2A
<b>Baseline Methodology</b>	means the methodology set out in Schedule 2

<b>Bespoke Metering Configuration Solution</b>	means a Metering System using additional on-site Meters to demonstrate output behind the pre-existing Meter Point which is installed to comply with the Bespoke Technical Requirements
<b>Bespoke Technical Requirements</b>	means the technical requirements for the Bespoke Metering Configuration Solution set out in Schedule 7 containing technical information relating to Meter Points, measured quantities and demand values for Metering Systems, Metering Equipment criteria and commissioning, records and proving
<b>Bid</b>	means a Continuing Bid or Exit Bid made (or deemed to be made) by a Bidder with regard to a Bidding CMU in accordance with Chapter 5 (and “Bidding” must be construed accordingly)
<b>Bid-Offer Acceptance</b>	means a confirmed bid-offer acceptance issued by the System Operator to a BM Unit in accordance with BC2.7 of the Grid Code
<b>Bidder</b>	means, for a Capacity Auction: <ul style="list-style-type: none"> <li>(a) each Applicant for an Existing CMU which has Prequalified; and</li> <li>(b) each Applicant for any other Prequalified CMU in relation to which a confirmation has been submitted pursuant to Rule 5.5.14</li> </ul>
<b>Bidding Capacity</b>	means, for a Bidding CMU, its De-rated Capacity.
<b>Bidding CMU</b>	means, for a Capacity Auction: <ul style="list-style-type: none"> <li>(a) each Existing CMU which has Prequalified; and</li> <li>(b) each other Prequalified CMU in respect of which a confirmation has been submitted pursuant to Rule 5.5.14</li> </ul>
<b>Bidding Round</b>	has the meaning given in Rule 5.5.5
<b>Bidding Round Price Cap</b>	has the meaning given in Rule 5.5.6
<b>Bidding Round Price Floor</b>	has the meaning given in Rule 5.5.6
<b>Bidding Round Price Spread</b>	has the meaning given in Rule 5.5.6
<b>Bidding Window</b>	has the meaning given in Rule 5.5.20
<b>Bilateral Connection Agreement</b>	means an agreement entered into pursuant to paragraph 1.3.1 of the CUSC, a form of which is set out in Exhibit 1 to Schedule 2 of the CUSC
<b>Bilateral Embedded</b>	means an agreement entered into pursuant to

<b>Generation Agreement</b>	paragraph 1.3.1 of the CUSC, a form of which is set out in Exhibit 2 to Schedule 2 of the CUSC
<b>BM Responsible Party</b>	means the person responsible for an Export under the BSC
<b>BM Unit</b>	has the meaning given to that term in the BSC
<b>Boundary Point</b>	means: <ul style="list-style-type: none"> <li>(a) for a Generating CMU, any point at which any plant or apparatus not forming part of the Total System is connected to the Total System;</li> <li>(b) for an Interconnector CMU, any point at which any plant or apparatus forming part of the Electricity Interconnector is connected to the GB Transmission System;</li> </ul>
<b>BSCCo</b>	means ELEXON Limited (or any successor to that company acting in the capacity as BSCCo under the BSC)
<b>Capacity Agreement</b>	has the meaning given in Rule 6.2.1
<b>Capacity Agreement Notice</b>	means a notice issued by the Delivery Body to a Capacity Provider setting out the terms of the Capacity Agreement of that Capacity Provider for a Capacity Committed CMU
<b>Capacity Auction</b>	means a capacity auction conducted pursuant to Rule 5
<b>Capacity Committed CMU</b>	has the meaning given to that term in Regulation 2
<b>Capacity Market Confidential Information</b>	means all data and other information of whatever nature and in whatever form, including but not limited to written, oral, electronic and in a visual or machine- readable form (including but not limited to CD-ROM, magnetic and digital form) either: <ul style="list-style-type: none"> <li>(a) relating to the affairs of an Applicant or CMU to the extent relevant to its participation in the capacity market or its obligations under the Regulations or the Rules; or</li> <li>(b) supplied to an Applicant Related Party under or in accordance with the Rules, the Regulations or the Auction Guidelines</li> </ul>
<b>Capacity Market Notice</b>	means a notice issued in accordance with Rule 8.4.6
<b>Capacity Market Register</b>	has the meaning given to that term in Regulation 2

<b>Capacity Market Volume Reallocation Notification or CMVRN</b>	means a notification of Traded Capacity Market Volume in relation to one or more Settlement Periods
<b>Capacity Obligation</b>	has the meaning given to that term in Regulation 2
<b>Capacity Payment</b>	has the meaning given to that term in Regulation 2
<b>Capacity Provider</b>	<p>means, for any Capacity Committed CMU and Delivery Year or part of a Delivery Year:</p> <p>(a) the person who was the Applicant for that CMU at Prequalification; or</p> <p>(b) if a transfer of the Capacity Agreement for that CMU and Delivery Year or part of a Delivery Year has been registered on the Capacity Market Register, the transferee</p>
<b>Capacity Volume Register</b>	means the register maintained by the CM Settlement Body to record the information set out in Rule 10.5 for each CMU from time to time
<b>Capacity Year</b>	has the meaning given to that term in Regulation 2
<b>Capital Expenditure</b>	<p>means the capital expenditure (as determined under International Accounting Standard 16) in relation to property, plant and equipment which has the primary purpose of delivering capacity:</p> <p>(a) for a Generating CMU or an Unproven DSR CMU, on that CMU; or</p> <p>(b) for an Interconnector CMU, on that CMU together with the Non-GB Part</p>
<b>CCUS</b>	means carbon capture, utilisation and storage
<b>Central Meter Registration Service</b>	has the meaning given to that term in the BSC
<b>Certificate of Conduct</b>	means a certificate of conduct in the form set out in Exhibit C
<b>CFD Transfer Notice</b>	has the meaning given to that term in Regulation 34
<b>CHPQA Calendar Year</b>	<p>(a) unless paragraphs (b) or (c) apply, means a continuous period of 12 months commencing on 1 January during the first Delivery Year of a Capacity Agreement; or</p> <p>(b) means:</p> <p>(i) where, in respect of a New Build,</p>

Refurbishing, or Unproven DSR CMU, a Capacity Agreement takes effect (in accordance with Rule 6.7.4(a)(ii), Rule 6.8.5, or Rule 6.7A.1(b) as applicable) on a date after the start of a Delivery Year (“Delivery Year X”) and before 31 December within Delivery Year X; or

- (ii) where, an Emissions Related Material Change occurs on a date after the start of Delivery Year X and before 31 December within Delivery Year X,

a continuous period of 12 months commencing on 1 January during Delivery Year X;

(c) means:

- (i) where, in respect of a New Build, Refurbishing, or Unproven DSR CMU, a Capacity Agreement takes effect (in accordance with Rule 6.7.4(a)(ii), Rule 6.8.5, or Rule 6.7A.1(b) as applicable) on a date on or after 1 January within a Delivery Year (“Delivery Year Y”) and no later than the end of Delivery Year Y; or

- (ii) where, an Emissions Related Material Change occurs on a date on or after 1 January within Delivery Year Y and no later than the end of Delivery Year Y,

a continuous period of 12 months commencing on 1 January during the Delivery Year immediately after Delivery Year Y

**CHPQA  
Certificate**

means a certificate issued in respect of a combined heat and power plant following assessment of the station against criteria set out in the CHPQA Standard

**CHPQA  
Standard**

means the Combined Heat and Power Quality Assurance Standard, issue 8, March 2021

**Clearing Capacity**

means, for any Capacity Auction, the capacity (in MW) at the Clearing Price in that auction as determined by the Demand Curve

**Clearing Price**

means, for any Capacity Auction, the price per MW per year determined by the Capacity Auction to be payable to Capacity Committed CMUs which have been successful in the Capacity Auction, and being the price for a Capacity Agreement for one Delivery Year as at the Base Period for that Capacity Auction

**Clearing Round**

has the meaning given in Rule 5.9.2

<b>CM Settlement Body</b>	means Electricity Settlements Company Limited (registered number 08961281) or such other person appointed in accordance with Regulation 80
<b>CMRS CMU</b>	means a Transmission CMU or a CMRS Distribution CMU
<b>CMRS Distribution CMU</b>	means a Generating CMU, each Generating Unit of which Exports electricity to a Distribution Network where the Metering System for the corresponding BM Unit is registered in the Central Meter Registration Service in accordance with the BSC
<b>CMU</b>	has the meaning given to that term in Regulation 2
<b>CMU Transferee</b>	has the meaning given in Rule 9.2.4
<b>CMVR Registered CMU</b>	has the meaning given in Rule 10.1A.2
<b>CMVR Registered Participant</b>	means a person who has been registered under Rule 10.1A.2
<b>CMVR Transferee</b>	has the meaning given to it in Rule 10.2.1
<b>CMVR Transferor</b>	has the meaning given to it in Rule 10.2.1
<b>CO2generated</b>	has the meaning given in Part 4.2 of Schedule 8
<b>CO2transferred</b>	has the meaning given in Part 4.2 of Schedule 8
<b>Commercial Production Start Date</b>	means the date on which a Generating Unit, when commissioned (within the meaning of Regulation 2):  (a) first starts providing electricity (within the meaning of Regulation 3); and  (b) is capable of being controlled independently from any other Generating Unit
<b>Conditional Agreement Auction</b>	has the meaning given to that term in Regulation 2(1) (as modified by the (No.1 Regulations 2019)
<b>Conditional Capacity Agreement</b>	has the meaning given to that term in Regulation 2(1) (as modified by Part 5 of the (No. 1) Regulations 2019)
<b>Connection Capacity</b>	means:  (a) with respect to a Generating CMU or a Generating Unit, the capacity of that Generating CMU or Generating Unit as determined pursuant to Rule 3.5; or  (b) with respect to an Interconnector CMU, the capacity of that Interconnector CMU as determined under Rule 3.5A

<b>Connection and Use of System Code (CUSC)</b>	has the meaning set out in the NGET Transmission Licence
<b>Connection Entry Capacity</b>	has the meaning given to that term in section 11 of the CUSC
<b>Construction Milestones</b>	means for any Prospective CMU, the Financial Commitment Milestone and the milestones to completion contemplated by Rule 3.7.2(b)
<b>Construction Plan</b>	means all the information provided pursuant to Rule 3.7.2
<b>Consumer Prices Index (CPI)</b>	means the UK Consumer Prices Index (All Items) published by the Office for National Statistics or, if such index ceases to be published, such other consumer prices index or any index which may replace it
<b>Consumption</b>	means the electrical energy consumed by a Generating Unit that is part of a Storage Facility
<b>Continuing Bid</b>	has the meaning given to it in Rule 5.7.1
<b>Contracted Capacity</b>	means, with respect to a Capacity Auction, the aggregate Bidding Capacity of the CMUs that were awarded a Capacity Agreement pursuant to Rule 5.9.7 or Rule 5.9.7A (as applicable)
<b>Contractual DSR Control</b>	has the meaning given to that term in Regulation 5
<b>Core Generating Plant</b>	<p>means any combination of generators, turbines and other machinery or devices (“<b>Apparatus</b>”) which are connected physically and operated together as part of one Generating Unit which:</p> <ul style="list-style-type: none"> <li>(a) transform energy from a fuel source into mechanical or electrical form (or both);</li> <li>(b) are driven by water, other than by tidal flows, waves, ocean currents or geothermal sources;</li> <li>(c) convert stored energy into electrical energy or</li> <li>(d) transform energy from an Intermittent Power Source into electrical form.</li> </ul>
<b>Core Industry Document</b>	means each of the Connection and Use of System Code, the Balancing and Settlement Code and the Grid Code
<b>Core Industry Document Owner</b>	means, in relation to a Core Industry Document, the body or entity which is responsible for the management and operation of procedures for

	making changes to such documents
<b>Core Winter Period</b>	means a period beginning with 1 December in any year and ending with the last day of the following February
<b>Customer</b>	has the meaning given to that term in Regulation 2
<b>Defaulting CMU</b>	<p>means, in relation to a Capacity Auction in respect of Delivery Year “t”, a Defaulting Interconnector CMU or a CMU that includes a Generating Unit or DSR CMU Component that has previously formed part of any CMU:</p> <ul style="list-style-type: none"> <li>(a) that was disqualified from Bidding under Rule 5.4 in any prior Capacity Auction relating to Delivery Years t, t-1 or t-2;</li> <li>(b) in respect of which a Capacity Agreement relating to Delivery Years t, t-1 or t-2 has been terminated due to an actual or suspected engagement in one or more of the Prohibited Activities; or</li> <li>(c) that participated in a Capacity Auction relating to Delivery Years t, t-1 or t-2 but has not been awarded a Capacity Agreement for those corresponding Delivery Years, and for which there has been actual engagement in one or more of the Prohibited Activities</li> </ul>
<b>Defaulting Interconnector CMU</b>	means, in relation to a Capacity Auction in respect of Delivery Year “t”, an Interconnector CMU to which paragraph (a) or (b) or (c) of the definition of “Defaulting CMU” applies
<b>Delivery Body</b>	has the meaning given to that term in Regulation 2
<b>Delivery Year</b>	has the meaning given to that term in Regulation 2
<b>Demand</b>	means the demand for Active Power (in MW)
<b>Demand Curve</b>	has the meaning given to that term in Regulation 2
<b>Demand Reduction Instruction</b>	means a demand reduction instruction pursuant to OC6.5 of the Grid Code
<b>Demand Side Response</b>	has the meaning given to that term in Regulation 2
<b>De-rated Capacity</b>	<p>means, for any Generating CMU or DSR CMU and Capacity Auction, an amount (in MW to three decimal places) equal to the product of:</p> <ul style="list-style-type: none"> <li>(a) for a Generating CMU, its Connection Capacity; or</li> <li>(b) for a DSR CMU: <ul style="list-style-type: none"> <li>(i) unless sub-paragraph (ii) applies, its DSR Capacity, or,</li> </ul> </li> </ul>

- (ii) if an amount of capacity has been nominated under Rule 5.5.11, that capacity;

and the De-rating Factor, provided that the De-rated Capacity of a Pre-Refurbishment CMU must not exceed the De-rated Capacity of the related Refurbishing CMU;

means, for any Interconnector CMU and Capacity Auction, an amount (in MW to three decimal places) equal to the lower of:

- (a) the product of its Connection Capacity and De-rating Factor; or
- (b) the total Transmission Entry Capacity secured by Grid Connection Agreements for the relevant Delivery Year and evidenced in accordance with Rule 3.6A.

**De-rating Factor** means, for a Capacity Auction, the factors (expressed to two decimal places) to be applied to each of the Generating Technology Classes, to each Interconnector CMU and to DSR CMUs for the purpose of calculating the De-rated Capacity of a CMU

**Design Efficiency** has the meaning given to that term in Schedule 8

**Design Efficiency CHPQA Formula** has the meaning given in Part 3.1(c) of Schedule 8

**Design Efficiency Formula** has the meaning given in Part 3.1(a) of Schedule 8

**Design Efficiency Steam Formula** has the meaning given in Part 3.1(b) of Schedule 8

**Despatch Control** means, for a Generating CMU, control exercised by a person over whether or not the Generating Unit(s) comprised in that Generating CMU generate(s) in a Settlement Period, provided that a person does not cease to have Despatch Control by:

- (a) contracting with another person for the service of operating the Generating Unit(s);
- (b) contracting with another person to supply electricity in a Settlement Period;
- (c) in the case of a CMRS CMU, agreeing that another person may be the BM Responsible Party under the BSC; or
- (d) entering into a Balancing Services Contract

with the System Operator

<b>Despatch Controller</b>	means, for a Generating CMU, the person exercising Despatch Control with respect to each Generating Unit comprised in that Generating CMU
<b>Director</b>	means, in relation to the certificates, nomination form and declarations in Exhibits Z A to J , a director of a company or, in the case of a body other than a company, an officer of that body, including any authorised signatory
<b>Distribution CMU</b>	means a CMRS Distribution CMU or a Non-CMRS Distribution CMU
<b>Distribution Code</b>	means the Distribution Code required to be prepared by a DNO in accordance with standard condition 9 (Distribution Code) of the licence granted to it pursuant to section 6(1)(c) of EA 1989
<b>Distribution Connection Agreement</b>	means, for a Distribution CMU, an agreement entered into between a DNO and the person responsible for that CMU for the connection of that CMU to, and use of, a Distribution Network
<b>Distribution Network</b>	has the meaning given to that term in Regulation 2
<b>Distribution Network Operator (DNO)</b>	has the meaning given to that term in Regulation 2
<b>DSR Alternative Delivery Period</b>	means a continuous period of 30 minutes
<b>DSR Capacity</b>	means:  (a) in the case of a Proven DSR CMU, its Proven DSR Capacity; and  (b) in the case of an Unproven DSR CMU, its Unproven DSR Capacity,  expressed in MW to one decimal place
<b>DSR CMU</b>	means a demand side response CMU as defined in Regulation 2
<b>DSR CMU Component</b>	means a demand side response CMU component as defined in Regulation 2
<b>DSR Partial Credit Cover Release</b>	has the meaning given in Rule 6.7B
<b>DSR Provider</b>	has the meaning given to that term in Regulation 5
<b>DSR Test</b>	means a test of a DSR CMU carried out pursuant to Rule 13.2, or a Joint DSR Test

<b>DSR Test Certificate</b>	means a certificate issued by the Delivery Body in relation to a DSR CMU following a DSR Test pursuant to Rule 13.2.11
<b>DSR Volume</b>	means the excess (if positive) of: <ul style="list-style-type: none"> <li>(a) the sum of the Baseline Demand of each DSR CMU Component comprised in the DSR CMU in that Settlement Period, over</li> <li>(b) the sum of the Metered Volume (positive or negative) of each DSR CMU Component comprised in the DSR CMU in that Settlement Period,</li> </ul> expressed in MWh to three decimal places and, for these purposes, a net imported Metered Volume is positive and a net exported Metered Volume is negative
<b>Duration Bid</b>	means, with respect to a Bidding CMU in a Capacity Auction, a submission by the Bidder specifying the duration of Capacity Agreement in whole Delivery Years that the Bidder requires at any particular price as amended during the Capacity Auction by any Duration Bid Amendment
<b>Duration Bid Amendment</b>	has the meaning given to it in Rule 5.6.4
<b>Duration Limited</b>	has the meaning given to it in Rule 2.3.4B
<b>Dynamic Parameters</b>	means those parameters listed in Appendix 1 to BC1 of the Grid Code under the heading "BM Unit Data – Dynamic Parameters"
<b>EFW</b>	has the meaning given in Part 5.1(a) of Schedule 8
<b>Eij</b>	for CMU "i" and Settlement Period "j", has the meaning given by Rule 8.6
<b>Electricity Interconnector</b>	has the meaning given to that term in section 4(3E) EA 1989 (but does not include any line or plant landward of the converter station)
<b>Electricity Production</b>	has the meaning given to that term in Schedule 8
<b>Electricity Supplier</b>	has the meaning given to that term in Regulation 2
<b>Eligible Secondary Trading Entrant</b>	means a Secondary Trading Entrant which has Prequalified in accordance with Rule 4.9
<b>Emergency Instruction</b>	means an instruction issued by the System Operator in accordance with BC2.9 of the Grid Code

**Emergency Manual  
Disconnection  
Instruction**

means a demand disconnection instruction pursuant to OC6.7 of the Grid Code

**Emissions Related  
Material Change**

- (a) in respect of a CMU, means adding at least one Fossil Fuel Component with an Installed Capacity equal to or greater than 1MW or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component with an Installed Capacity equal to or greater than 1MW;
- (b) in respect of a Fossil Fuel Component or Associated Fossil Fuel Component with an Installed Capacity equal to or greater than 1MW, means adding or removing at least one fuel used to produce electricity or any other change which alters its Fossil Fuel Emissions or Fossil Fuel Yearly Emissions; and
- (c) in respect of a Fossil Fuel Component or Associated Fossil Fuel Component with an Installed Capacity below 1MW, means any change which alters its Installed Capacity so that it is equal to or greater than 1MW.

**Emissions Year**

- (a) in respect of a Fossil Fuel Emissions Declaration which is provided with an Application, means a continuous period of 12 months starting no earlier than the date which is 14 months before the commencement of the Prequalification Window in which the Application is made and ending no later than the commencement of that Prequalification Window; and
- (b) in respect of a Fossil Fuel Emissions Declaration which is provided other than with an Application, means a continuous period of 12 months starting no earlier than the date which is 14 months before the date on which the Fossil Fuel Emissions Declaration is provided to the Delivery Body and ending no later than the date on which the Fossil Fuel Emissions Declaration is provided to the Delivery Body

**EMR Delivery Body  
Portal**

means the IT infrastructure through which the Regulations and the Rules are administered by

	the Delivery Body and pursuant to which, without limitation:
	(a) Applications are submitted;
	(b) Prequalification is administered;
	(c) the Capacity Market Register may be viewed;
	(d) the IT Auction System may be accessed; and
	(e) all notifications to be made by, or to, the Delivery Body in relation to the Regulations and the Rules must be submitted
<b>Energisation Operational Notification (EON)</b>	has the meaning given to that term in the Grid Code
<b>Excess Capacity</b>	has the meaning given to it in Rule 5.5.18
<b>Excess Capacity Rounding Threshold</b>	is a parameter set by the Auctioneer in accordance with Rule 5.5.8A
<b>Excluded CMU</b>	means: <ul style="list-style-type: none"> <li>(a) for a Capacity Auction for Delivery Year “t”, an Existing CMU (or any Generating Unit forming part of an Existing Generating CMU) that is, for any Capacity Auction in respect of Delivery Years t-1 or t-2, Retired</li> <li>(b) Not used</li> </ul>
<b>Exemptable Generating Plant</b>	has the meaning given in the BSC
<b>Existing CMU</b>	means an Existing Generating CMU or an Existing Interconnector CMU
<b>Existing Generating CMU</b>	means a CMU falling within sub-paragraphs (1)(a) or (1)(c) of the definition of “generating CMU” in Regulation 4
<b>Existing Interconnector CMU</b>	means an Interconnector CMU falling within Regulation 5A(1)(a)
<b>Exit Bid</b>	has the meaning given to it in Rule 5.8.1
<b>Exit Price</b>	has the meaning given to it in Rule 5.8.2(b)
<b>Exit Ranking Expected Energy Unserved</b>	has the meaning given to it in Rule 5.9.4(a) means the amount of Total System demand for electricity in MWh that may not be met by supply in

	any given Capacity Year
<b>Expert</b>	has the meaning given to it in paragraph 2.1.4 of Schedule 5
<b>Expert Determination Notice</b>	has the meaning given to it in paragraph 2.1 of Schedule 5
<b>Expert Determination Procedure</b>	has the meaning given to it in paragraph 1 of Schedule 5
<b>Export</b>	has the meaning given to that term in Regulation 2
<b>Extended Years Criteria</b>	has the meaning given in Rules 8.3.6B and 8.3.6C
<b>Final Physical Notification Data (FPN)</b>	has the meaning given in the BSC
<b>Financial Commitment Milestone</b>	<p>means, for a Prospective CMU, the provision to the Delivery Body of:</p> <p>(a) a report by an Independent Technical Expert meeting the Required Technical Standard confirming the Capital Expenditure and financial commitment requirements specified in Rule 6.6; and</p> <p>(b) a Funding Declaration.</p>
<b>First Full Capacity Auction</b>	means the T-4 Auction for the Delivery Year commencing on 1 October 2018 (if any)
<b>First Submission</b>	has the meaning given to it in paragraph 3.3.2 of Schedule 5
<b>FON</b>	means a final operational notification, with the meaning given to that term in the Grid Code
<b>Fossil Fuel</b>	<p>means:</p> <p>(a) coal;</p> <p>(b) lignite;</p> <p>(c) peat;</p> <p>(d) natural gas (within the meaning of section 21 of the Energy Act 1976);</p> <p>(e) crude liquid petroleum;</p> <p>(f) bitumen;</p> <p>(g) any substance which—</p> <p>(i) is produced directly or indirectly from a substance mentioned in paragraphs (a) to (f) for</p>

use as a fuel for a Generating Unit; and

(ii) when burned, produces a greenhouse gas (within the meaning of section 92 of the Climate Change Act 2008)

<b>Fossil Fuel Component</b>	means any Generating Unit or DSR CMU Component (where that component comprises of a Generating Unit) which produces electricity using at least one Fossil Fuel
<b>Fossil Fuel Emissions</b>	means, in respect of a Fossil Fuel Component, the value (expressed in gCO <sub>2</sub> per kWh <sub>e</sub> ) determined in accordance with one of the formulae in Part 1 of Schedule 8
<b>Fossil Fuel Emissions CCUS Formula</b>	has the meaning given in Part 1.1(b) of Schedule 8
<b>Fossil Fuel Emissions Commitment</b>	means a declaration in the form set out in Exhibit ZB
<b>Fossil Fuel Emissions Composite Formula</b>	has the meaning given in Part 1.1(d) of Schedule 8
<b>Fossil Fuel Emissions Declaration</b>	means a declaration in the form set out in Exhibit ZA, which complies with the requirements in Rule 3.15
<b>Fossil Fuel Emissions Formula</b>	has the meaning given in Part 1.1(a) of Schedule 8
<b>Fossil Fuel Emissions Limit</b>	means 550g of carbon dioxide of Fossil Fuel origin per kWh of electricity generated
<b>Fossil Fuel Emissions Mixed Fuel Formula</b>	has the meaning given in Part 1.1(c) of Schedule 8
<b>Fossil Fuel Removal Declaration</b>	means a declaration in the form set out in Exhibit ZC
<b>Fossil Fuel Yearly Emissions</b>	means, in respect of a Fossil Fuel Component, the value (expressed in kg CO <sub>2</sub> per kWh <sub>e</sub> ) determined in accordance with the formula in Part 2 of Schedule 8
<b>Fossil Fuel Yearly Emissions Limit</b>	means 350 kg CO <sub>2</sub> of Fossil Fuel origin on average per year per installed kWh <sub>e</sub>
<b>FS</b>	has the meaning given in Part 8.1 of Schedule 8
<b>Funding Declaration</b>	means a declaration in the form set out in Exhibit J
<b>GB Transmission System</b>	has the meaning given to the term 'national electricity transmission system' in the NGET Transmission Licence

<b>General Eligibility Criteria</b>	has the meaning given to that term in Regulation 15
<b>Generating CMU</b>	has the meaning given to that term in Regulation 4
<b>Generating Technology Class</b>	means a class of Generating Unit, defined by the technology used to generate electricity, for which the Secretary of State requires the Delivery Body to publish a De-Rating Factor, identified in the list attached as Schedule 3
<b>Generating Unit</b>	means any equipment in which electrical conductors are used or supported or of which they form part which produces electricity, and includes such equipment which produces electricity from storage
<b>Generating Unit Fuel Type</b>	means each fuel used by a Generating Unit which produces electricity using fuel
<b>Generation Licence</b>	means a licence for the generation of electricity, as modified from time to time, granted pursuant to section 6(1)(a) of EA 1989
<b>Generation Licence Exemption</b>	means an exemption from section 4(1)(a) of EA 1989 granted under section 5 of EA 1989
<b>Generator</b>	means a person who generates electricity under a Generation Licence or a Generation Licence Exemption acting in its capacity as a generator in Great Britain or the Offshore Area
<b>Governing Documents</b>	<p>means each of the following documents that are applicable to a Metering Configuration Solution:</p> <p>(a) in respect of the Balancing Services Metering Configuration Solution:</p> <ul style="list-style-type: none"> <li>(i) Short Term Operating Reserve - STOR Despatch Procedure version 1.3; or</li> <li>(ii) Frequency Control by Demand Management – the relevant bilateral agreement between the Generator and System Operator; or</li> <li>(iii) Firm Frequency Response – the relevant framework agreement or relevant bilateral agreement between the Generator and System Operator;</li> </ul> <p>(b) in respect of the Bespoke Metering Configuration Solution, the Bespoke Technical Requirements;</p>

	(c) in respect of the Supplier Settlement Metering Configuration Solution, the version of the BSC Metering Codes of Practice applicable at the date of installation of the Applicant's/Capacity Provider's Metering System
<b>Grid Code</b>	has the meaning given to that term in the Transmission Licence
<b>Grid Connection Agreement</b>	means, in relation to a Transmission CMU or an Interconnector CMU, a Bilateral Connection Agreement between the System Operator and a person responsible for the CMU
<b>Grid Entry Point</b>	means an Onshore Grid Energy Point (as defined in the Grid Code) or an Offshore Grid Entry Point (as defined in the Grid Code)
<b>Grid Supply Point</b>	means a point of supply from the Transmission Network to DNOs or Non Embedded Customers (as defined in the Grid Code)
<b>Group</b>	means, for any person, another person who is the direct or indirect Holding Company of that person and any Subsidiary of that Holding Company
<b>GWh</b>	means gigawatt hours
<b>Half Hourly Data Aggregators</b>	has the meaning given in the BSC
<b>Half Hourly Data Collectors</b>	has the meaning given in the BSC
<b>Half Hourly Metering System</b>	has the meaning given in the BSC
<b>High Demand Settlement Period</b>	means: <ul style="list-style-type: none"> <li>(a) in relation to the calculation of a De-rating Factor for the CCGT Generating Technology Class, a Settlement Period in a Core Winter Period where demand is above the 90th percentile of the Demand in all the Settlement Periods falling between 7am and 7pm on Working Days in that Core Winter Period;</li> <li>(b) in relation to the calculation of a De-rating Factor for any other Generating Technology Class or for DSR CMUs, a Settlement Period in a Core Winter Period where demand is above the 50th percentile of the Demand in all the Settlement Periods falling between</li> </ul>

7am and 7pm on Working Days in that  
Core Winter Period

**Holding Company**

means, in relation to a company, any other company in respect of which it is a Subsidiary

**Independent**

means, for any technical expert or emissions verifier engaged by an Applicant or Capacity Provider, that the technical expert or emission verifier is:

- (a) not in the same Group as the Applicant or Capacity Provider (as the case may be); and
- (b) neither engaged on terms, nor party to any other arrangements, which could allow the Applicant or Capacity Provider or any member of the Applicant's or Capacity Provider's Group to exercise undue influence on any report, assessment, certificate or commentary prepared by that technical expert or emissions verifier or otherwise compromise the objectivity of any such report, assessment, certificate or commentary

**Independent  
Emissions Verifier**

means a person who:

- (a) is Independent of the relevant Applicant or Capacity Provider;
- (b) is engaged by the relevant Applicant or Capacity Provider at its expense to verify calculations of Fossil Fuel Emissions (and, where relevant, Fossil Fuel Yearly Emissions) required for its Fossil Fuel Emissions Declaration;
- (c) is accredited to verify the combustion of fuels in installations that result in the emission of carbon dioxide;
- (d) is accredited under the International Organisation for Standardisation standard ISO 14065;
- (e) if established in the United Kingdom, is accredited by the United Kingdom national accreditation body (the United Kingdom Accreditation Service (UKAS)), appointed under the Accreditation Regulations 2009 (S.I. 2009/3155); and
- (f) if established outside the United Kingdom,

is accredited by an accreditation body that is a member and signatory of one or more of the following:

(i) the European Cooperation of Accreditation (EA);

(ii) the International Laboratory Accreditation Cooperation (ILAC); or

(iii) the International Accreditation Forum (IAF)

**Independent  
Technical Expert**

means a person who:

(a) is independent of the relevant Capacity Provider;

(b) is engaged by the relevant Capacity Provider at its expense to prepare the technical assessment, report, certificate or commentary required by Rules 6.6, 6.7, 6.7B, 6.10, 8.3 or 12.2 to the Required Technical Standard; and

(c) if the person is:

(i) engaged in respect of a Prospective Generating CMU, an experienced technical expert with international experience and expertise in the construction and operation of Generating Units;

(ii) engaged in respect of a Prospective Interconnector CMU, an experienced technical expert with international experience and expertise in the construction and operation of Electricity Interconnectors; and

(iii) engaged in respect of an Unproven DSR CMU, an experienced technical expert with experience and expertise in Demand Side Response

**Initial Over- Delivery  
Volume**

means, in relation to a CMU for any Settlement Period which was a System Stress Event, the amount, being a positive number, by which  $E_{ij}$  exceeds  $ALFCO_{ij}$

**Initial Under- Delivery  
Volume**

means, in relation to a CMU for any Settlement Period which was a System Stress Event, the amount, being a positive number, by which ALFCOij exceeds Eij

**Insolvent**

means, for an Applicant or Capacity Provider, that any of the following occurs or has occurred:

- (a) it is, or is deemed for the purposes of section 123(1)(e) or 123(2) of the Insolvency Act 1986 to be, unable to pay its debts as they fall due (save that the words “proved to the satisfaction of the court” are deemed omitted from such sections);
- (b) it admits its insolvency or its inability to pay its debts as they fall due;
- (c) it suspends making payments on any of its debts or announces an intention to do so;
- (d) by reason of actual or anticipated financial difficulties, it begins negotiations with any creditor for the rescheduling or restructuring of any of its indebtedness;
- (e) a moratorium is declared in respect of any of its indebtedness;
- (f) any step is taken with a view to a moratorium or a composition, assignment or similar arrangement with any of its creditors;
- (g) a meeting of its shareholders, directors or other officers is convened for the purpose of considering any resolution, to petition for or to file documents with a court or any registrar for its winding-up, administration or dissolution or any such resolution is passed;
- (h) any person presents a petition, or files documents with a court or any registrar for its winding-up, administration or dissolution or seeking relief under any applicable bankruptcy; insolvency, company or similar law other than any such petition or filing which is frivolous or vexatious and is discharged, stayed or dismissed within 15 Working Days;
- (i) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer is appointed in respect of it or any of its assets;
- (j) its shareholders, directors or other officers request the appointment of, or give notice of

their intention to appoint, a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer in respect of it or any of its assets; or

- (k) any other analogous step or procedure is taken in any jurisdiction

**Insolvency Termination Event**

means, for a Capacity Provider or a Joint Owner:

- (a) a liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator or similar officer has been appointed in respect of the Capacity Provider or a Joint Owner or any of its assets; or
- (b) a court in Great Britain has with respect to the Capacity Provider or a Joint Owner:
  - (i) made a judgment of insolvency or bankruptcy;
  - (ii) entered an order for relief; or
  - (iii) made an order for its winding-up or liquidation; or
- (c) an analogous step has been taken by a court in any other jurisdiction,

and such judgment, order or other analogous step has not been dismissed, stayed, or discharged

**Installed Capacity**

means the nominal capacity of a Generating Unit or DSR CMU Component, expressed in MW

**Interconnected Capacity**

has the meaning given to that term in Regulation 2

**Interconnection Licence**

means a licence for making an Electricity Interconnector available for use for the conveyance of electricity, as modified from time to time, granted pursuant to section 6(1)(e) of EA 1989

**Interconnector CMU**

has the meaning given to that term in Regulation 5A

**Interconnector Scheduled Transfer**

has the meaning given in the BSC

**Intermittent Power Source**

has the meaning given to that term in the Grid Code

**International Accounting Standard 16**

means the International Financial Reporting Standard titled "IAS 16 - Property, Plant and Equipment" promulgated by the International

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<sup>9</sup> See paragraph (b) of the definition of "participating in the operation of an electricity interconnector" in section 4(3C) EA 1989.

	Accounting Standards Board (“IASB”), together with the IASB’s pronouncements thereon from time to time
<b>ION</b>	means an interim operational notification, within the meaning given to that term in the Grid Code
<b>IP Completion Day</b>	means 11pm on 31 December 2020
<b>IT Auction System</b>	means the IT infrastructure hosting the Capacity Auction
<b>Joint DSR Test</b>	means a test of a number of DSR CMUs carried out pursuant to Rule 13.2B
<b>Joint Owner</b>	means, in relation to an Interconnector CMU, and provided that there is more than one such owner, any legal owner of: <ul style="list-style-type: none"> <li>(a) the Electricity Interconnector comprised in that CMU; or</li> <li>(b) the Non-GB Part</li> </ul>
<b>Joint Owner Declaration</b>	means a declaration in the form set out in Exhibit DA, DB or DC
<b>K</b>	means Kelvin
<b>kW</b>	means kilowatt
<b>kWe</b>	means kilowatt of electricity generated
<b>kWh</b>	means kilowatt-hour
<b>kWhe</b>	means kilowatt-hour of electricity generated
<b>LCIA</b>	has the meaning given to it in paragraph 3.1 of Schedule 5
<b>Lead Party</b>	has the meaning given to that term in the BSC
<b>Legal Owner Declaration</b>	means a declaration in the form set out in Exhibit G
<b>Legal Owner Transfer Declaration</b>	means a declaration in the form set out in Exhibit I
<b>Legal Right</b>	means, for the purposes of using land, any legal or beneficial interest in (or right, title or interest in) land upon which a relevant CMU is or will be located (which for the purposes of property located in Scotland means any estate, interest, servitude or other heritable or leasehold right in or over land) including any leasehold interests or other rights to occupy or use and any statutory, contractual or personal rights relating to the occupation, use or acquisition of such land or property (whether or not in Scotland) in connection with the relevant CMU)

<b>Line Loss Factor</b>	means a multiplier which, when applied to data from a Metering System connected to a Boundary Point on a Distribution Network, converts such data into an equivalent value at the Boundary Point on a Transmission Network and is in accordance with Section K1.7 of the Balancing and Settlement Code
<b>Long-Stop Date</b>	means: <ul style="list-style-type: none"> <li>(a) for any Refurbishing CMU, the date falling 12 months after the start of the CMU's first scheduled Delivery Year, except where paragraph (c) applies;</li> <li>(b) for any New Build CMU except where paragraph (c) applies, the date falling 12 months after the start of the CMU's first scheduled Delivery Year; and</li> <li>(c) where a T-1 Agreement has been awarded in respect of a New Build CMU or Refurbishing CMU, the start of the relevant Delivery Year</li> </ul>
<b>Loss of Load Occurrence</b>	means an occurrence classified as an occurrence of "loss of load" under the Regulations
<b>Low Carbon Exclusion</b>	has the meaning given to that term in Regulation 16
<b>Low Carbon Grant</b>	means a relevant grant as defined in Regulation 17
<b>Major Contract</b>	means, for a Prospective CMU, an agreement or agreements for the supply of major components representing, in aggregate, at least 20 per cent of the Total Project Spend for that CMU, (whether or not as part of a wider agreement) and which is consistent with the resolution of the board of directors of the Applicant in respect of that CMU (or the officers, in the case of an Applicant other than a company) to complete the relevant construction, repowering or refurbishment works on or prior to the date falling at the start of the first scheduled Delivery Year for that CMU
<b>Mandatory CMU</b>	means an Existing Interconnector CMU, or an Existing Generating CMU each Generating Unit of which is owned by a licensed generator unless all such Generating Units are Exemptable Generating Plant or are excluded capacity by virtue of Regulations 16 and 17.
<b>Manufacturer Serial Number</b>	in relation to equipment that is or forms part of a DSR CMU Component of an Unproven DSR CMU, means the number given to, and for the purpose of identifying, the equipment by its manufacturer
<b>Market Manipulation</b>	means:

- (a) the submission of Applicant Confidential Information and/or Bidding in a Capacity Auction, in each case which:
  - (i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of a Capacity Agreement;
  - (ii) secures, or attempts to secure, by a person, or persons acting in collaboration, the Clearing Price of a Capacity Agreement at an artificial level; or
  - (iii) employs or attempts to employ a fictitious device or any other form of deception or contrivance which gives, or is likely to give, false or misleading signals regarding the Clearing Price obtained in a Capacity Auction; or
- (b) disseminating information through the media which gives, or is likely to give, false or misleading signals as to the supply of, or demand for, or likely Clearing Price of a Capacity Agreement in the Capacity Auction or value of a Capacity Agreement in the Secondary Market where the person doing this knows or ought to have known the information to be false or misleading

**Matched**

means, in relation to a CMVRN, matched by the CM Settlement Body and notified by way of issuance of a notification report in accordance with Rule 10.3.3

**Maximum Export Limits**

means a series of MW figures and associated times, making up a profile of the maximum level at which a BM Unit may be exporting (in MW) to the Transmission Network at the Grid Entry Point or Grid Supply Point, as applicable

**Maximum Obligation Period**

means, in respect of the T-4 Auction:

- (a) fifteen Delivery Years, including the first Delivery Year for which the Capacity Agreement is awarded, for a Prospective Generating CMU:
  - (i) for which an Applicant has stated pursuant to Rule 3.7.2(a), that to the best of its knowledge and belief the CMU will meet the Extended Years Criteria when completed;
  - (ii) for which an Applicant has stated pursuant to Rule 3.7.2(d), that Qualifying £/kW Capital Expenditure is

expected to equal or exceed the Fifteen Year Minimum £/kW Threshold; and

(iii) in respect of which none of the Generating Units comprising the Prospective Generating CMU are already the subject of a Capacity Agreement which has not been terminated;

(aa) fifteen Delivery Years, including the first Delivery Year for which the Capacity Agreement is awarded, for an Unproven DSR CMU for which an Applicant has stated pursuant to Rule 3.10.1(aa)(i) that Qualifying £/kW Capital Expenditure is expected to equal or exceed the Fifteen Year Minimum £/kW Threshold;

(b) three Delivery Years for a Prospective Generating CMU or Unproven DSR CMU for which an Applicant has stated pursuant to Rule 3.7.2(d) or Rule 3.10.1(aa)(i) (as the case may be) that Qualifying £/kW Capital Expenditure is expected to equal or exceed the Three Year Minimum £/kW Threshold, including the first Delivery Year for which the Capacity Agreement is awarded; and

(c) for all other CMUs (including Prospective Generating CMUs not included in (a) or (b) or Unproven DSR CMUs not included in (aa) above), one Delivery Year,

and, in respect of the T-1 Auction, means one Delivery Year for all CMUs, and, in relation to where Rule 5.16.2 applies to a CMU, means one Delivery Year

**Measurement Transformers**

means either a current transformer (CT) or a voltage transformer (VT) or a device carrying out both such functions, whose purpose is to enable the Metering Equipment to operate at more convenient currents and/or voltages (as applicable) than are present on the power system being measured

**Meter**

means a device for measuring Active Energy and/or Active Power

**Meter Point**

means a Metering System connection point between an Interconnector CMU or a Generating Unit and/or DSR Component and:

- (a) for an Interconnector CMU or a Transmission CMU, the Transmission Network;
- (b) for a Distribution CMU, the relevant Distribution Network;
- (c) for a CMU on an Unlicensed Network, the relevant Unlicensed Network; or
- (d) for a CMU within a Customer site, the connection point to the Customer site behind the existing site Boundary Point

**Meter Point Administration Number**

means the unique identification number assigned (and maintained) by a DNO in relation to a Meter Point

**Metered Volume**

means for a CMU, DSR CMU Component or Generating Unit and a Settlement Period, the net aggregate volume of Active Energy (for all Meter Points applicable to the CMU), determined at the Boundary Point of the Transmission Network which flowed in that Settlement Period to or from that CMU or DSR CMU Component or Generating Unit, or in the case of an Interconnector CMU through that CMU into the Transmission Network

**Metering Assessment**

means a questionnaire relating to the metering arrangements for a CMU, hosted on the EMR Delivery Body Portal

**Metering Configuration Solution**

means, as applicable, any one of the following:

- (a) Balancing Services Metering Configuration Solution;
- (b) Bespoke Metering Configuration Solution; or
- (c) Supplier Settlement Metering Configuration Solution

**Metering Equipment**

means Meters, Measurement Transformers, metering protection equipment including alarms, circuitry, associated Communications Equipment, Settlement Instations and Outstations and wiring, transducers, supervisory control and data acquisition meters, power line communications, analogue, power and pulsing metering and shall include any customer meter and associated Metering Equipment

**Metering Site**

means the location of the Metering Equipment of a Generating Unit, DSR CMU Component or

	Electricity Interconnector comprised in a CMU
<b>Metering Statement</b>	means a statement provided by an Applicant which must include, as applicable, the metering information set out in Schedule 6 of the Rules
<b>Metering System</b>	has the meaning given to that term in the BSC
<b>Metering Test</b>	has the meaning given in Rule 13.3.1
<b>Metering Test Certificate</b>	means, in relation to a CMU, a certificate issued by the CM Settlement Body pursuant to Rule 13.3.6(a) or Rule 13.3.6B(a)
<b>Minimum Capacity Threshold</b>	subject to Regulation 29A(2)(a), has the meaning given to that term in Regulation 15
<b>Minimum Completion Requirement</b>	has the meaning given in Rule 6.8.3 or (as the case may be) Rule 6.8.3A
<b>MW</b>	means megawatt
<b>MWh</b>	means megawatt hours
<b>NGET</b>	means National Grid Electricity Transmission plc
<b>NGET Transmission Licence</b>	means the Transmission Licence granted to NGET, as modified from time to time
<b>Net Output</b>	in relation to an Interconnector CMU, has the meaning given in Regulation 2
<b>New Build Capacity Provider</b>	means, for any Capacity Committed CMU that is a New Build CMU, the person who was the Applicant for that CMU at Prequalification; or if a transfer under Rule 9.2.4(b), (c) or (d) of the Capacity Agreement relating to that CMU has been registered on the Capacity Market Register, the Transferee
<b>New Build CMU</b>	means a Prospective CMU other than a Refurbishing CMU
<b>Non-completion Fee</b>	has the meaning given to that term in Regulation 43A
<b>Non-completion Notice</b>	has the meaning given in Rule 6.8.2B
<b>Non-CMRS Distribution CMU</b>	means a Generating CMU, each Generating Unit of which, Exports electricity to a Distribution Network that is not a CMRS Distribution CMU
<b>Non-dispatchable Generating Technology Class</b>	means a Generating Technology Class that is classed as "Onshore Wind", "Offshore Wind" or "Solar Photovoltaic" in Schedule 3

<b>Non-GB Part</b>	means, in relation to an Interconnector CMU, any part of an electric line or other electrical plant that, by virtue of the condition in section 4(3E)(a) EA 1989, does not form part of the Electricity Interconnector comprised in that CMU (but does not include any line or plant landward of the converter station)
<b>Non-Operational Opted-out</b>	means, for an Existing CMU, the statement in its Opt- out Notification that such CMU is Opting-out pursuant to Rule 3.11.2(f)(ii)
<b>Non-Support Confirmation</b>	has the meaning given to that term in Regulation 16
<b>Offshore Area</b>	has the meaning given to that term in Regulation 2
<b>Operating Margin</b>	means Contingency Reserve (as defined in the Grid Code) plus Operating Reserve (as defined in the Grid Code)
<b>Operational</b>	<p>means, for a Generating CMU or its physical capacity and for an Interconnector CMU or its physical capacity:</p> <p>(a) for a Transmission CMU, the issuance of an ION for that Generating Unit and that physical capacity;</p> <p>(aa) for an Interconnector CMU, the issuance of an ION for that CMU and that physical capacity;</p> <p>(b) for a Distribution CMU, an Independent Technical Expert has issued a certificate confirming that all Distribution Network Operator commissioning tests required to commence export have been completed such that that Generating Unit is permitted to despatch that physical capacity into the Distribution Network; and</p> <p>(c) for a Refurbishing CMU, whose Connection Capacity is greater than the Connection Capacity of its equivalent Pre-Refurbishment CMU, an Independent Technical Expert has issued a certificate confirming that the relevant test from “(a), (aa) or (b) above has been met (substituting FON for ION where applicable), and the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations); and</p> <p>(d) for any Refurbishing CMU, whose Connection Capacity is less or equal to the Connection Capacity of its equivalent</p>

Pre-Refurbishment CMU, an Independent Technical Expert has issued a certificate confirming that the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations)

**Opt-out**

means, to state in the Opt-out Notification of an Existing CMU for a Capacity Auction that the CMU is:

- (a) opting out of the Capacity Auction and will be closed down, decommissioned or otherwise non-operational by the commencement of the Delivery Year to which the Capacity Auction relates; or
- (b) opting out of the Capacity Auction and will be temporarily non-operational for all the Winter of the Delivery Year to which the Capacity Auction relates but will be operational thereafter; or
- (c) opting out of the Capacity Auction but will remain operational during the Delivery Year to which the Capacity Auction relates,

(and “Opted-out” and “Opting-out” must be construed accordingly)

**Opt-out Notification**

means a notification under Rule 3.11 by the owner of a Mandatory CMU

**Outstation**

means equipment which receives and stores data from a Meter(s) for the purpose, inter alia, of the transfer of that data to the CM Settlement Body, and which may perform some processing function before such transfer, and which may be one or more separate units or be integral with the Meter

**Own Group Resources**

has the meaning given in Rule 6.6.3A

**Permitted On-Site Generating Unit**

has the meaning given to that term in Regulation 2

**Physically Traded Capacity Obligation**

has the meaning given in Rule 8.5.3

**Physical Notification**

has the meaning given in the BSC

**Potential Clearing Capacity**

means, for any Capacity Auction, the capacity (in MW) at a particular price in that auction as determined by the Demand Curve

**Power Transformer Losses**

means the losses incurred converting energy from the primary side of the power transformer to the secondary side

**Pre-2024 T-1 Auction**

means any of the following Capacity Auctions:

	(a) the T-1 Auction for the Delivery Year commencing on 1 October 2021;
	(b) the T-1 Auction for the Delivery Year commencing on 1 October 2022; or
	(c) the T-1 Auction for the Delivery Year commencing on 1 October 2023
<b>Pre-2024 T-1 Fossil Fuel Emissions Declaration</b>	means a Fossil Fuel Emissions Declaration provided with an Application or during the Delivery Year in respect of a Pre-2024 T-1 Auction
<b>Prequalification</b>	means written confirmation by the Delivery Body pursuant to Rule 4.5 or Part 10 of the Regulations that a CMU has prequalified for a Capacity Auction (and “Prequalify” and “Prequalified” must be construed accordingly)
<b>Prequalification Assessment Window</b>	means, for any Capacity Auction, the period from the date on which the Prequalification Window closes until the Prequalification Results Day as set out in the Auction Guidelines
<b>Prequalification Certificate</b>	means: <ul style="list-style-type: none"> <li>(a) subject to paragraph (b), a directors’ certificate in the form set out in Exhibit A; or</li> <li>(b) where the certificate is to be provided by a body other than a company, a certificate by two officers of the body in the form set out in Exhibit A with such modifications as may be necessary</li> </ul>
<b>Prequalification Decision</b>	has the meaning given in Rule 4.4.1
<b>Prequalification Results Day</b>	means, for any Capacity Auction, the Working Day on which the Delivery Body notifies each Applicant of the matters set out in Rule 4.5.1 in accordance with that Rule
<b>Prequalification Window</b>	means, for any Capacity Auction, the period specified in the Auction Guidelines within which applications for prequalification are to be made
<b>Prequalified CMU</b>	means a CMU that has Prequalified for a Capacity Auction
<b>Pre-Refurbishment CMU</b>	means, in relation to a Refurbishing CMU, the Existing CMU that would remain in the absence of any improvement works being carried out
<b>Price Cap</b>	has the meaning given to that term in Regulation 2
<b>Price-Maker</b>	means, for any Capacity Auction, a Prequalified CMU that has been registered as a Price-Maker on the Capacity Market Register following a notification under Rule 4.5.1(b) or Rule 4.8.3

<b>Price-Maker Certificate</b>	means: <ul style="list-style-type: none"> <li>(a) subject to paragraph (b), a directors' certificate in the form set out in Exhibit B; or</li> <li>(b) where the certificate is to be provided by a body other than a company, a certificate by two officers of the body in the form set out in Exhibit B with such modifications as may be necessary</li> </ul>
<b>Price-Maker Memorandum</b>	means, for an Applicant and Capacity Auction, a memorandum which includes evidence of: <ul style="list-style-type: none"> <li>(a) the decision by the board of directors (or the officers, in the case of an Applicant other than a company) to nominate the Applicant as Price-Maker in that Capacity Auction; and</li> <li>(b) the reasons for that decision, including any information and analysis which the board or the officers consider key to the decision</li> </ul>
<b>Price-Taker</b>	means, for any Capacity Auction, any Prequalified CMU that is not a Price-Maker
<b>Price-Taker Threshold</b>	has the meaning given to that term in Regulation 2
<b>Primary Fuel Type</b>	means the primary fuel for a Generating CMU; and in a case where a Generating CMU comprises Generating Units which will use different primary fuels, means the fuel which will be used by the majority of the Generating Units on a MW basis
<b>Private Network</b>	means a distribution network which is exempt from the requirement to hold a licence under section 4 EA 1989 by virtue of The Electricity (Class Exemptions from the Requirement for a Licence) Order 2001
<b>Prohibited Activities</b>	means the activities prohibited pursuant to Rules 5.12 and 5.13
<b>Prospective CMU</b>	means a Prospective Generating CMU or a Prospective Interconnector CMU
<b>Prospective Generating CMU</b>	means a CMU falling within sub-paragraphs (1)(b) or (1)(d) of the definition of "generating CMU" in Regulation 4
<b>Prospective Generating Plant</b>	means plant at which a Generating Unit which forms part of a Prospective Generating CMU will generate electricity
<b>Prospective</b>	means an Interconnector CMU falling within

<b>Interconnector CMU</b>	Regulation 5A(1)(b)
<b>Proven DSR Capacity</b>	means the capacity (in MW) of a DSR CMU as evidenced by the DSR Test Certificate issued for that DSR CMU
<b>Proven DSR CMU</b>	means a proven demand side response CMU as defined in Regulation 5
<b>Qualifying £/kW Capital Expenditure</b>	means, with respect to a New Build CMU which is a Generating CMU or a Refurbishing CMU which is a Generating CMU or an Unproven DSR CMU, the Total Project Spend divided by the De-rated Capacity of the CMU that is expected in the reasonable opinion of the Applicant to result from the Capital Expenditure comprising the Total Project Spend
<b>Qualifying CHPQA Certificate</b>	means: <ul style="list-style-type: none"> <li>(a) in respect of a Fossil Fuel Emissions Declaration which is provided to the Delivery Body with an Application, a CHPQA Certificate which has an issue date which is no earlier than 1 January in the calendar year during which the Prequalification Window occurs in which the Application is made; or</li> <li>(b) in respect of a Fossil Fuel Emissions Declaration which is provided to the Delivery Body other than with an Application, a CHPQA Certificate which has an issue date which is no earlier than 1 January in the calendar year during which the Fossil Fuel Emissions Declaration is provided to the Delivery Body</li> </ul>
<b>Reconsidered Decision</b>	has the meaning given to that term in Regulation 69
<b>Reduction Notice</b>	has the meaning given to that term in Rule 8.3.6D(a)
<b>Refurbishing CMU</b>	means an Existing CMU which is the subject of an Application as a Prospective CMU by virtue of an improvements programme that will be completed prior to the commencement of the first relevant Delivery Year
<b>Registered Holder</b>	has the meaning given in Rule 7.4.5(b)
<b>Registration Declaration</b>	means the declaration to be made by an Applicant in a Prequalification Application in accordance with Rule 3.12

<b>Relevant Balancing Service</b>	has the meaning given to that term in Schedule 4
<b>Relevant Balancing Services Guidelines</b>	has the meaning given to that term in Schedule 4
<b>Relevant Benefit</b>	has the meaning given in Rule 8.3.8A
<b>Relevant Exit Bid</b>	<p>means, in relation to a Clearing Round, any Exit Bid submitted:</p> <p>(ba) prior to the end of the Bidding Window for the Clearing Round (including in any previous Bidding Round);</p> <p>(bb) with an Exit Price higher than the Bidding Round Price Floor for the Clearing Round; and</p> <p>(bc) with an Exit Price equal to or lower than the Bidding Round Price Cap for the Clearing Round</p>
<b>Relevant Expenditure</b>	means Capital Expenditure funded by Relevant Investment
<b>Relevant Investment</b>	means any investment under the Enterprise Investment Scheme established by Part 5 of the Income Tax Act 2007, the Seed Enterprise Investment Scheme established by Part 5A of the Income Tax Act 2007 or the Venture Capital Trust established by Part 6 of the Income Tax Act 2007
<b>Relevant Planning Consent</b>	<p>means, as applicable:</p> <p>(a) a section 36 EA 1989 consent;</p> <p>(b) a section 37 EA 1989 consent;</p> <p>(c) an Order under the Transport and Works Act 1992 or the Transport and Works (Scotland) Act 2007;</p> <p>(d) a Town and Country Planning Act 1990 permission or a Town and Country Planning (Scotland) Act 1997 permission and may include one or more of the same;</p> <p>(e) a Development Consent Order under the Planning Act 2008;</p> <p>(f) a deemed planning permission granted</p>

under section 90 of the Town and Country Planning Act 1990 or section 57 of the Town and Country Planning (Scotland) Act 1997 in conjunction with the consents listed in (a) to (e) above;

(g) a marine licence under the Marine and Coastal Access Act 2009; or

(h) in the case of an Interconnector CMU, the corresponding consents under the law of another country or territory required for the construction of the Non-GB Part

**Relevant Settlement Period** has the meaning given to that term in Regulation 2

**Remaining Auction Capacity** means, determined by reference to the end of a Bidding Round:

(a) the aggregate of the Bidding Capacity of all Bidding CMUs as at the start of the Capacity Auction; less

(b) the aggregate of the Bidding Capacity of all Bidding CMUs for which an Exit Bid is submitted prior to the end of the Bidding Window for that Bidding Round (including in any previous Bidding Round) with an Exit Price higher than the Bidding Round Price Floor for that Bidding Round

**Remaining Over-Delivery Volume** means, in relation to a CMU, at any given time, the amount, being a positive number, by which Adjusted Eij for a Settlement Period which was a System Stress Event exceeds ALFCOij in respect of that Settlement Period

**Remaining Under-Delivery Volume** means, in relation to a CMU, at any given time, the amount, being a positive number, by which ALFCOij for a Settlement Period which was a System Stress Event exceeds Adjusted Eij in respect of that Settlement Period

**Required Technical Standard** means, with respect to any report or assessment by an Independent Technical Expert that:

(a) to the best of the Independent Technical Expert's knowledge and belief all information provided in it is accurate, complete and not misleading; and

(b) any opinions or forecasts in the assessment have been conservatively prepared on assumptions which it considers to be fair and reasonable

**Retired** means, for an Existing CMU and a Capacity

Auction, either:

- (a) a statement in the Opt-out Notification that such CMU is Opting-out pursuant to Rule 3.11.2(f)(i); or
- (b) receipt of a notice from the Delivery Body that it has been identified to be providing electricity during all or part of a Delivery Year for which it has declared itself to be Non-Operational Opted- out pursuant to Rule 3.11.5

<b>ROO Conversion Notice</b>	has the meaning given to that term in Regulation 34
<b>SA Agreement</b>	means a Capacity Agreement awarded pursuant to a Supplementary Auction
<b>Satisfactory Performance Day</b>	has the meaning given in Rule 13.4.1
<b>Secondary Trading Entrant</b>	means the Applicant for: <ul style="list-style-type: none"><li>(a) an Existing Generating CMU comprising biomass plant which is exiting the Low Carbon Exclusion(s) in which it participates;</li><li>(aa) an Existing Interconnector CMU; or</li><li>(b) a Proven DSR CMU; or</li><li>(c) an Existing CMU which is not an Excluded CMU,</li></ul> wishing to acquire a Capacity Obligation through secondary trading
<b>Second Full Capacity Auction</b>	means the T-4 Auction for the Delivery Year commencing on 1 October 2019 (if any)
<b>Second Transitional Capacity Auction</b>	means the Transitional Capacity Auction held in the Auction Window commencing on 1 September 2016
<b>Security Interest</b>	means a mortgage, standard security, assignation, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect
<b>Settlement Period</b>	has the meaning given to that term in Regulation 2
<b>Site Audit</b>	means a visit of the Metering Site by the CM Settlement Body during any Delivery Year to determine whether: <ul style="list-style-type: none"><li>(a) the metering configuration for any Generating Unit, DSR CMU Component or Electricity Interconnector;</li><li>(b) meter data in relation to a Generating Unit,</li></ul>

	DSR CMU Component or Electricity Interconnector; or
	(c) the metering configuration and meter data in relation to a Generating Unit, a DSR CMU Component or an Electricity Interconnector,
	is compliant with the Rules
<b>State aid authority</b>	means the European Commission
<b>Storage Generating Technology Class</b>	means a Generating Technology Class that is classed as “Storage” in Schedule 3
<b>Subsequent Capacity Auction</b>	means any of the following Capacity Auctions: <ul style="list-style-type: none"> <li>(a) the Subsequent T-1 Auction;</li> <li>(b) the T-3 Auction; or</li> <li>(c) the Subsequent T-4 Auction</li> </ul>
<b>Subsequent Credit Cover</b>	means Applicant Credit Cover in respect of a Subsequent Capacity Auction
<b>Subsequent T-1 Auction</b>	means the T-1 Auction for the Delivery Year commencing on 1 October 2020
<b>Subsequent T-4 Auction</b>	means the T-4 Auction for the Delivery Year commencing on 1 October 2023
<b>Subsidiary</b>	means a subsidiary within the meaning of section 1159 of the Companies Act 2006 (but in relation to any Applicant or Capacity Provider for an Interconnector CMU, or shareholder in such an Applicant, subsection (1)(a) of that section shall apply as if a “majority of the voting rights” included 50% only of those rights)
<b>Substantial Completion Milestone</b>	has the meaning given in Rule 6.7.2 or Rule 6.7.3, as applicable
<b>Supplementary Auction</b>	has the meaning given to that term in the Regulations
<b>Supplier Meter Registration Service (SMRS)</b>	has the meaning given in the BSC
<b>Supplier Settlement Metering Configuration Solution</b>	means a Metering System that uses a supplier’s Half Hourly Metering System by using Half Hourly Data Aggregators to collect metered data
<b>System Management Action Flag</b>	has the meaning given in Annex X of the BSC
<b>System Margin</b>	means the margin in any period between:

- (a) the sum of Maximum Export Limits; and
- (b) forecast Demand plus the Operating Margin, for that period

<b>System Operator</b>	means NGET or any successor Transmission Licensee with a Transmission Licence pursuant to which Section C of the Transmission Licence standard conditions has effect
<b>System Operator Instigated Demand Control Event</b>	has the meaning given in Rule 8.4.2
<b>System Stress Event</b>	has the meaning given in Rule 8.4.1
<b>TCF</b>	has the meaning given in Part 1.3 of Schedule 8
<b>TEC Register</b>	means the Transmission Entry Capacity Register and the Interconnector Register maintained by the national system operator
<b>Termination Event</b>	means an event referred to in Rule 6.10.1 or Rule 6.10.1A
<b>Termination Fees</b>	means the termination fee calculated with respect to a Capacity Agreement in accordance with Rule 6.10.3
<b>Termination Notice</b>	has the meaning given in Rule 6.10.2
<b>T-1 Agreement</b>	means a Capacity Agreement awarded pursuant to a T-1 Auction
<b>T-1 Auction</b>	has the meaning given to that term in Regulation 2
<b>T-1 auction for the Delivery Year commencing on 1 October 2019</b>	means the Conditional Agreement Auction
<b>T-1 Auction Set Aside</b>	has the meaning given in Regulation 12(2A)(b)
<b>T-1 Termination Trigger Event</b>	has the meaning given to that term in Regulation 2(1) of the (No. 1) Regulations 2019
<b>T-3 Auction</b>	has the meaning given to that term in Regulation 2
<b>T-4 Auction</b>	has the meaning given to that term in Regulation 2
<b>Total Project Spend</b>	means, with respect to a New Build CMU or an Unproven DSR CMU, the total amount of Capital Expenditure (excluding contingency) incurred, or expected in the reasonable opinion of the Applicant to be incurred (either by the Applicant or another person) with respect to the CMU (or, in the case of an Interconnector CMU, the CMU together with the Non-GB Part)

between the date which is 77 months prior to the commencement of the first Delivery Year to which the Application relates and the commencement of the first Delivery Year to which the Application relates; or

means, with respect to a Refurbishing CMU, the total amount of Capital Expenditure (excluding contingency) incurred, or expected in the reasonable opinion of the Applicant to be incurred (either by the Applicant or another person) with respect to the CMU (or, in the case of an Interconnector CMU, the CMU together with the Non-GB Part) between the date which is the Auction Results Day prior to the commencement of the first Delivery Year to which the Application relates, and the commencement of the first Delivery Year to which the Application relates and which:

- (a) has not previously been declared under Rule 3.7.2(c) in respect of any application for prequalification by a CMU which subsequently gained a Capacity Agreement in respect of the Refurbishing CMU, and not the associated Pre-Refurbishment CMU, (of any duration); or
- (b) has previously been so declared but:
  - (i) which a certificate required by Rule 8.3.6 demonstrates was not incurred; or
  - (ii) was declared in respect of a Capacity Agreement which has been terminated in accordance with Rule 6.10.2(e)

<b>Total System</b>	Means the Transmission Network and each Distribution Network
<b>Traded Capacity Market Volume (CMVz<sub>ij</sub>)</b>	means, in relation to any CMU i, for any Settlement Period j, a fixed volume in MWh by which E <sub>ij</sub> will be adjusted for each of the CMVR Transferee and the CMVR Transferor to which the associated CMVRN z refers, to generate Adjusted E <sub>ij</sub>
<b>Transferee</b>	has the meaning given in Rule 9.3.1
<b>Transfer Period</b>	has the meaning given in Regulation 30A(1)
<b>Transferred Part</b>	has the meaning given in Regulation 30A(3)
<b>Transitional Capacity Auction</b>	has the meaning given in Rule 11.1.2(a)11.1.2(a)
<b>Transitional Fossil Fuel Emissions</b>	means a Fossil Fuel Emissions Declaration which is provided after the coming into force of the

<b>Declaration</b>	Capacity Market (Amendment) (No. 2) Rules 2020 and before the commencement of the Prequalification Window in 2022
<b>Transition Period</b>	has the meaning given in Rule 11.1.2(a)
<b>Transmission CMU</b>	means a Generating CMU each Generating Unit of which Exports electricity to the Transmission Network where the Metering System for the corresponding BM Unit is registered in the Central Meter Registration Service in accordance with the BSC
<b>Transmission Entry Capacity</b>	has the meaning given to that term in the Grid Code
<b>Transmission Licence</b>	means any licence for electricity transmission, as modified from time to time, granted pursuant to section 6(1)(b) of EA 1989
<b>Transmission Licensee</b>	means any person who is authorised by a Transmission Licence to participate in the transmission of electricity
<b>Transmission Network</b>	means those parts of the GB Transmission System that are owned or operated by a Transmission Licensee within the transmission area specified in its Transmission Licence
<b>Transmission Restriction</b>	means a continuous restriction on a Generating Unit's ability to export on to the GB Transmission System pursuant to the terms of a bilateral agreement between the generator and the System Operator
<b>Union Funding</b>	means any funding from European Union resources (regardless of whether such funding constitutes State aid)
<b>Unlicensed Network</b>	means a Distribution Network which is exempt from the requirement to hold a licence under section 4 EA 1989 by virtue of The Electricity (Class Exemptions from the Requirement for a Licence) Order 2001 and has access to the Total System
<b>Unproven DSR Capacity</b>	means, with respect to an Unproven DSR CMU, the estimated capacity (in MW) that an Applicant or Capacity Provider (as applicable) anticipates (acting in good faith) will be evidenced by a DSR Test for that Unproven DSR CMU
<b>Unproven DSR CMU</b>	means an unproven demand side response CMU as defined in Regulation 5 of the Regulations
<b>Updating Fossil Fuel Emissions Declaration</b>	has the meaning given in Rule 8.3.13(a)

<b>Volume</b>	means a volume of electrical generating capacity, Interconnected Capacity or DSR Capacity in a time period, expressed in MWh
<b>Winter</b>	means a period from 1 October to the following 30 April
<b>Withdrawal Confirmation</b>	has the meaning given to that term in Regulation 16
<b>Working Day</b>	has the meaning given to that term in Regulation 2.

### 1.3 Interpretation

1.3.1 Unless the context otherwise requires, a reference in the Rules and in each Capacity Agreement Notice to a particular code or licence must be construed, at any particular time, as including a reference to any modification (including re-numbering) of that code or licence in force at that time.

1.3.2 A reference in the Rules and in each Capacity Agreement Notice to:

- (a) an agreement is to such agreement as amended, supplemented, novated or replaced from time to time;
- (b) a document is to the version of such document in force for the time being, unless the context otherwise requires and subject to any express provision to the contrary in the Rules or a Capacity Agreement Notice.

1.3.3 In the Rules:

- (a) where a Rule applies in relation to a Capacity Agreement that existed on 15 November 2018:
  - (i) references to the Regulations in that Rule are references to the Regulations as modified by Regulations 12 to 23 of the (No. 1) Regulations 2019; and
  - (ii) words in that Rule which are defined as having the meaning given in the Regulations, have the meaning given in the Regulations as modified by Regulations 12 to 23 of the (No. 1) Regulations 2019;
- (b) where a Rule applies in relation to the Conditional Agreement Auction (including the rights and obligations arising out of, or in relation to, this auction):
  - (i) references to the Regulations in that Rule are references to the Regulations as modified by Regulations 29 to 52 of the (No. 1) Regulations 2019; and
  - (ii) words in that Rule which are defined as having the meaning given in the Regulations, have the meaning given in the Regulations as modified by Regulations 29 to 52 of the (No. 1) Regulations 2019.
- (c) where a Rule applies in relation to a Subsequent Capacity Auction

(including the rights and obligations arising out of, or in relation to, those auctions):

- (i) references to the Regulations in that Rule are references to the Regulations as modified by Regulation 87C and regulations 64 and 65 of the (No. 2) Regulations 2019; and
- (ii) words in that Rule which are defined as having the meaning given in the Regulations, have the meaning given in the Regulations as modified by Regulation 87C and regulations 64 and 65 of the (No. 2) Regulations 2019.

### **1.3A Sole director companies**

1.3A.1 Where a company has a sole director, any requirement in these Rules which requires:

- (a) that company to act by two directors signing a document is to be read as a requirement to act by the sole director only signing the document;
- (b) information to be provided in respect of the directors of that company is to be read as a requirement applicable to the sole director only; and
- (c) authorisation by the board of directors is to be read as a requirement for authorisation by the sole director only.

### **1.4 Times and dates**

1.4.1 Except where otherwise provided:

- (a) where anything is to be done under the Rules or a Capacity Agreement by or not later than a Working Day or any period is to run to a Working Day, such thing may be done or such period must run up to 1700 hours on such Working Day; and
- (b) where anything which is to be done on a Working Day is done:
  - (i) after 1700 hours on a Working Day, or
  - (ii) on a day which is not a Working Day,it is to be treated as having been done on the next following Working Day.

1.4.2 References to times of the day in the Rules or a Capacity Agreement are to London time.

### **1.5 Hierarchy of documents**

1.5.1 In the event of any conflict or inconsistency between the Regulations, the Rules and any Auction Guidelines, the following order of precedence must apply:

- (a) the Regulations prevail over the Rules, any Auction Guidelines and the Relevant Balancing Services Guidelines; and
- (b) the Rules prevail over any Auction Guidelines and the Relevant Balancing Services Guidelines.

### **1.6 Notices**

1.6.1 All notices, submissions and other communications by, or to, the Delivery Body

pursuant to the Regulations or the Rules must be in writing and:

- (a) where pursuant to Rule 5.6 or Rule 5.10, submitted via the IT Auction System; and
- (b) for all other purposes, submitted via the EMR Delivery Body Portal.

1.6.2 All notices, submissions and other communications by, or to, the Auctioneer pursuant to the Regulations or the Rules must be in writing and submitted via the IT Auction System.

1.6.3 Neither the Delivery Body nor the Auctioneer has any obligation to respond to, or otherwise act upon, any notice, submission or other communication received by it other than in accordance with Rule 1.6.1 or Rule 1.6.2 (as applicable) which it will be deemed not to have received for any purposes under the Regulations or the Rules.

### **1.7 Waiver**

1.7.1 No delay by, or omission of, a person in exercising any right, power, privilege or remedy under the Rules or the Regulations shall operate to impair such right, power, privilege or remedy or be construed as a waiver thereof. Any single or partial exercise of any such right, privilege or remedy shall not preclude any other or future exercise thereof or the exercise of any other right, power, privilege or remedy.

### **1.8 Assignment**

1.8.1 The rights and obligations of a person under the Rules and the Regulations are personal to that person and that person must not assign and/or transfer and must not purport to assign or transfer any of those rights or obligations save as provided for in the Rules and/or the Regulations.

### **1.9 Language**

1.9.1 Every notice or other communication or document to be given by a person to another under the Rules or the Regulations shall be in the English language.

## CHAPTER 2: AUCTION GUIDELINES AND DE-RATING

### 2. Auction Guidelines and De-rating

#### 2.1 Purpose of this Chapter

- 2.1.1 The Rules describe the process and requirements for publication of the Auction Guidelines and set out the process for determining the de-rating factors by the Delivery Body or, in the case of Interconnector CMUs, the Secretary of State.

#### 2.2 Capacity Auction Timetable and Guidelines

- 2.2.1 The Delivery Body must, prior to the opening of the Prequalification Window, publish auction guidelines that will include further specific details as to the running of each individual Capacity Auction (the "Auction Guidelines").
- 2.2.2 The Auction Guidelines must contain a timetable for the Capacity Auction, including dates for each of the steps in the second column below. The dates for each Capacity Auction other than the First Full Capacity Auction will, unless the Delivery Body or the Secretary of State determines otherwise, be approximately as indicated in the first column.

Date	Activity
T – 22 weeks	Prequalification Window opens
T – 16 weeks	Prequalification Window closes
T – 10 weeks	Prequalification Results Day
T – 3 weeks	Notification of updated Auction Parameters and confirmation of the conditional Prequalified Applicants which have fully Prequalified pursuant to Rule 4.6.3
T – 3 weeks	Notification of Prequalified CMUs pursuant to Rule 5.5.10(b)
T – 3 weeks	In relation to T-1 Auction only, reconfirmation of the capacity contracted in the relevant T-4 Auction announced pursuant to Rule 5.5.10(c)
T – 10 working days	Price-Maker decisions and decisions under Rules 5.5.11 and 5.5.13 to be notified to Auctioneer
T	Time for first Bidding Window to commence and first Bidding Window to close

The timetable included in the Auction Guidelines for the First Full Capacity Auction will be as directed by the Secretary of State.

- 2.2.3 The Auction Guidelines must also provide the following information:

- (a) the Auction Parameters determined by the Secretary of State for the relevant Capacity Auction;
- (b) where to access the relevant forms to be completed by Applicants as part of the Prequalification process and relevant file formats for the Application and Additional Information;
- (c) instructions on using the EMR Delivery Body Portal and the IT Auction System, including how to:
  - (i) register, and complete security and identity checks for, all individuals that require access to such systems (subject, in the case of any Agent, to compliance with Rule 3.3.5);
  - (ii) submit prequalification information (including the required file format for the uploading of any supporting documentation);
  - (iii) participate in the Capacity Auction using the IT Auction System and any backup systems (including how to submit an Exit Bid and a Duration Bid Amendment); and
  - (iv) access the Capacity Market Register and submit notifications to the Delivery Body; and
- (d) any other information which is to be included in the Auction Guidelines from time to time under the Regulations or the Rules including pursuant to Rule 2.3.

2.2.4 If the Secretary of State notifies any adjustments to the Auction Parameters for a Capacity Auction to the Delivery Body pursuant to Regulation 13, the Delivery Body must publish such adjusted Auction Parameters within 5 Working Days of receiving such notification and such adjusted Auction Parameters shall thereafter form part of the Auction Guidelines for the relevant Capacity Auction in substitution for the previous Auction Parameters.

2.2.5 If, following the close of the Prequalification Window for a Capacity Auction held in the 2017/18 Auction Window, the Secretary of State makes amendments to the Generating Technology Classes in Schedule 3 to introduce new Storage Generating Technology Classes for that Capacity Auction, the Delivery Body must, within five Working Days of the amendments to the Storage Generating Technology Classes,

- (a) publish a list of the Storage Generating Technology Classes that are Duration Limited for that Capacity Auction; and
- (b) publish the De-rating Factor for each new Storage Generating Technology Class; and

this information shall thereafter form part of the Auction Guidelines for that Capacity Auction.

## **2.3 De-rating of CMUs**

2.3.1 The Delivery Body must, for each calendar year, calculate:

- (a) a De-rating Factor for each Generating Technology Class; and
- (b) a De-rating Factor for DSR CMUs.

2.3.1A The Secretary of State must, for each calendar year:

- (a) subject to Rule 2.3.1B, determine a De-rating Factor for each Interconnector CMU; and
- (b) as soon as reasonably practicable give notice of those De-rating Factors to the Delivery Body, for the purpose of their inclusion in the Auction Guidelines.

2.3.1B The Secretary of State is not required to determine a De-rating Factor for an Interconnector CMU unless it is:

- (a) an Existing Interconnector CMU; or
- (b) a Prospective Interconnector CMU, provided that the Electricity Interconnector comprised in the CMU has been included in the most recent report of the Delivery Body under Regulation 7.

2.3.2 The Auction Guidelines for a Capacity Auction must include each of the De-rating Factors calculated pursuant to Rule 2.3.1 or 2.3.1A as applicable in the calendar year in which such Auction Guidelines are published.

2.3.3 The De-rating Factors published in any Auction Guidelines apply to determine the De-rated Capacity of:

- (a) any CMU participating in the Capacity Auction to which such Auction Guidelines relate; and
- (b) any CMU that acquires a Capacity Obligation through secondary trading of Capacity Agreements awarded in the Capacity Auction to which such Auction Guidelines relate.

2.3.4 A De-rating Factor is:

- (a) for CMUs in a Generating Technology Class, except for CMUs in a Storage Generating Technology Class that is Duration Limited and CMUs in a Non-dispatchable Generating Technology Class, the Technology Class Weighted Average Availability ("TCWAA") of that Generating Technology Class;
- (b) for DSR CMUs except those CMUs described in Rule 2.3.4(e), the Average Availability of Non-BSC Balancing Services ("AABS");
- (c) for an Interconnector CMU, the Equivalent Firm Interconnector Capacity ("EFIC") of that CMU; and
- (d) for CMUs in a Storage Generating Technology Class that is Duration Limited and for CMUs in a Non-dispatchable Generating Technology Class, the Equivalent Firm Capacity ("EFC") of that Generating Technology Class; and
- (e) for Unproven DSR CMUs which are bidding for or are awarded Capacity Agreements of a duration exceeding one Delivery Year, and for which a declaration has been made under Rule 3.10.1(aa)(iv)(aa) that the CMU contains or will contain at least one DSR CMU Component that contains a Storage Facility, the EFC of the Storage Generating Technology Class declared under Rule 3.10.1(aa)(iv)(bb).

2.3.4A The Delivery Body must, for each Capacity Auction, determine whether each Storage Generating Technology Class is Duration Limited in accordance with

Rule 2.3.4B.

- 2.3.4B A Storage Generating Technology Class is Duration Limited for a particular Capacity Auction if at least 5% of Loss of Load Occurrences for the corresponding Delivery Year are estimated by the Delivery Body to last longer than the specified minimum duration for that Generating Technology Class.
- 2.3.4C The Auction Guidelines for a Capacity Auction must specify which Storage Generating Technology Classes are Duration Limited for the purposes of that Capacity Auction.
- 2.3.5 With respect to the first Delivery Year, TCWAA and AABS are calculated by the Delivery Body as follows:
- (a) for TCWAA, by:
- (i) determining the Average Availability (AA) for each BM Unit directly connected to the Transmission Network in the Generating Technology Class over the seven immediately preceding Core Winter Periods. The Average Availability is a mean average equal to:
- (aa) the sum of each declared Maximum Export Limit of that BM Unit at real time in High Demand Settlement Periods over the seven Core Winter Periods, excluding any declared Maximum Export Limit which exceeds the 95<sup>th</sup> percentile of all declared Maximum Export Limits of that BM Unit in those Core Winter Periods, divided by
- (bb) the sum of the highest declared Maximum Export Limit figure from each Core Winter Period, excluding any declared Maximum Export Limit which exceeds the 95<sup>th</sup> percentile of the declared Maximum Export Limits of that BM Unit in that Core Winter Period (“BM Unit Max MEL”); and
- (ii) determining the mean average of AA for all BM Units directly connected to the Transmission Network in that Generating Technology Class, weighted according to the BM Unit Max MEL of each such BM Unit; and
- (b) for AABS, by determining the mean average of the declared availabilities of all Non-BSC Balancing Services at real time in High Demand Settlement Periods over the three immediately preceding Core Winter Periods, divided by their contracted volumes.
- 2.3.5A EFIC is determined by the Secretary of State for an Interconnector CMU in accordance with the methodology set out in Schedule 3A.
- 2.3.5B EFC is determined in accordance with the methodology set out in Schedule 3B by the Delivery Body for a Storage Generating Technology Class that is Duration Limited and a Non-dispatchable Generating Technology Class.
- 2.3.6 For the purposes of:
- (a) Rule 2.3.5(a), the Delivery Body must not take account of any data that relates to BM Units that are not, at the time of calculation, governed by the Grid Code or the CUSC; and

(b) Rule 2.3.5(b), the Delivery Body must not take account of any data that relates to a Non-BSC Balancing Service,

to the extent that such data is subject to confidentiality restrictions that prevent it being made available for these purposes.

2.3.7 For the purposes of this Rule 2.3, a “Non-BSC Balancing Service” is the balancing service of short term operating reserve provided on a committed basis pursuant to the Short Term Operating Reserve Standard Contract Terms.

2.3.8 The Delivery Body:

- (a) must, on the request of the Secretary of State or the Authority, and
- (b) may, at any other time,

consult interested parties as to whether the calculation methodology for TCWAA, EFC and/or AABS achieves its objective and/or whether an alternative methodology (for which it may make proposals) would be more effective.

2.3.9 The objective referred to in Rule 2.3.8 is to derive a percentage which most reliably reflects either (in the case of TCWAA and AABS) the mean average availability of the relevant CMUs during Loss of Load Occurrences or (in the case of EFC) the level of Expected Energy Unserved when the Total System is at the reliability standard of 3 hours of expected loss of load per Capacity Year. This means:

- (a) in the case of TCWAA, the availability of the fleet of CMUs in that Generating Technology Class to generate;
- (b) in the case of AABS, the availability of the fleet of non-BSC Balancing Service CMUs to provide Demand Side Response; and
- (c) in the case of EFC, the percentage of 1MW of Firm Capacity that would be required to replace 1 MW of capacity provided by a CMU in that Generating Technology Class whilst maintaining the reliability standard set out in the Regulations.

2.3.9A For the purpose of Rule 2.3.9(c), “Firm Capacity” means 100% available and 100% reliable generation.

2.3.10 This Rule 2.3.10 applies following a consultation in accordance with Rule 2.3.8.

- (a) The Delivery Body may propose a revised calculation methodology for, or alternative calculation methodology to, TCWAA, EFC and/or AABS to the relevant entity.
- (b) If a calculation methodology is approved by the relevant entity and, where required, introduced via amendments to these Rules, the Delivery Body must apply it in accordance with paragraphs (c) and (d).
- (c) Subject to paragraph (d), the Delivery Body must apply the calculation methodology to calculate the affected De-rating Factors pursuant to Rule 2.3.1 for Auction Guidelines published in the calendar year in which the calculation methodology is introduced via amendments to these Rules (or the calendar year in which the calculation methodology is approved, if no amendments to these Rules are required) and following calendar

years.

- (d) Where the calculation methodology is introduced via amendments to these Rules (or approved, if no amendments to these Rules are required) in the same calendar year as, but later than the publication of a final version of the Auction Guidelines pursuant to the Regulations, the calculation methodology must not be applied to calculate the De-rating Factors for those Auction Guidelines.

2.3.10A For the purposes of Rule 2.3.10, unless the Authority and Secretary of State agree otherwise, the relevant entity is:

- (a) the Authority where the Authority requested the consultation under Rule 2.3.8(1(a)); and
- (b) in any other case, the Secretary of State.

2.3.11 [Omitted]

## **2.4 Annual review of Generating Technology Classes**

2.4.1 The Secretary of State must, each calendar year, review whether any generating technology should be identified as a Generating Technology Class as follows:

- (a) by 1 October of each calendar year, the Secretary of State must consult interested parties as to whether any class of Generating Unit not already identified as a Generating Technology Class is capable to contributing to security of supply; and
- (b) by 1 December of each calendar year, the Secretary of State must publish the outcome of the review.

2.4.2 If, following the review, the Secretary of State determines that a class of Generating Unit should be identified as a Generating Technology Class, the Secretary of State must amend the Rules accordingly as soon as reasonably practicable.

## CHAPTER 3: PREQUALIFICATION INFORMATION

### 3. Application for Prequalification: Process and Information

#### 3.1 Purpose of this Chapter

- 3.1.1 The Rules govern the processes by which:
- (a) an Applicant may apply to the Delivery Body for Prequalification of a CMU to participate in a Capacity Auction for a given Delivery Year (the “Application Process”); and
  - (b) the owner of a Mandatory CMU for which no Application is made must notify the Delivery Body that the CMU is Opting-out of the Capacity Auction, and whether it will remain operational.
- 3.1.2 The purpose of the Application Process is to allow the Delivery Body, pursuant to the Rules set out in Chapter 4, to determine for each CMU which is the subject of an Application, *inter alia*:
- (a) whether the CMU is a Transmission CMU, a CMRS Distribution CMU, a Non-CMRS Distribution CMU, an Interconnector CMU or a DSR CMU;
  - (b) in the case of a Generating CMU or an Interconnector CMU, whether the CMU comprises an Existing CMU, a New Build CMU or a Refurbishing CMU; and
  - (c) whether the CMU should Prequalify.

#### 3.2 Identifying the Applicant for a CMU

- 3.2.1 There must be one Applicant only with respect to any CMU as determined in accordance with this Rule 3.2.
- 3.2.2 The Applicant for a DSR CMU must be the DSR Provider for that CMU.
- 3.2.3 Subject to Rules 3.2.4 to 3.2.9, the Applicant for a Generating CMU must be the person that is, or in the case of a Prospective Generating CMU will be, the legal owner of each Generating Unit comprised in that CMU.
- 3.2.4 Rule 3.2.5 applies where:
- (a) an Existing Generating CMU comprises a Generating Unit or a number of Generating Units;
  - (b) all such Generating Units are within the legal ownership of the same person; and
  - (c) the Despatch Controller with respect to each Generating Unit comprised in that Existing Generating CMU is a person other than the legal owner.
- 3.2.5 Where this Rule 3.2.5 applies, the Despatch Controller may be the Applicant with respect to an Existing Generating CMU provided that an Applicant Declaration is submitted with the relevant Application signed by:
- (a) two directors (or officers, in the case of a body other than a company) of the person having legal ownership of each Generating Unit comprised in that Existing Generating CMU; and

- (b) two directors (or officers, in the case of a body other than a company) of the Despatch Controller of each Generating Unit comprised in that Existing Generating CMU.

3.2.6 Rule 3.2.7 applies where:

- (a) a Generating CMU comprises a number of Generating Units with a Connection Capacity totalling no more than 50 MW;
- (b) legal ownership of such Generating Units is or, in the case of a Prospective CMU, will be vested in more than one person; and
- (c) Despatch Control with respect to each Generating Unit comprised in that Generating CMU rests or, in the case of a Prospective CMU, will rest with a single Despatch Controller (who may also be the legal owner of one or more of the Generating Units comprised in such Generating CMU).

3.2.7 Where this Rule 3.2.7 applies, the Despatch Controller (or, in the case of a Prospective CMU, the person who will be the Despatch Controller) must be the Applicant with respect to a Generating CMU and the following declarations must be submitted with the relevant Application:

- (a) an Aggregator Declaration signed by two directors (or officers, in the case of a body other than a company) of the Despatch Controller of each Generating Unit comprised in that Generating CMU; and
- (b) a Legal Owner Declaration in respect of each Generating Unit comprised in that Generating CMU signed by two directors (or officers, in the case of a body other than a company) of the person having legal ownership of the relevant Generating Unit.

3.2.8 Rule 3.2.9 applies where:

- (a) a Prospective Generating CMU comprises a Generating Unit or a number of Generating Units with a Connection Capacity totalling no more than 50MW;
- (b) all such Generating Units are within the legal ownership of the same person; and
- (c) the Despatch Controller with respect to each Generating Unit comprised in that Prospective Generating CMU is a person other than the legal owner.

3.2.9 Where this Rule 3.2.9 applies, the Despatch Controller must be the Applicant with respect to a Prospective Generating CMU and an Applicant Declaration must be submitted with the relevant Application, signed by:

- (a) two directors (or officers, in the case of a body other than a company) of the person having legal ownership of each Generating Unit comprised in that Prospective Generating CMU; and
- (b) two directors (or officers, in the case of a body other than a company) of the Despatch Controller of each Generating Unit comprised in that Prospective Generating CMU.

3.2.10 Subject to Rule 3.2.11, the Applicant for an Interconnector CMU must be the person that is, or in the case of a Prospective Interconnector CMU will be, the legal owner of the Electricity Interconnector comprised in that CMU together with

the Non-GB Part.

3.2.11 The Applicant may be a Joint Owner in relation to the Interconnector CMU, provided that:

- (a) the Applicant is a legal owner of the Electricity Interconnector and the holder of the Interconnection Licence; and
- (b) a Joint Owner Declaration is submitted with the relevant Application that:
  - (i) identifies which of the Joint Owners is making the Application;
  - (ii) in the case of an Application for an Existing CMU, is in the form set out in and signed in accordance with Exhibit DA or DB; and
  - (iii) In the case of an Application for a Prospective CMU, is in the form set out in and signed in accordance with Exhibit DC.

### **3.3 Submitting an Application for Prequalification**

3.3.1 An Application to Prequalify a CMU for a Capacity Auction must only be made:

- (a) by the Applicant for that CMU (subject to Rule 3.3.5); and
- (b) through the EMR Delivery Body Portal in the form and in the manner prescribed in the Auction Guidelines.

3.3.2 Subject to Rule 4.2.3, an Applicant may only make one Application for a CMU for a Capacity Auction.

3.3.3 An Application may not be made for a CMU for a Capacity Auction if:

- (a) that CMU, or any Generating Unit or DSR CMU Component comprised in that CMU, currently has a Capacity Agreement, or is part of a CMU which currently has a Capacity Agreement, for the Delivery Year for which the Capacity Auction is to be held;
- (aa) the CMU does not meet the General Eligibility Criteria;
- (b) Not used
- (c) the CMU is a Defaulting CMU or an Excluded CMU;
- (d) the Application is for a Refurbishing CMU in respect of which:
  - (i) the Pre-Refurbishment CMU was awarded a Capacity Agreement as a Refurbishing CMU in a previous Capacity Auction; and
  - (ii) such Capacity Agreement was reduced pursuant to Rule 6.8.4(a), Rule 8.3.6(b) or (c) at any time during the preceding two years,

provided that:

- (aa) this Rule does not prevent an Application in relation to such CMU as an Existing CMU; and
- (bb) if the CMU previously ceased to be Prequalified as a result of this Rule when read with Rule 4.4.3AB, this Rule does not operate to prevent an Application for the CMU in respect of auctions in more than two consecutive Auction Windows as a result of the same circumstances;
- (e) subject to Rule 3.3.3A(a), the Application is for a Generating CMU or

an Interconnector CMU in respect of which a Capacity Agreement has previously been awarded that has been terminated in consequence of a Termination Event within Rule 6.10.1(g), Rule 6.10.1(ga) or Rule 6.10.1A(a)(iii) at any time during the preceding two years provided that if the CMU previously ceased to be Prequalified as a result of this Rule when read with Rule 4.4.3AC, this Rule does not operate to prevent an Application for the CMU in respect of auctions in more than two consecutive Auction Windows as a result of the same termination; or

- (f) subject to Rule 3.3.3A(b), the Application is for a New Build CMU in respect of which, at any time (“t”) during the preceding two years:
  - (i) the Applicant, or a member of the Applicant’s Group, was the New Build Capacity Provider; and
  - (ii) a Capacity Agreement awarded in respect of the CMU was terminated at time t and in consequence of a Termination Event within Rule 6.10.1(b), 6.10.1(ba), 6.10.1(c), 6.10.1(e), 6.10.1(ea), or 6.10.1(fa) or a notice was issued under Rule 6.8.2B;

provided that:

- (aa) this Rule does not prevent an Application in relation to such CMU as an Existing CMU; and
- (bb) if the CMU previously ceased to be Prequalified as a result of this Rule when read with Rule 4.4.3AC, this Rule does not operate to prevent an Application for the CMU in respect of auctions in more than two consecutive Auction Windows as a result of the same termination.

### 3.3.3A

- (a) Rule 3.3.3(e) does not prevent an Application being submitted to prequalify a Generating CMU or an Interconnector CMU in respect of either of the Delivery Years commencing on 1 October 2020 or 1 October 2021 if the CMU had a Conditional Capacity Agreement which was terminated in accordance with Rule 6.10.2(e) prior to the T-1 Termination Trigger Event occurring.
- (b) Rule 3.3.3(f) does not prevent an Application being submitted to Prequalify a New Build CMU (or the Existing CMU that it becomes) in respect of either of the Delivery Years commencing on 1 October 2020 or 1 October 2021 if the CMU had a Conditional Capacity Agreement which was terminated in accordance with Rule 6.10.2(e) prior to the T-1 Termination Trigger Event occurring.

3.3.4 An Applicant must make separate Applications for a Capacity Auction with respect to separate CMUs.

3.3.5 An Applicant may nominate an Agent to submit an Application for a CMU on its behalf and to otherwise perform its obligations under the Regulations or the Rules (whether in its capacity as Applicant, Bidder or Capacity Provider) provided that:

- (a) an Agent Nomination Form with respect to such Agent is included in the Application;

- (b) only one Agent is appointed by an Applicant with respect to a CMU at any one time;
- (c) such Agent is not also the Agent for any other Applicant (unless the other Applicant is a member of the same Group);
- (d) if the Applicant wishes to revoke the appointment of an Agent or to appoint a different Agent, the Applicant must submit a new Agent Nomination Form to the Delivery Body; and
- (e) the Agent shall have not authority to sign any Prequalification Certificate, Price-Maker Certificate, Certificate of Conduct or any other directors' or officers' certificate or other formal representation required to be submitted by the Applicant pursuant to the Regulations or the Rules.

3.3.6 For each CMU which an Applicant wishes to Prequalify, and for each Capacity Auction, the Applicant must:

- (a) submit a separate application form and the required Additional Information (together, an "Application") to the Delivery Body;
- (b) comply with the requirements of the Application Process; and
- (c) cooperate with the Delivery Body and other Administrative Parties in the execution of their duties.

3.3.7 An Application will not be considered or accepted unless it is submitted:

- (a) during the Prequalification Window; and
- (b) in accordance with:
  - (i) the Regulations and the Rules;
  - (ii) the timetable and requirements for submission set out in the Auction Guidelines applicable to the relevant Capacity Auction; and
  - (iii) such other requirements as may be specified by the Delivery Body from time to time.

3.3.8 In submitting an Application, an Applicant:

- (a) is bound to comply with the Auction Guidelines applicable to the relevant Capacity Auction; and
- (b) consents to the disclosure of Applicant Confidential Information in accordance with the Regulations or the Rules.

### **3.4 Information to be provided in all Applications**

3.4.1 General details about the Applicant

Each Applicant must provide such details in each Application as are required pursuant to the Regulations, the Rules or the Auction Guidelines or as specified by the Delivery Body under Rule 3.3.7(b)(iii), including:

- (a) the name of the Applicant;
- (b) if relevant, the corporate registration number of the Applicant;
- (c) contact details, including registered address of the Applicant and:
  - (i) name of the authorised contact person at the Applicant or Agent who is responsible for liaising with the Delivery Body in

relation to the Application and any resulting Capacity Agreement; and

- (ii) an email address and telephone number that can be used by a person wishing to discuss secondary trading in relation to the CMU which is the subject of the Application;
- (ca) where the Applicant is a member of a Group, the name of the direct Holding Company for the Applicant;
- (d) Not used
- (e) Not used
- (ea) Not used
- (f) in the case of an Application that is submitted by an Agent, an Agent Nomination Form;
- (g) in the case of an Application relating to a Capacity Auction falling within an Auction Window starting on 1st September 2018, or any subsequent Auction Window, the value added tax identification number of the Applicant. Or in the event that the Applicant does not yet have a value added tax identification number at the point of submitting their Application, a notice that one is not yet available. The Applicant must as soon as it is reasonably practicable notify the Delivery Body once they have received a value added tax identification number; and
- (h) Omitted.

3.4.1A Not used

3.4.2 Legal status of the Applicant

- (a) Subject to Rule 3.4.2(b), each Applicant must provide in the Application a copy of its certificate of incorporation and other related evidence as required for the relevant type of person under the Auction Guidelines;
- (b) If an Applicant has submitted the information required by Rule 3.4.2(a) with a previous Application and that information remains accurate and up to date, the Applicant may, instead of complying with Rule 3.4.2(a), confirm in the Application that the information previously provided remains accurate and up to date.

3.4.3 Nominations relating to the CMU

Each Applicant must:

- (a) specify in the Application:
  - (i) the CMU to which the Application relates (including a description of, the full postal address with postcode, if available, and the two letter prefix and six-figure Ordnance Survey grid reference numbers of, the Generating Unit(s) and for Proven DSR CMUs, their CMU Component(s), or of the Electricity Interconnector). In the event that no postcode has yet been assigned to the CMU at the point the Applicant submits the

Application, the Applicant should provide the Delivery Body with notice of this fact. The Applicant must as soon as it is reasonably practicable notify the Delivery Body of the CMU's postcode once it has been allocated by Royal Mail;

- (ii) all relevant Meters, and Meter Point Administration Numbers, for all the relevant Meter(s), except in respect of Unproven DSR CMUs;
  - (iii) BM Unit Identifiers (as defined in the Balancing and Settlement Code), if applicable; and
  - (iv) in the case of an Interconnector CMU, the relevant interconnector identifier(s) as specified for the purposes of the BSC in file CDCA-I041 of the Central Data Collection Agent (CDCA).
- (b) except in respect of an Unproven DSR CMU, if any Meter Point Administration Number specified in the Application has already been:
- (i) registered to another CMU which is a Capacity Committed CMU in respect of one or more of the same Delivery Years; or
  - (ii) specified in a prior Application submitted in respect of another CMU in the same Prequalification Window,

include in the Application a declaration explaining how the two CMUs relate and how metering will separately identify the output of each of them.

#### 3.4.4 Classification of the CMU

Each Applicant must declare whether the CMU to which the Application relates comprises:

- (a) an Existing CMU, a New Build CMU, a Refurbishing CMU, a Proven DSR CMU or an Unproven DSR CMU;
- (b) if the CMU is a Generating CMU, whether the CMU comprises of at least one Storage Facility; and
- (c) if the CMU is an Unproven DSR CMU in relation to which the Applicant is bidding for a Capacity Agreement of a duration exceeding one Delivery Year, whether the CMU contains or will contain at least one DSR CMU Component that contains at least one Storage Facility.

#### 3.4.5 Statement as to Capacity

Each Application must specify:

- (a) the Connection Capacity or DSR Capacity (as applicable) of the CMU for the Delivery Year to which the Capacity Auction relates and, in the case of a Generating CMU or Interconnector CMU, the basis on which the Connection Capacity has been determined pursuant to Rule 3.5 or Rule 3.5A; and
- (b) in the case of a Generating CMU, the Generating Technology Class to which each Generating Unit that comprises such a CMU belongs.

#### 3.4.5A Primary Fuel Type

In the case of a Generating CMU, each Application must state the Primary Fuel Type which it is intended at the time the Application is made will be used for the

CMU at the beginning of the Delivery Year.

- 3.4.5B In the case of an Existing Generating CMU, Proven DSR CMU, or associated Pre-Refurbishment CMU of a Refurbishing CMU, which comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, each Application must state whether the Commercial Production Start Date of the Fossil Fuel Component or the Associated Fossil Fuel Component is before or on or after 4 July 2019.
- 3.4.6 Not used
- 3.4.7 Low Carbon Exclusion and Low Carbon Grant status
- (a) Each Applicant must, in the Application:
- (i) declare that at the time of making the Application the CMU to which the Application relates is neither accredited under, nor the subject of an application for accreditation under, a Low Carbon Exclusion, and will not be benefitting from a Low Carbon Exclusion at the commencement of, or during, the relevant Delivery Year or period of Delivery Years;
  - (ii) if the CMU is currently benefitting from a Low Carbon Exclusion, include a Non-Support Confirmation; or
  - (iii) if an application has been made (and not determined) for a Low Carbon Exclusion in respect of the CMU, include a Withdrawal Confirmation.
- (b) Each Applicant must, in the Application, declare that at the time of making the Application the CMU to which the Application relates has not benefitted and will not benefit from a Low Carbon Grant either during, or in the ten years prior to the commencement of, the relevant Delivery Year.
- (c) Each Applicant must acknowledge that the Low Carbon Exclusion and Low Carbon Grant status of the CMU may be checked by the Authority at any time following submission of the Application.
- (d) Applicants that provide a Non-Support Confirmation under Rule 3.4.7(a)(ii) must, with the Application, provide a copy of the document which sets out the term of their entitlement to benefit from the Low Carbon Exclusion.
- 3.4.8 Not used
- 3.4.9 Not used
- 3.4.10 Not used
- 3.4.11 Fossil Fuel Emissions and Fossil Fuel Yearly Emissions
- (a) Notwithstanding provision by an Applicant of a declaration under Rule 3.6.5, Rule 3.7.4, Rule 3.8.3, Rule 3.9.5 or Rule 3.10.4 (where applicable), each Applicant for a Generating CMU or a DSR CMU (each “a relevant CMU”) must, in respect of:
- (i) a Generating Unit, DSR CMU Component or Associated Fossil Fuel Component by which a Storage Facility has or will have part or all of its electricity requirements met (each “a relevant CMU component”) which comprises or will or may comprise in the relevant CMU; and

- (ii) a Delivery Year for which a Capacity Obligation would be awarded in respect of the relevant CMU if a bid in respect of the relevant CMU were accepted at the Capacity Auction for which the Applicant is applying for prequalification (“a relevant Delivery Year”),

make the declaration in paragraph (b).

- (b) An Applicant for a relevant CMU must, in the Application, declare that:
  - (i) in respect of a relevant Delivery Year that commences in 2022 or a subsequent Delivery Year, any relevant CMU component with a Commercial Production Start Date on or after 4 July 2019 will not exceed the Fossil Fuel Emissions Limit; and
  - (ii) in respect of a relevant Delivery Year that commences in 2024 or a subsequent Delivery Year, any relevant CMU component with a Commercial Production Start Date before 4 July 2019 will not exceed the Fossil Fuel Emissions Limit (except that, where it exceeds the Fossil Fuel Emissions Limit, it will not exceed the Fossil Fuel Yearly Emissions Limit).

### **3.5 Determining the Connection Capacity of a Generating CMU**

3.5.1 The Connection Capacity of a Generating CMU is the aggregate of the Connection Capacity of each Generating Unit comprised in that Generating CMU as determined pursuant to Rule 3.5.2.

3.5.2 Subject to Rules 3.5.3 or 3.5.5, the Connection Capacity of a Generating Unit must be calculated as follows:

- (a) for a Generating Unit forming part or all of a Transmission CMU, the Connection Entry Capacity stated in the Grid Connection Agreement for that Generating Unit;
- (b) for a Generating Unit forming part or all of an Existing Generating CMU which is a Distribution CMU, the registered capacity (or inverter rating, if applicable) stated in the Distribution Connection Agreement for that Generating Unit or in the written confirmation from the Distribution Network Operator provided pursuant to Rule 3.6.3(c)(ii) (as applicable);
- (ba) for a Generating Unit forming part or all of an Existing Generating CMU which is a Distribution CMU, but where the Distribution Connection Agreement or connection offer does not state its registered capacity (or inverter rating, if applicable):
  - (i) the estimated capacity that the Applicant, with respect to the Generating CMU (that includes that Generating Unit), calculates to be the registered capacity or inverter rating, based on information otherwise contained within the Distribution Connection Agreement or a connection offer; or
  - (ii) the maximum capacity which will be physically capable of being transmitted from the Generating Unit to the Distribution Network, based on information otherwise contained within the Distribution Connection Agreement or a connection offer.
- (c) for a Generating Unit forming part or all of a Prospective Generating CMU which is a Distribution CMU:

- (i) the registered capacity (or inverter rating, if applicable) for that Generating Unit stated in the Distribution Connection Agreement for that Generating Unit or in the written confirmation from the Distribution Network Operator provided pursuant to Rule 3.7.3(b)(ii) (as applicable); or
- (ii) where the Generating Unit does not have a Distribution Connection Agreement, the registered capacity (or inverter rating, if applicable) for that Generating Unit stated in the connection offer for that Generating Unit or in the written confirmation from the Distribution Network Operator provided pursuant to Rule 3.7.3(b)(ii) (as applicable); or
- (iii) where the Generating Unit:
  - (aa) has a Distribution Connection Agreement or a connection offer but such agreement or offer does not state its registered capacity or inverter rating, the estimated capacity that the Applicant, with respect to the Generating CMU (that includes that Generating Unit), calculates to be the registered capacity or inverter rating, based on information otherwise contained within the Distribution Connection Agreement or connection offer; or
  - (bb) does not have a Distribution Connection Agreement or a connection offer, or has a Distribution Connection Agreement or a connection offer but such agreement or offer contains no information relevant to the calculation of registered capacity or inverter rating, the estimated capacity that the Applicant, with respect to the Generating CMU (that includes that Generating Unit) anticipates (acting in good faith) to be the maximum capacity which will be physically capable of being transmitted from the Generating Unit to the Distribution Network,

in each case expressed in MW to three decimal places.

- 3.5.3 An Applicant for an Existing Generating CMU may, as an alternative to the determination of Connection Capacity set out in Rule 3.5.2, nominate a Connection Capacity for that Generating Unit equal to the Average Output of that Existing Generating CMU.
- 3.5.4 For the purposes of Rule 3.5.3, the “Average Output” of a Generating Unit is the mean average of the physically generated net outputs, or Metered Volume where applicable in MWh, multiplied by two to convert to MW and stated to three decimal places, of that Generating Unit in the three Settlement Periods identified by the Applicant under Rule 3.6.1(a).
- 3.5.5 An Applicant for a Generating CMU may, as an alternative to the determination of Connection Capacity set out in Rule 3.5.2 or 3.5.3, nominate a Connection Capacity for a Generating Unit comprised in that Generating CMU in accordance with following formula:

$$CC_i = \frac{U_{CEC_i}}{SCEC} \times STEC$$

where:

$CC_i$  is the Connection Capacity of Generating Unit “i”;

STEC is:

- (a) in the case of a Generating Unit which is part of a Transmission CMU, the Transmission Entry Capacity for the power station of which Generating Unit “i” is a component; or
- (b) in the case of a Generating Unit which is part of a Distribution CMU, the Maximum Export Capacity for the power station of which Generating Unit “i” is a component;

SCEC is:

- (a) in the case of a Generating Unit which is part of a Transmission CMU:
  - (i) Not used;
  - (ii) the sum of the Connection Entry Capacities stated in that Grid Connection Agreement for each Generating Unit which is a component of that power station;
- (b) in the case of a Generating Unit which is part of a Distribution CMU:
  - (i) Not used;
  - (ii) the sum of the registered capacities (or inverter ratings, if applicable) stated in that Distribution Connection Agreement for each of the generating sets comprised in that power station;

UCEC<sub>i</sub> is:

- (a) in the case of a Generating Unit which is part of a Transmission CMU, the Connection Entry Capacity stated in the Grid Connection Agreement for Generating Unit “i”; or
- (b) in the case of a Generating Unit which is part of a Distribution CMU, the registered capacity (or inverter rating, if applicable) stated in the Distribution Connection Agreement for Generating Unit “i”;

“generating set” has the meaning given to it in the relevant Distribution Connection Agreement;

“Maximum Export Capacity” has the meaning given to it in the Distribution Connection Agreement;

“power station” has the meaning given to it in the relevant Grid Connection Agreement or Distribution Connection Agreement as applicable.

### **3.5A Determining the Connection Capacity of an Interconnector CMU**

- 3.5A.1 The Connection Capacity of an Interconnector CMU is equal to the positive value of Connection Entry Capacity stated in the Grid Connection Agreement.

### **3.5B Clarifications for determining the Connection Capacity of CMUs**

- 3.5B.1 For the purposes of Rules 3.5 and 3.5A, where:
  - (a) reference is made to a Grid Connection Agreement, Distribution Connection Agreement or connection offer for a Generating Unit these refer to the agreement or offer in force at the date on which the Application

is made;

- (b) a Distribution Connection Agreement or connection offer for a Generating Unit states a range of values for the registered capacity or inverter rating of that Generating Unit, the registered capacity or inverter rating of that Generating Unit will be taken to be the lowest value specified in that range; and
- (c) reference is made to the Connection Entry Capacity, Transmission Entry Capacity, registered capacity or inverter rating, the values of those terms must be specified net of Auxiliary Load.

### **3.6 Additional Information for an Existing Generating CMU**

#### **3.6.1 Previous Settlement Period performance**

- (a) Each Applicant for an Existing Generating CMU must identify in the Application three Settlement Periods on separate days in:

the 24 months prior to the end of the Prequalification Window, or in the case where Rule 3.13 applies, prior to the close of the last day for submission of secondary trading, in which such Existing Generating CMU delivered a net output equal to or greater than its Anticipated De-rated Capacity,

and specify the physically generated net outputs, or Metered Volume where applicable, in MWh to three decimal places for each of those Settlement Periods.

- (b) Each Applicant for an Existing Generating CMU that is a Non-CMRS Distribution CMU using the Supplier Settlement Metering Configuration Solution must provide:

- (i) a letter from the supplier or former supplier to such CMU confirming:

(aa) the CMU or Generating Unit's physically generated net output, or Metered Volume where applicable, in MWh to three decimal places; and

(bb) whether line loss adjustments have been applied; or

- (ii) where the Applicant cannot meet the requirements of 3.6.1(b)(i), evidence the CMU or Generating Unit delivered a Metered Volume (in MWh to three decimal places) in discharge of an obligation to deliver a balancing service confirming the CMU or Generating Unit's physically generated net output,

in the three Settlement Periods referred to in Rule 3.6.1(a) for each Generating Unit that comprises that CMU.

- (c) Each Applicant for an Existing Generating CMU that is a Non-CMRS Distribution CMU using the Balancing Services Metering Configuration Solution or Bespoke Metering Configuration Solution must provide either in relation to the CMU or to each Generating Unit comprising the Generating CMU:

- (i) a letter from the supplier or former supplier to such CMU confirming the CMU or Generating Unit's physically generated net output in MWh to three decimal places; or

- (ii) evidence the CMU or Generating Unit delivered a Metered Volume (in MWh to three decimal places) in discharge of an obligation to deliver a balancing service confirming the CMU or Generating Unit's physically generated net output in MWh to three decimal places;
- (iii) and if line loss adjustments have been applied, either:
  - (aa) a letter from the Distribution Network Operator confirming the Line Loss Factor values in the three Settlement Periods referred to in Rule 3.6.1(a); or
  - (bb) where applicable, a letter from the owner of the Unlicensed Network confirming the electrical loss factor values in the three Settlement Periods referred to in Rule 3.6.1(a) and the methodology used to calculate such values.

3.6.2 Not used

3.6.3 Connection Arrangements

- (a) Each Applicant for an Existing Generating CMU that is a Transmission CMU must:
  - (i) confirm that one or more Grid Connection Agreements have been entered into which, subject to Rule 3.6.3(b), secure Transmission Entry Capacity for the relevant Delivery Year for the Generating Units comprised in the CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of that CMU and any other CMU to which any such Grid Connection Agreement applies; and
  - (ii) provide a copy of the Grid Connection Agreement for each Generating Unit comprised in the CMU with the Application.
- (b) In the First Full Capacity Auction and the Second Full Capacity Auction only, an Applicant for an Existing Generating CMU that is a Transmission CMU and that is unable to give the confirmation referred to in Rule 3.6.3(a)(i) may instead declare that it will secure the required Transmission Entry Capacity by the date falling 18 months prior to the commencement of the relevant Delivery Year.
- (c) Each Applicant for an Existing Generating CMU that is a Distribution CMU must:
  - (i) confirm that one or more Distribution Connection Agreements have been entered into which permit at least, in aggregate, the Anticipated De-rated Capacity of that CMU and any other CMU to which any such Distribution Connection Agreement applies to connect to the Distribution Network in the relevant Delivery Years; and
  - (ii) provide a copy of the Distribution Connection Agreement for each Generating Unit comprised in the CMU with the Application or, where this is not possible, written confirmation from the Distribution Network Operator that such Distribution Connection Agreement is in effect and confirming:
    - (aa) the registered capacity (or inverter rating, if applicable) of that Generating Unit and where a range of values is specified for the registered capacity (or inverter rating if applicable), the

minimum value in that range; and

(bb) the capacity that such Generating Unit is permitted to export to the Distribution Network.

- (d) For an Existing Generating CMU that is not directly connected to a Distribution Network the Applicant may, instead of complying with Rule 3.6.3(c), provide a letter from the owner of the Private Network to which the CMU is connected confirming:
  - (i) the full output that CMU is able to Export onto that Private Network; and
  - (ii) that the owner of that Private Network has an agreement with the relevant Distribution Network Operator for the connection of the Private Network to, and use of, a Distribution Network.
- (e) Where reference is made to a Grid Connection Agreement, Distribution Connection Agreement or connection offer for a Generating Unit these refer to the agreement or offer in force at the date on which the Application is made

#### 3.6.4 Metering Arrangements

- (a) Each Applicant for an Existing Generating CMU must, subject to Rule 3.6.4(b):
  - (i) provide detailed line diagrams showing electrical configurations and metering sites at which the Generating Units are located; and
  - (ii) complete a Metering Assessment in relation to that CMU.
- (b) An Applicant may elect to defer the requirements in Rule 3.6.4(a) until after the Capacity Auction to which the application relates, in which case the Applicant must declare that it will provide detailed line diagrams showing electrical configurations and metering sites at which the Generating Units are located and complete a Metering Assessment for that Existing Generating CMU by:
  - (i) no later than the date falling three years prior to the start of the relevant Delivery Year in the case of an Existing Generating CMU that has been awarded a Capacity Agreement in a T-4 Auction; or
  - (ii) no later than the date falling six months prior to the start of the relevant Delivery Year in the case of an Existing Generating CMU that has been awarded a Capacity Agreement in any auction other than a T-4 Auction; or
  - (iii) no later than the date falling four months prior to the start of the relevant Delivery Year where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months.
- (c) The Delivery Body must send to the CM Settlement Body a copy of any completed Metering Assessment, or other information provided by the applicant under (a), (b) and (d).
- (d) An Applicant may amend a Metering Assessment completed in compliance with Rule 3.6.4(a)(ii), provided that:

- (i) if the application relates to a T-4 Auction, any amendments are made by the earlier of:
  - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
  - (bb) the date falling 18 months prior to the start of the first Delivery Year; and
- (ii) if the application relates to a T-1 Auction or where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months, any amendments are made by the earlier of:
  - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
  - (bb) the date falling two weeks prior to the start of the first Delivery Year.

### 3.6.5 Fossil Fuel Emissions Declaration

- (a) Subject to Rule 3.6.5(b), Rule 3.6.5(ca) and Rule 3.6.5(d), an Applicant for an Existing Generating CMU must provide to the Delivery Body a Fossil Fuel Emissions Declaration if the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component (each a “relevant Fossil Fuel Component”).
- (b) The Applicant is not required to provide a Fossil Fuel Emissions Declaration under this Rule 3.6.5 if the Applicant confirms in the Application that:
  - (i) after the coming into force of the Capacity Market (Amendment) (No. 2) Rules 2020, a Fossil Fuel Emissions Declaration has been provided to the Delivery Body in respect of the CMU (a “previous Fossil Fuel Emissions Declaration”) which is not a Fossil Fuel Emissions Declaration specified in Rule 3.6.5(c);
  - (ii) there has been no Emissions Related Material Change to the CMU or a relevant Fossil Fuel Component since the previous Fossil Fuel Emissions Declaration was provided;
  - (iii) the previous Fossil Fuel Emissions Declaration did not contain values for the Fossil Fuel Yearly Emissions of any relevant Fossil Fuel Component;
  - (iv) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions CCUS Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component;
  - (v) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions Mixed Fuel Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component;
  - (vi) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions Composite Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component; and
  - (vii) the previous Fossil Fuel Emissions Declaration did not declare that the Design Efficiency CHPQA Formula was used to determine the Design Efficiency of any relevant Fossil Fuel Component.

- (c) A Fossil Fuel Emissions Declaration specified in this Rule 3.6.5(c) is:
  - (i) a Transitional Fossil Fuel Emissions Declaration; or
  - (ii) where the Application is in respect of the Delivery Year commencing on 1 October 2024 or any subsequent Delivery Year, a Pre-2024 T-1 Fossil Fuel Emissions Declaration.
- (ca) The Applicant is not required to provide a Fossil Fuel Emissions Declaration with the Application under this Rule 3.6.5 if the Applicant makes a declaration in accordance with Rule 3.6.5A(b).
- (d) The Applicant is not required to provide a Fossil Fuel Emissions Declaration under this Rule 3.6.5 if the Applicant confirms in the Application that:
  - (i) the Application is in respect of a Pre-2024 T-1 Auction; and
  - (ii) each relevant Fossil Fuel Component comprised in the CMU has a Commercial Production Start Date which is before 4 July 2019.

3.6.5A Exemption from requirement to provide Fossil Fuel Emissions Declaration at Prequalification

- (a) An Applicant to which Rule 3.6.5(a) applies (“Applicant X”) is not required to provide a Fossil Fuel Emissions Declaration if Applicant X complies with Rule 3.6.5A(b), and provided that:
  - (i) Applicant X provides the confirmations in Rule 3.6.5A(b)(i)(aa) or (dd) only in circumstances where Applicant X, acting reasonably, determines that the CMU would not prequalify under Rule 4.4.2(k)(i) or (ii) if a Fossil Fuel Emissions Declaration were to be provided with the Application;
  - (ii) Applicant X provides the confirmation in Rule 3.6.5A(b)(i)(bb) only in circumstances where a Generating Unit comprised in the CMU uses more than one fuel to produce electricity and Applicant X does not intend to apply the Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of that component;
  - (iii) Applicant X provides the confirmation in Rule 3.6.5A(b)(i)(cc) in circumstances where a Generating Unit comprised in the CMU uses more than one fuel to produce electricity and is equipped with CCUS equipment, and Applicant X, acting reasonably, determines that the CMU would not prequalify under Rule 4.4.2(k)(i) or (ii) if a Fossil Fuel Emissions Declaration were to be provided with the Application (where Applicant X makes the declaration in Rule 3.6.5A(b)(ii)(aa) in respect of the Fossil Fuel Emissions Composite Formula); or
  - (iv) Applicant X provides the confirmation in Rule 3.6.5A(b)(i)(cc) in circumstances where a Generating Unit comprised in the CMU uses more than one fuel to produce electricity and is equipped with CCUS equipment (where Applicant X makes the declaration in Rule 3.6.5A(b)(ii)(bb) in respect of the Fossil Fuel Emissions Composite Formula).
- (b) To comply with this Rule 3.6.5A(b), Applicant X must:
  - (i) confirm that at least one of the following formulae will be applied in respect of a relevant Fossil Fuel Component (as defined in Rule 3.6.5(a)):

- (aa) the Fossil Fuel Emissions CCUS Formula;
  - (bb) the Fossil Fuel Emissions Mixed Fuel Formula;
  - (cc) the Fossil Fuel Emissions Composite Formula; and/or
  - (dd) the Design Efficiency CHPQA Formula;
- (ii) declare that, at the date the Application is submitted:
- (aa) it is not possible to determine the CO<sub>2</sub><sup>transferred</sup> or CO<sub>2</sub><sup>generated</sup> (and therefore the TCF) of a relevant Fossil Fuel Component in respect of which Applicant X intends to apply the Fossil Fuel Emissions CCUS Formula or the Fossil Fuel Emissions Composite Formula to determine Fossil Fuel Emissions because, in the 14 months preceding the commencement of the Prequalification Window, there has not been a continuous period of 12 months during which the data required is available;
  - (bb) it is not possible to determine the FS of a fuel (and therefore the EFW) of a relevant Fossil Fuel Component in respect of which Applicant X will apply the Fossil Fuel Emissions Mixed Fuel Formula or intends to apply the Fossil Fuel Emissions Composite Formula to determine Fossil Fuel Emissions because, in the 14 months preceding the commencement of the Prequalification Window, there has not been a continuous period of 12 months during which the data required is available; and/or
  - (cc) it is not possible to determine the Design Efficiency of a relevant Fossil Fuel Component in respect of which Applicant X intends to apply the Design Efficiency CHPQA Formula because a Qualifying CHPQA Certificate has not been issued in respect of that component; and
- (iii) confirm that a Fossil Fuel Emissions Declaration will be provided prior to the deadline in Rule 8.3.12A(b).

### 3.6.6 Confirmation by an Existing CMU not using Fossil Fuels

An Applicant for an Existing Generating CMU which is not a CMU described in Rule 3.6.5(a) must declare that if, after the Capacity Auction to which the Application relates, there is an Emissions Related Material Change to the CMU, the Applicant will provide:

- (a) confirmation to the Delivery Body within two months following the Emissions Related Material Change:
  - (i) whether the Commercial Production Start Date of each Fossil Fuel Component or Associated Fossil Fuel Component added is before or on or after 4 July 2019; and
  - (ii) whether, in respect of a Fossil Fuel Component or Associated Fossil Fuel Component, the Applicant will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine its Fossil Fuel Emissions and/or apply the Design Efficiency CHPQA Formula to determine its Design Efficiency.
- (b) a Fossil Fuel Emissions Declaration to the Delivery Body by the deadline in Rule 8.3.12(b)(ii).

### 3.6.7 Pre-2024 T-1 Auction confirmation

An Applicant which gives a confirmation under Rule 3.6.5(d) must declare that if, after the Capacity Auction to which the Application relates, there is an Emissions Related Material Change that results in the CMU comprising of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, which has a Commercial Production Start Date on or after 4 July 2019, the Applicant will provide:

- (a) confirmation to the Delivery Body within two months following the Emissions Related Material Change:
  - (i) whether the Commercial Production Start Date of each Fossil Fuel Component or Associated Fossil Fuel Component added is after 4 July 2019; and
  - (ii) whether, in respect of a Fossil Fuel Component or Associated Fossil Fuel Component, the Applicant will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine its Fossil Fuel Emissions and/or apply the Design Efficiency CHPQA Formula to determine its Design Efficiency.
- (b) a Fossil Fuel Emissions Declaration to the Delivery Body by the deadline in Rule 8.3.12(b)(ii).

## **3.6A Additional information for an Existing Interconnector CMU**

### 3.6A.1 Previous Settlement Period performance

Each Applicant for an Existing Interconnector CMU must identify in the Application three Settlement Periods on separate days in the Winter preceding the start of the Prequalification Window in which such Existing Interconnector CMU delivered a Net Output greater than zero as recorded for the purposes of the BSC by file CDCA-I041 of the Central Data Collection Agent (CDCA).

### 3.6A.2 Connection Arrangements

Each Applicant for an Interconnector CMU must:

- (a) confirm that one or more Grid Connection Agreements have been entered into and are in force which secure Transmission Entry Capacity for the relevant Delivery Year for that CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of the CMU and any other CMUs to which any such Grid Connection Agreement applies; and
- (b) provide a copy of the Grid Connection Agreement with the Application.

### 3.6A.3 Metering Arrangements

- (a) Each Applicant for an Existing Interconnector CMU must, subject to Rule 3.6A.3(aa):
  - (i) provide detailed line diagrams showing the location at which the Interconnector CMU is metered; and
  - (ii) complete a Metering Assessment in relation to that CMU.
- (aa) An Applicant may elect to defer the requirements in Rule 3.6A.3(a) until after the Capacity Auction to which the application relates, in which case the Applicant must declare that it will provide detailed line diagrams

showing the location at which the Interconnector CMU is metered and complete a Metering Assessment for that Existing Interconnector CMU by:

- (i) no later than the date falling three years prior to the start of the relevant Delivery Year in the case of an Existing Interconnector CMU that has been awarded a Capacity Agreement in a T-4 Auction; or
  - (ii) no later than the date falling six months prior to the start of the relevant Delivery Year in the case of an Existing Interconnector CMU that has been awarded a Capacity Agreement in any auction other than a T-4 Auction; or
  - (iii) no later than the date falling four months prior to the start of the relevant Delivery Year where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months.
- (b) The Delivery Body must send to the CM Settlement Body a copy of any completed Metering Assessment or other information provided by an Applicant under (a), (aa) and (c).
- (c) An Applicant may amend a Metering Assessment completed in compliance with Rule 3.6A.3(a)(ii), provided that:
- (i) if the application relates to a T-4 Auction, any amendments are made by the earlier of:
    - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
    - (bb) the date falling 18 months prior to the start of the first Delivery Year; and
  - (ii) if the application relates to a T-1 Auction or where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months, any amendments are made by the earlier of:
    - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
    - (bb) the date falling two weeks prior to the start of the first Delivery Year.

### **3.6B Additional Information for an Existing or Prospective Interconnector CMU**

3.6B.1 Each Applicant for an Interconnector CMU must declare in the Application:

- (a) [Omitted]
- (b) the country or territory in which the Non-GB Part will be located; and
- (c) [Omitted]

### **3.6C Additional Information for a New Build Interconnector CMU**

3.6C.1 Information on existing Applicant Credit Cover

- (a) This Rule 3.6C.1 applies to an Applicant for a New Build Interconnector CMU for which that Applicant has an existing Capacity Agreement, who:

- (i) has previously provided Applicant Credit Cover in respect of that Interconnector CMU; and
  - (ii) wishes to be exempt from the requirement to provide further Applicant Credit Cover in accordance with Regulation 59(1B).
- (b) Such an Applicant must include in the Application confirmation:
- (i) that its Application is for the same New Build Interconnector CMU as the one to which that existing Capacity Agreement relates; and
  - (ii) that the Applicant Credit Cover previously provided has not been drawn down under Regulation 61.

### **3.7 Additional Information for a New Build CMU**

#### **3.7.1 Relevant Planning Consents**

- (a) Each Applicant for a New Build CMU must declare in the Application:
- (i) that it will obtain all Relevant Planning Consents and will have the Legal Right to use the land on which the CMU is, or will be, located by no later than the date falling 22 Working Days prior to the commencement of the first Bidding Window in relation to such Capacity Auction; or
  - (ii) otherwise that it has obtained all Relevant Planning Consents required for the construction and commissioning of the Prospective Generating Plant or Prospective Interconnector CMU (but excluding any ancillary infrastructure associated with, but not comprised in, the Prospective Generating Plant or Prospective Interconnector CMU) and has the Legal Right to use the land on which the CMU is, or will be, located.
- (b) Each Applicant, in relation to Rule 3.7.1(a)(ii), for a New Build CMU, must provide in the Application:
- (i) the maximum allowable capacity granted under the Relevant Planning Consent.
  - (ii) Omitted.
  - (iii) Omitted.
- (c) for the purposes of Rule 3.7.1, where the Connection Capacity of a Generating Unit determined under Rule 3.5 is greater than the maximum allowable capacity provided under Rule 3.7.1(b)(i), the Delivery Body shall set the Connection Capacity of a Generating Unit to the value given under Rule 3.7.1(b)(i).

#### **3.7.2 Construction Plan**

Each Applicant for a New Build CMU must state in the Application:

- (a) a description of the nature of the construction, repowering or refurbishment works to be undertaken; and, where the duration of the Capacity Agreement for the CMU is to be greater than three Delivery Years:

- (i) that, to the best of its knowledge and belief, the CMU will meet the Extended Years Criteria when completed; and
  - (ii) a description of how those criteria are to be met;
- (b) a schedule identifying the earliest and latest dates for achieving the following Construction Milestones:
- (i) commencement of construction works;
  - (ii) achievement of the Back-feed Milestone; and
  - (iii) achievement of the Substantial Completion Milestone;
  - (iv) Major Contract Date;
  - (v) Completion of Main Foundations;
  - (vi) First Delivery Date (or, in the case of an Interconnector CMU, Commencement of Cable Laying); and
  - (vii) First Firing Date (or, in the case of an Interconnector CMU, First Test Connection Date),

where for that purpose:

**“Major Contract Date”** means the date on which a Major Contract (or, where applicable, Relevant Contract) is to be entered into that will be legal, valid and binding and in full force and effect in accordance with its terms, with counterparties who will be able to perform their obligations under the contract;

**“Completion of Main Foundations”** means the completion of foundations and floor slabs to an extent that will enable the start of structural construction work;

**“First Delivery Date”** means the date that a turbine or generator comprised in the Core Generating Plant is first delivered to the construction site;

**“Commencement of Cable Laying”** means the date on which the first section of cable is laid in its final position;

**“First Firing Date”** means the date that a turbine or generator comprised in the Core Generating Plant is first started during the commissioning of a Generating Unit;

**“First Test Connection Date”** means the date on which electricity is first transmitted over the Electricity Interconnector at the operational voltage.

- (c) the Total Project Spend;
- (d) for a Generating CMU, whether the Qualifying £/kW Capital Expenditure is:
  - (i) equal to or greater than the Fifteen Year Minimum £/kW Threshold;
  - (ii) equal to or greater than the Three Year Minimum £/kW Threshold and less than the Fifteen Year Minimum £/kW Threshold; or
  - (iii) less than the Three Year Minimum £/kW Threshold; and
- (e) that the Construction Plan:

- (i) is, to the best of its knowledge and belief, based on reasonable assumptions;
- (ii) accurately summarises the planned works; and
- (iii) is not misleading.

### 3.7.3 Connection Arrangements

- (a) Each Applicant for a New Build CMU that is or will be a Transmission CMU must:
  - (i) confirm that one or more Grid Connection Agreements have been entered into which secure Transmission Entry Capacity for the relevant Delivery Years for the Generating Units comprised in that CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of that CMU and any other CMUs to which any such Grid Connection Agreement applies; and
  - (ii) provide a copy of the Grid Connection Agreement for each Generating Unit comprised in the CMU with the Application.
- (aa) Each Applicant for a New Build CMU that is or will be an Interconnector CMU must:
  - (i) confirm that a Grid Connection Agreement has been entered into which secures Transmission Entry Capacity for the relevant Delivery Year for that CMU at least equal to the Anticipated De-rated Capacity of the CMU and any other CMUs to which any such Grid Connection Agreement applies; and
  - (ii) provide a copy of the Grid Connection Agreement with the Application.
- (b) Subject to Rule 3.7.3(c) below, Applicants for a New Build CMU that is, or will be, directly connected to a Distribution Network must:
  - (i) confirm that there are one or more Distribution Connection Agreements or accepted connection offers which permit at least, in aggregate, the Anticipated De-rated Capacity of that CMU and any other CMUs to which the Distribution Connection Agreement applies to connect to the Distribution Network in the relevant Delivery Years, and
  - (ii) provide with the Application a copy of any such Distribution Connection Agreement or connection offer (with evidence of acceptance), or where this is not possible, written confirmation from the Distribution Network Operator that such Distribution Connection Agreement or connection offer is in effect and confirming:
    - (aa) the registered capacity (or inverter rating, if applicable) of that Generating Unit and where a range of values is specified for the registered capacity (or inverter rating, if applicable), the minimum value in that range; and
    - (bb) the capacity that such Generating Unit is permitted to export to the Distribution Network.
- (ba) Subject to Rule 3.7.3(c) below, Applicants for a New Build CMU that is not directly connected to a Distribution Network may, instead of

complying with Rule 3.7.3(b), provide a letter from the owner of the Private Network to which the CMU is, or will be, connected confirming:

- (i) the full output that CMU will be able to Export onto that Private Network; and
  - (ii) that the owner of that Private Network has an agreement with the relevant Distribution Network Operator for the connection of the Private Network to, and use of, a Distribution Network.
- (c) Except in the case of an Application to participate in a T-1 Auction, an Applicant which is unable to give the confirmation referred to in Rule 3.7.3(b)(i), or the letter referred to in Rule 3.7.3(ba) may, instead of complying with Rule 3.7.3(b), or Rule 3.7.3(ba), either
- (i) declare that a Distribution Connection Agreement will be in place by the date 18 months prior to the commencement of the relevant Delivery Year; or
  - (ii) provide a letter from the owner of the Private Network, to which the CMU will be connected, that confirms that the owner of that Private Network will have an agreement with the relevant Distribution Network Operator for the connection of the Private Network to, and use of, a Distribution Network by the date 18 months prior to the commencement of the relevant Delivery Year.

#### 3.7.3A Fossil Fuels

An Applicant for a New Build CMU must confirm whether the CMU will comprise of any Fossil Fuel Component or Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component.

#### 3.7.4 Fossil Fuel Emissions Commitment

Each Applicant for a New Build CMU must provide to the Delivery Body a Fossil Fuel Emissions Commitment signed by two directors (or two officers, in the case of a body other than a company), and in such declaration, an Applicant for a CMU which will or may comprise of at least one Fossil Fuel Component or Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component (each a “relevant Fossil Fuel Component”) must declare any of the following where applicable:

- (a) that the Applicant intends to apply the Fossil Fuel Emissions CCUS Formula to determine the Fossil Fuel Emissions of a relevant Fossil Fuel Component which will be equipped with CCUS equipment;
- (b) that the Applicant intends to apply the Design Efficiency CHPQA Formula to determine the Design Efficiency of a relevant Fossil Fuel Component which will be in the Combined Heat and Power (CHP) Generating Technology Class; and/or
- (c) that the Applicant will apply the Fossil Fuel Emissions Mixed Fuel Formula or intends to apply the Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of a relevant Fossil Fuel Component that will use more than one fuel to produce electricity.

### 3.8 Additional Information for a Refurbishing CMU

### 3.8.1 Refurbishing CMU

Each Application for a Refurbishing CMU must comply with the requirements of Rule 3.7 to the extent they are applicable as if references therein to “New Build CMU” were to “Refurbishing CMU” provided that:

- (a) if there are no Relevant Planning Consents required in relation to the improvements programme to be carried out for the Refurbishing CMU, the Applicant must make a declaration to this effect in the Application rather than any declaration pursuant to Rule 3.7.1;
- (b) the schedule included in the construction plan pursuant to Rule 3.7.2(b) does not need to include a projected date for achieving the Back-feed Milestone;

#### 3.8.1A Refurbishing CMU – declaration about refurbishing works

- (a) Paragraph (b) applies where, pursuant to Rule 3.7.2(d)(ii) and Rule 3.8.1, an Application in relation to a Refurbishing CMU states that the Qualifying £/kW Capital Expenditure is equal to or greater than the Three Year Minimum £/kW Threshold and less than the Fifteen Year Minimum £/kW Threshold.
- (b) Where this paragraph applies, the Prequalification Certificate must contain a declaration in the form set out in paragraph (f) of Exhibit A.
- (c) If an Application fails to comply with this Rule 3.8.1A the Delivery Body:
  - (i) must not prequalify the CMU for a Capacity Agreement greater than one year in duration; and
  - (ii) must, if the Application otherwise has been completed and submitted in accordance with the Rules, prequalify the CMU so that the Maximum Obligation Period of a Capacity Agreement that the Applicant may bid for is one year.

### 3.8.2 Pre-Refurbishment CMU

Each Application for a Refurbishing CMU must:

- (a) include the declaration required by Rule 3.6.1 to the extent applicable to the Pre-Refurbishment CMU;
- (b) if the Pre-Refurbishment CMU is a Mandatory CMU, comply with the requirements of either Rule 3.6 or Rule 3.6A (as applicable) or Rule 3.11; and
- (c) if the Pre-Refurbishment CMU is not a Mandatory CMU but the Applicant wishes to have the option of continuing to bid in the relevant Capacity Auction as an Existing Generating CMU following the submission of an unsuccessful Exit Bid with respect to the Refurbishing CMU, comply with the requirements of either Rule 3.6 or 3.6A (as applicable) in relation to such Pre-Refurbishment CMU.

#### 3.8.2A Fossil Fuels

An Applicant for a Refurbishing CMU must confirm whether the CMU will comprise of any Fossil Fuel Component or Storage Facility which has part or all

of its electricity requirements met by an Associated Fossil Fuel Component.

### 3.8.3 Fossil Fuel Emissions Commitment

Each Applicant for a Refurbishing CMU must provide to the Delivery Body a Fossil Fuel Emissions Commitment signed by two directors (or two officers, in the case of a body other than a company), and in such declaration, an Applicant for a CMU which does (in respect of the Pre-Refurbishment CMU) or will or may (once improvement works are complete) comprise of at least one Fossil Fuel Component or Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component (each a “relevant Fossil Fuel Component”) must declare any of the following where applicable:

- (a) that the Applicant intends to apply the Fossil Fuel Emissions CCUS Formula to determine the Fossil Fuel Emissions of a relevant Fossil Fuel Component which will be equipped with CCUS equipment;
- (b) that the Applicant intends to apply the Design Efficiency CHPQA Formula to determine the Design Efficiency of a relevant Fossil Fuel Component which will be in the Combined Heat and Power (CHP) Generating Technology Class; and/or
- (c) that the Applicant will apply the Fossil Fuel Emissions Mixed Fuel Formula or intends to apply the Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of a relevant Fossil Fuel Component that will use more than one fuel to produce electricity.

## 3.9 Additional Information for a Proven DSR CMU

### 3.9.1 DSR Test Certificate

Each Applicant for a Proven DSR CMU must include in the Application a DSR Test Certificate relating to that DSR CMU.

### 3.9.2 Permitted On-Site Generating Units

Each Applicant for a Proven DSR CMU must include in the Application details of all Permitted On-Site Generating Units and electricity connections from or through which electricity is or could be supplied to the site where and/or electrical apparatus through which the DSR will be effected.

### 3.9.3 Business Model

- (a) Each Applicant for a Proven DSR CMU must include in the Application a business model for each DSR CMU Component that comprises that DSR CMU setting out the following:
  - (i) the type of DSR effected by the DSR CMU Component;
  - (ii) a summary of the relationship between the DSR Provider and the DSR CMU Component;
  - (iii) to the extent not already provided in order to obtain a DSR Test Certificate, the information referred to in Rule 13.2.5; and
  - (iv) details of the programme or strategy for procuring that the DSR Capacity is available, including:
    - (aa) method(s) of achieving load reduction;
    - (bb) equipment controlled or installed, or to be controlled or installed; and

- (cc) details of how the DSR Capacity of the DSR CMU has been secured to the DSR Provider.
- (b) Each Applicant for a Proven DSR CMU must declare that the business model:
  - (i) is, to the best of its knowledge and belief, based on reasonable assumptions;
  - (ii) accurately describes the manner in which any DSR Capacity has been secured; and
  - (iii) is not misleading.

#### 3.9.4 Metering Arrangements

- (a) Each Applicant for a Proven DSR CMU must, subject to Rule 3.9.4(b):
  - (i) provide detailed line diagrams showing electrical configurations and metering sites at which the DSR CMU Components are located; and
  - (ii) complete a Metering Assessment in relation to that CMU.
- (b) An Applicant may elect to defer the requirements in Rule 3.9.4(a) until after the Capacity Auction to which the Application relates, in which case the Applicant must declare that it will provide detailed line diagrams showing electrical configurations and metering sites at which the Proven DSR CMU Components are located and complete a Metering Assessment for that Proven DSR CMU by:
  - (i) no later than the date falling three years prior to the start of the relevant Delivery Year in the case of a Proven DSR CMU that has been awarded a Capacity Agreement in a T-4 Auction; or
  - (ii) no later than the date falling six months prior to the start of the relevant Delivery Year in the case of a Proven DSR CMU that has been awarded a Capacity Agreement in any auction other than a T-4 Auction; or
  - (iii) no later than the date falling four months prior to the start of the relevant Delivery Year where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months.
- (c) The Delivery Body must send to the CM Settlement Body a copy of any completed Metering Assessment, or other information provided by the applicant under (a), (b) and (d).
- (d) An Applicant may amend a Metering Assessment completed in compliance with Rule 3.9.4(a)(ii), provided that:
  - (i) if the application relates to a T-4 Auction, any amendments are made by the earlier of:
    - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
    - (bb) the date falling 18 months prior to the start of the first Delivery Year; and
  - (ii) if the application relates to a T-1 Auction or where the time period

between the Delivery Year and the auction is less than eight months, any amendments are made by the earlier of:

- (aa) the earliest date the Applicant provides any Metering Test Certificate; and
- (bb) the date falling two weeks prior to the start of the first Delivery Year.

### 3.9.5 Fossil Fuel Emissions Declaration

- (a) Subject to Rule 3.9.5(b), Rule 3.9.5(ca) and Rule 3.9.5(d) an Applicant for a Proven DSR CMU must provide to the Delivery Body a Fossil Fuel Emissions Declaration if the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component (each a “relevant Fossil Fuel Component”).
- (b) The Applicant is not required to provide a Fossil Fuel Emissions Declaration under this Rule 3.9.5 if the Applicant confirms in the Application that:
  - (i) after the coming into force of the Capacity Market (Amendment) (No. 2) Rules 2020, a Fossil Fuel Emissions Declaration has been provided to the Delivery Body in respect of the CMU (a “previous Fossil Fuel Emissions Declaration”) which is not a Fossil Fuel Emissions Declaration specified in Rule 3.9.5(c);
  - (ii) there has been no Emissions Related Material Change to the CMU or a relevant Fossil Fuel Component since the previous Fossil Fuel Emissions Declaration was provided;
  - (iii) the previous Fossil Fuel Emissions Declaration did not contain values for the Fossil Fuel Yearly Emissions of any relevant Fossil Fuel Component;
  - (iv) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions CCUS Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component; and
  - (v) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions Mixed Fuel Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component;
  - (vi) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions Composite Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component
  - (vii) the previous Fossil Fuel Emissions Declaration did not declare that the Design Efficiency CHPQA Formula was used to determine the Design Efficiency of any relevant Fossil Fuel Component.
- (c) A Fossil Fuel Emissions Declaration specified in this Rule 3.9.5(c) is:
  - (i) a Transitional Fossil Fuel Emissions Declaration; or
  - (ii) in the event the Application is in respect of the Delivery Year commencing on 1 October 2024 or any subsequent Delivery Year, a Pre-2024 T-1 Fossil Fuel Emissions Declaration.
- (ca) The Applicant is not required to provide a Fossil Fuel Emissions Declaration under this Rule 3.9.5 if the Applicant makes a declaration in accordance with Rule 3.9.5A(b).

(d) An Applicant is not required to provide a Fossil Fuel Emissions Declaration under this Rule 3.6.5 if the Applicant confirms in the Application that:

- (i) the Application is in respect of a Pre-2024 T-1 Auction; and
- (ii) each relevant Fossil Fuel Component comprised in the CMU has a Commercial Production Start Date which is before 4 July 2019.

3.9.5A Exemption from requirement to provide Fossil Fuel Emissions Declaration at Prequalification

(a) An Applicant which is subject to Rule 3.9.5(a) ("Applicant Y") is not required to provide a Fossil Fuel Emissions Declaration if Applicant Y complies with Rule 3.9.5A(b), and provided that;

- (i) Applicant Y provides the confirmations in Rule 3.9.5A(b)(i)(aa) or (dd) only where Applicant Y, acting reasonably, determines that the CMU would not prequalify under Rule 4.4.2(k)(i) or (ii) if a Fossil Fuel Emissions Declaration were to be provided with the Application;
- (ii) Applicant Y provides the confirmation in Rule 3.9.5A(b)(i)(bb) only in circumstances where a Generating Unit comprised in the CMU uses more than one fuel to produce electricity and Applicant Y does not intend to apply the Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of that component;
- (iii) Applicant Y provides the confirmation in Rule 3.9.5A(b)(i)(cc) in circumstances where a Generating Unit comprised in the CMU uses more than one fuel to produce electricity and is equipped with CCUS equipment, and Applicant Y, acting reasonably, determines that the CMU would not prequalify under Rule 4.4.2(k)(i) or (ii) if a Fossil Fuel Emissions Declaration were to be provided with the Application (where Applicant Y makes the declaration in Rule 3.9.5A(b)(ii)(aa) in respect of the Fossil Fuel Emissions Composite Formula); or
- (iv) Applicant Y provides the confirmation in Rule 3.9.5A(b)(i)(cc) in circumstances where a Generating Unit comprised in the CMU uses more than one fuel to produce electricity and is equipped with CCUS equipment (where Applicant Y makes the declaration in Rule 3.9.5A(b)(ii)(bb) in respect of the Fossil Fuel Emissions Composite Formula).

(b) To comply with this Rule 3.9.5A(b), Applicant Y must:

- (i) confirm that at least one of the following formulae will be applied in respect of a relevant Fossil Fuel Component (as defined in Rule 3.9.5(a)) when determining its Fossil Fuel Emissions:
  - (aa) the Fossil Fuel Emissions CCUS Formula;
  - (bb) the Fossil Fuel Emissions Mixed Fuel Formula;
  - (cc) the Fossil Fuel Emissions Composite Formula; and/or
  - (dd) the Design Efficiency CHPQA Formula;
- (ii) confirm that, at the date the Application is submitted;
  - (aa) it is not possible to determine the  $CO_{2\text{transferred}}$  or  $CO_{2\text{generated}}$  (and

therefore the TCF) of a relevant Fossil Fuel Component in respect of which Applicant Y intends to apply the Fossil Fuel Emissions CCUS Formula or the Fossil Fuel Emissions Composite Formula to determine Fossil Fuel Emissions because, in the 14 months preceding the commencement of the Prequalification Window, there has not been a continuous period of 12 months during which the data required is available;

(bb) it is not possible to determine the FS of a fuel (and therefore the EFW) of a relevant Fossil Fuel Component in respect of which Applicant Y will apply the Fossil Fuel Emissions Mixed Fuel Formula or intends to apply the Fossil Fuel Emissions Composite Formula to determine Fossil Fuel Emissions because, in the 14 months preceding the commencement of the Prequalification Window, there has not been a continuous period of 12 months during which the data required is available; and/or

(cc) it is not possible to determine the Design Efficiency of a relevant Fossil Fuel Component in respect of which Applicant Y intends to apply the Design Efficiency CHPQA Formula because a Qualifying CHPQA Certificate has not been issued in respect of that component; and

(iii) confirm that a Fossil Fuel Emissions Declaration will be provided prior to the deadline in Rule 8.3.12A(b).

### 3.9.6 Confirmation by a Proven DSR CMU not using Fossil Fuels

An Applicant for a Proven DSR CMU which is not a CMU described in Rule 3.9.5(a) must declare that if, after the Capacity Auction to which the Application relates, there is an Emissions Related Material Change to the CMU, the Applicant will provide:

(a) confirmation to the Delivery Body within two months following the Emissions Related Material Change:

(i) whether the Commercial Production Start Date of each Fossil Fuel Component or Associated Fossil Fuel Component added is before or on or after 4 July 2019; and

(ii) whether the Applicant will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of a Fossil Fuel Component or Associated Fossil Fuel Component and/or whether the Capacity Provider intends to rely on the Design Efficiency CHPQA Formula to determine the Design Efficiency of a component.

(b) a Fossil Fuel Emissions Declaration to the Delivery Body by the deadline in Rule 8.3.12(b).

### 3.9.7 Pre-2024 T-1 Auction confirmation

An Applicant which gives a confirmation under Rule 3.9.5(d) must declare that if, after the Capacity Auction to which the Application relates, there is an Emissions Related Material Change that results in the CMU comprising of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, and which has a Commercial Production Start Date after 4 July 2019, it will provide:

- (a) confirmation to the Delivery Body within two months following the Emissions Related Material Change:
  - (i) whether the Commercial Production Start Date of each Fossil Fuel Component or Associated Fossil Fuel Component added is after 4 July 2019; and
  - (ii) whether, in respect of a Fossil Fuel Component or Associated Fossil Fuel Component, the Applicant will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine its Fossil Fuel Emissions and/or apply the Design Efficiency CHPQA Formula to determine its Design Efficiency.
- (b) a Fossil Fuel Emissions Declaration to the Delivery Body by the deadline in Rule 8.3.12(b)(ii).

### **3.10 Additional Information for an Unproven DSR CMU**

#### **3.10.1 Business Plan**

- (a) Each Applicant for an Unproven DSR CMU must include in the Application a business plan setting out the following:
  - (i) details of the Unproven DSR CMU proposal including steps already taken to acquire the DSR Capacity and/or Contractual DSR Control;
  - (ii) all the information required for a business model pursuant to Rule 3.9.3 in relation to any DSR CMU Component with which the DSR Provider has already established a relationship;
  - (iii) such information required for a business model pursuant to Rule 3.9.3 as is available to the DSR Provider in relation to any DSR CMU Component with which the DSR Provider intends to establish a relationship; and
  - (iv) details of the programme or strategy for procuring any further DSR CMU Components to ensure that the Unproven DSR Capacity is available, including:
    - (aa) method(s) of achieving load reduction;
    - (bb) equipment controlled or installed, or to be controlled or installed;
    - (cc) details of how the DSR Capacity of the DSR CMU has, or will be, secured to the DSR Provider; and
    - (dd) such other requirements as may be specified by the Delivery Body from time to time.
- (aa) An Applicant for an Unproven DSR CMU (“CMU A”) that is intending to bid for a Capacity Agreement of a duration exceeding one Delivery Year must include in the Application:
  - (i) a statement as to whether the expected Qualifying £/kW Capital Expenditure for CMU A will be:
    - (aa) equal to or greater than the Fifteen Year Minimum £kW

Threshold; or

- (bb) equal to or greater than the Three Year Minimum £kW Threshold and less than the Fifteen Year Minimum £kW Threshold;
  - (ii) details of how the Applicant has taken, or will take, steps to acquire DSR CMU Components and/or Contractual DSR Control so the actual Qualifying £/kW Capital Expenditure will be equal to or greater than the expected Qualifying £/kW Capital Expenditure;
  - (iii) an estimate of Capital Expenditure in respect of each DSR CMU Component and the Total Project Spend; and
  - (iv) a declaration stating:
    - (aa) whether the CMU A contains or will contain at least one DSR CMU Component that contains a Storage Facility;
    - (bb) that, if a declaration is made that CMU A contains or will contain at least one DSR CMU Component that contains a Storage Facility, which Storage Generating Technology Class should be used for the purpose of calculating the Derating Factor to be applied to CMU A under Rule 2.3.4(e); and
    - (cc) that if all of the following circumstances apply in respect of a DSR CMU Component (“Component X”), the Applicant acknowledges that Capital Expenditure incurred in respect of the Component X will not form part of the Total Project Spend for CMU A:
      - (i) CMU A contains (or will contain) Component X;
      - (ii) Component X formed part of another DSR CMU (“CMU B”);
      - (iii) CMU B was awarded a Capacity Agreement of a duration exceeding one Delivery Year, which has not been reduced to one Delivery Year under Rule 8.3.6(d); and
      - (iv) CMU B incurred Capital Expenditure in respect of Component X, which was certified under Rule 8.3.6 to be part of the Total Project Spend for CMU B.
- (b) Each Applicant for an Unproven DSR CMU must declare that the Business Plan:
- (i) is, to the best of its knowledge and belief, based on reasonable assumptions;
  - (ii) accurately describes the manner in which any DSR Capacity has been, or will be, secured; and
  - (iii) is not misleading

### 3.10.2 Required Testing

Each Applicant for an Unproven DSR CMU must confirm that it will complete in relation to that CMU:

- (a) prior to the date falling one month before the commencement of the Delivery Year to which the Capacity Auction relates (or in the case of an Applicant intending to bid for a Capacity Agreement of a duration exceeding one Delivery Year, prior to the date falling one month before the commencement of the second Delivery Year to which the Capacity Auction relates), a DSR Test or Joint DSR Test;
- (b) prior to the date falling four months before the commencement of the Delivery Year to which the Capacity Auction relates (or, in the case of an Applicant intending to bid for a Capacity Agreement of a duration exceeding one Delivery Year, prior to the date falling four months before the commencement of the second Delivery Year to which the Capacity Auction relates), a Metering Assessment (including providing line diagrams as described in Rule 3.9.4(a)(i)); and
- (c) prior to the date falling two weeks before the commencement of the Delivery Year to which the Capacity Auction relates (or, in the case of an Applicant intending to bid for a Capacity Agreement of a duration exceeding one Delivery Year, prior to the date falling two weeks before the commencement of the second Delivery Year to which the Capacity Auction relates), if required, a Metering Test.

### 3.10.3 Information on existing Applicant Credit Cover

- (a) This Rule 3.10.3 applies to an Applicant for an Unproven DSR CMU, consisting of the same DSR CMU Components as the Unproven DSR CMU for which it has an existing Capacity Agreement, who:
  - (i) has previously provided Applicant Credit Cover in respect of that Unproven DSR CMU; and
  - (ii) wishes to be exempt from the requirement to provide further Applicant Credit Cover in accordance with Regulation 59(1B).
- (b) Such an Applicant must include in the Application:
  - (i) confirmation that its Application is for the same Unproven DSR CMU as the one to which that existing Capacity Agreement relates;
  - (ii) the unique CMU identifier of that Unproven DSR CMU; and
  - (iii) confirmation that the Applicant Credit Cover previously provided has not been drawn down under Regulation 61 or released under Regulation 58(1)(a).

### 3.10.3A Fossil Fuels

An Applicant for an Unproven DSR CMU must declare whether the CMU will comprise of any Fossil Fuel Component or Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component.

### 3.10.4 Fossil Fuel Emissions Commitment

An Applicant for an Unproven DSR CMU must provide to the Delivery Body a Fossil Fuel Emissions Commitment signed by two directors (or two officers, in the case of a body other than a company), and in such declaration, an Applicant for a CMU which will or may comprise of at least one Fossil Fuel Component or Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component (each a “relevant Fossil Fuel Component”) must confirm the following where applicable:

- (a) that the Applicant intends to apply the Fossil Fuel Emissions CCUS Formula to determine the Fossil Fuel Emissions of a relevant Fossil Fuel Component which will be equipped with CCUS equipment;
- (b) that the Applicant intends to apply the Design Efficiency CHPQA Formula to determine the Design Efficiency of a relevant Fossil Fuel Component which will be in the Combined Heat and Power (CHP) Generating Technology Class; or
- (c) that the Applicant will apply the Fossil Fuel Emissions Mixed Fuel Formula or intends to apply the Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of a relevant Fossil Fuel Component will use more than one fuel to produce electricity.

### **3.10A Applications for a Supplementary Auction or the first T-1 Auction: Connection Arrangements**

3.10A.1 In the case of an Application to participate in:

- (a) a Supplementary Auction, Rules 3.10A.2 and 3.10A.3 apply; and
- (b) the T-1 Auction for the Delivery Year commencing on 1 October 2018 (if any), Rules 3.10A.2(a), 3.10A.3(a) and 3.10A.3(b) apply.

3.10A.2 An Applicant that is unable to give the confirmation referred to in:

- (a) Rule 3.6.3(a)(i),
- (b) Rule 3.6A.2(a),
- (c) Rule 3.7.3(a)(i), or
- (d) Rule 3.7.3(aa)(i),

as the case may be, may instead of complying with Rule 3.6.3(a), Rule 3.6A.2, Rule 3.7.3(a) or Rule 3.7.3(aa) declare that it will provide the required copy of the Grid Connection Agreement by the date falling 6 months prior to the commencement of the relevant Delivery Year, with such an agreement being in force by that date.

3.10A.3 An Applicant that is unable to:

- (a) give the confirmation referred to in Rule 3.6.3(c)(i),
- (b) provide a letter with the confirmation referred to in Rule 3.6.3(d), or
- (c) give the confirmation referred to in Rule 3.7.3(b)(i),

as the case may be, may instead of complying with Rule 3.6.3(c), Rule 3.6.3(d) or Rule 3.7.3(b) declare that it will provide the required copy of the Distribution Connection Agreement, written confirmation, letter from the Private Network owner or connection offer by the date falling 6 months prior to the commencement of the relevant Delivery Year, with any corresponding Distribution Connection Agreement or agreement with the relevant Distribution Network Operator being in force by that date.

### 3.11 Opt-out Notifications

3.11.1 For each Capacity Auction, if no Application is made in relation to a Mandatory CMU, the person who is the legal owner of that Mandatory CMU must, during the Prequalification Window, submit an Opt-out Notification to the Delivery Body.

3.11.2 An Opt-out Notification must state:

- (a) the name of the CMU owner submitting the notification;
- (b) if relevant, the corporate registration number of the CMU owner;
- (c) contact details, including registered address of the CMU owner and name of authorised contact person at the CMU owner who is responsible for liaising with the Delivery Body in relation to the Opt-out Notification;
- (d) the CMU to which the Opt-out Notification relates including a description of, and the full postal address with postcode and the two letter prefix and six-figure Ordnance Survey grid reference numbers of, the Electricity Interconnector or the Generating Unit(s) and/or DSR CMU Component(s) and Meter Point Administration Numbers for all the relevant Meter(s);
- (e) the Connection Capacity of the CMU for the Delivery Year to which the Capacity Auction relates;
- (f) whether the CMU:
  - (i) will be closed down, decommissioned or otherwise non-operational by the commencement of the Delivery Year to which the Capacity Auction relates;
  - (ii) will be temporarily non-operational for all the Winter of the Delivery Year to which the Capacity Auction relates but will be operational thereafter; or
  - (iii) will remain operational during the Delivery Year to which the Capacity Auction relates,

in each case providing a summary of the reasons for that statement.

3.11.2A If an Opt-out Notification states, pursuant to Rule 3.11.2(f)(iii), that the CMU will remain operational during the Delivery Year, the summary of the reasons for that statement must explain if a reason for the statement is that the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, any of which would exceed the Fossil Fuel Emissions Limit if a Fossil Fuel Emissions Declaration in respect of the CMU were made as part of an Application for Prequalification.

3.11.3 The Delivery Body must notify the CM Settlement Body of any Opt-out Notification with respect to a CMU that makes a statement pursuant to Rule 3.11.2(f)(ii) and the CM Settlement Body must notify the Delivery Body if any such CMU provides electricity during the relevant Winter.

3.11.4 [Omitted]

3.11.5 The person submitting an Opt-out Notification must make a declaration of the matters set out in Exhibit C as at the date of the Opt-out Notification.

3.11.6 For the purposes of Rule 3.11.5, Exhibit C is to be read as if references to the

Applicant or to Applicant-related Parties were references to the person submitting the Opt-out Notification.

### **3.12 Declaration to be made when submitting an Application**

3.12.1 A person submitting an Application or an Opt-out Notification must ensure and confirm in the Application or the Opt-out Notification that:

- (a) in all material respects, the Application or Opt-out Notification and, in the case of an Application, all Additional Information submitted by the Applicant; and
- (b) in all respects, each of the specific declarations referred to in Rules 3.4 to 3.11 (where relevant),

is true and correct (or, to the extent that the Additional Information is a copy document, that it is a true and correct copy) and that the Application and Additional Information has been authorised by the board of directors of the Applicant or the person submitting the Opt-out Notification (as applicable).

3.12.2 Each person submitting an Application must ensure that copies of the papers prepared to inform:

- (a) such of the specific declarations referred to in Rules 3.4 to 3.11 as are relevant); and
- (b) the issuance of a Prequalification Certificate,

are retained for a period up to and including the tenth anniversary of the end of the relevant Delivery Year.

3.12.3 Each Application must be accompanied by a Prequalification Certificate signed by two directors of the Applicant.

3.12.4 Each Application and each Opt-out Notification must be accompanied by a Certificate of Conduct signed by two directors of the Applicant or the person submitting the Opt-out Notification (as applicable).

3.12.5 Not used.

3.12.6 In relation to an Applicant or a person submitting an Opt-out Notification which is not a company, references in this Rule to “directors” or the “board of directors” are to be read as references to the officers of that person.

### **3.13 Application process for Secondary Trading Entrants**

3.13.1 A Secondary Trading Entrant may submit an Application at any time from the Auction Results Day for the relevant T-1 Auction up to the end of the relevant Delivery Year, other than during the Prequalification Assessment Window for any Capacity Auction.

3.13.2 An Application submitted in accordance with Rule 3.13.1 must comply with Chapter 3, except to the extent that this Chapter 3 requires the submission of the Application during the Prequalification Window.

### **3.14 Retention of Applications and Opt-out Notifications by the Delivery Body**

3.14.1 Subject to Rule 3.14.2, the Delivery Body must retain all Applications and Opt-out Notifications (including the Additional Information and any evidence submitted with the Application or Opt-out Notification) for a period of ten years from the end of the relevant Delivery Year.

3.14.2 The Delivery Body must retain all Applications which as at the end of the period referred to in Rule 3.14.1 are the subject of a review or appeal brought in accordance with the Rules or the Regulations until such review or appeal has been determined and no further review or appeal may be brought.

### **3.15 Requirements for a Fossil Fuel Emissions Declaration**

3.15.1 A Fossil Fuel Emissions Declaration must:

- (a) subject to Rule 3.15.2, be signed by an Independent Emissions Verifier if the Fossil Fuel Emissions Declaration contains values for Fossil Fuel Emissions and, where applicable, Fossil Fuel Yearly Emissions; and
- (b) subject to Rule 3.15.3, specify the Fossil Fuel Emissions of each relevant Fossil Fuel Component with an Installed Capacity equal to or greater than 1MW with a Commercial Production Start Date before 4 July 2019 and, if the Fossil Fuel Emissions of that relevant Fossil Fuel Component exceeds the Fossil Fuel Emissions Limit, specify the Fossil Fuel Yearly Emissions of that Fossil Fuel Component.

3.15.2 The requirement in Rule 3.15.1(a) does not apply if the Fossil Fuel Emissions Declaration is a Transitional Fossil Fuel Emissions Declaration.

3.15.3 The requirement in Rule 3.15.1(b) does not apply if the Fossil Fuel Emissions Declaration is a Pre-2024 T-1 Fossil Fuel Emissions Declaration.

## CHAPTER 4: DETERMINATION OF ELIGIBILITY

### 4. Determination of eligibility

#### 4.1 Purpose of this Chapter

- 4.1.1 The Rules govern the process by which the Delivery Body determines whether to prequalify a CMU on the basis of an Application received pursuant to the Rules in Chapter 3.

#### 4.2 Delivery Body to assess the completeness of an Application

- 4.2.1 Following receipt of an Application in accordance with Chapter 3, the Delivery Body must check that:
- (a) the Application has been completed and submitted in accordance with the Regulations and the Rules; and
  - (b) the required Additional Information appears to have been included.
- 4.2.2 The Delivery Body has no obligation to consider and check an Application prior to the closing of the Prequalification Window.
- 4.2.3 If an Application and Opt-out Notification, or more than one Application or Opt-out Notification is received with respect to a CMU during a Prequalification Window, the most recent in time to be submitted will prevail and any earlier Application or Opt-out Notification will be deemed not to have been submitted.
- 4.2.4 Any evidence which does not meet the requirements of the Regulations, the Rules or the Auction Guidelines or such other requirements as specified by the Delivery Body under Rule 3.3.7(b)(iii) may be rejected by the Delivery Body. However, failure by the Delivery Body to reject evidence does not constitute, and must not be taken as constituting, a representation that such evidence satisfies the aforementioned requirements.

#### 4.3 Delivery Body to review complete Applications

- 4.3.1 For each Application submitted in accordance with the Regulations and the Rules, the Delivery Body must:
- (a) review the Additional Information submitted with the Application; and
  - (b) satisfy itself that the CMU is not a Defaulting CMU for that Capacity Auction; and
  - (c) where the Application is for a Generating CMU or an Interconnector CMU, satisfy itself that the CMU is not an Excluded CMU for that Capacity Auction.
- 4.3.2 Save where Rule 3.6.1(b) applies, the Delivery Body must verify the data submitted by the Applicant with regard to the physically generated net output of an Existing Generating CMU pursuant to Rule 3.6.1 or the Net Output of an Existing Interconnector CMU pursuant to Rule 3.6A.1.
- 4.3.3 If:
- (a) an Applicant nominated the Connection Capacity of a Generating Unit comprised in an Existing Generating CMU pursuant to Rule 3.5.3; and

- (b) the Delivery Body determines that the physically generated net output of the Generating Unit in any Settlement Period specified by the Applicant pursuant to Rule 3.6.1 was different to that which was submitted by the Applicant,

the Delivery Body must recalculate the Connection Capacity of the CMU based on its determination of such output.

#### **4.4 Decisions to be made by the Delivery Body**

- 4.4.1 The Delivery Body must, for each CMU for which an Application has been received, determine whether the CMU has prequalified for the Capacity Auction (the "Prequalification Decision").
- 4.4.2 Subject to Rule 3.8.1A(c)(ii), the Delivery Body must not Prequalify a CMU where:
  - (a) it is aware that the Application has not been completed or submitted in accordance with the Rules;
  - (aa) it reasonably believes that any information or declaration submitted in or with an Application does not comply with the requirements in Rule 3.12.1;
  - (b) the required Additional Information is missing;
  - (c) any Meter Point Administration Number specified in relation to the CMU pursuant to Rule 3.4.3(a)(ii) has already been registered to another CMU in respect of which a person either:
    - (i) has a Capacity Agreement in relation to one or more of the same Delivery Years; or
    - (ii) has submitted a prior Application in the same Prequalification Window,unless the Application includes a declaration under Rule 3.4.3(b); or
  - (d) any Generating Unit comprised in a CMU which is also a BM Unit has already been registered to another CMU in respect of which a person either:
    - (i) has a Capacity Agreement in relation to one or more of the same Delivery Years; or
    - (ii) has submitted a prior Application in the same Prequalification Window;
  - (e) the Delivery Body is unable to obtain any data with respect to the physically generated net output for a Generating Unit comprised in an Existing Generating CMU in any Settlement Period nominated by the Applicant pursuant to Rule 3.6.1;
  - (f) the physically generated net outputs, or Metered Volumes where applicable, of an Existing Generating CMU in the Settlement Periods nominated by the Applicant pursuant to Rule 3.6.1 are not each greater than the Anticipated De-rated Capacity;

- (g) the Delivery Body is unable to obtain any data with respect to the Net Output of an Existing Interconnector CMU in any Settlement Period nominated by the Applicant pursuant to Rule 3.6A.1;
- (h) the Net Outputs of an Existing Interconnector CMU in the Settlement Periods nominated by the Applicant pursuant to Rule 3.6A.1, as recorded for the purposes of the BSC by file CDCA-I041 of the Central Data Collection Agent (CDCA), are not each greater than zero.; or
- (i) the Applicant is required to provide a Fossil Fuel Emissions Commitment under Rule 3.7.4, Rule 3.8.3 or Rule 3.10.4, but has not done so or has provided a Fossil Fuel Emissions Commitment which the Delivery Body considers does not fully address the matters set out in Exhibit ZB
- (j) the Applicant is required to provide a Fossil Fuel Emissions Declaration under Rule 3.6.5 or Rule 3.9.5, but has not done so or has provided a Fossil Fuel Emissions Declaration which the Delivery Body considers does not fully address the matters set out in Exhibit ZA; or
- (k) the Applicant has provided a Fossil Fuel Emissions Declaration under Rule 3.6.5 or Rule 3.9.5 in which the Applicant declares that in respect of a Fossil Fuel Component or Associated Fossil Fuel Component specified in the declaration (a “relevant Fossil Fuel Component”):
  - (i) the relevant Fossil Fuel Component exceeds the Fossil Fuel Emissions Limit (and, in the case of a relevant Fossil Fuel Component with a Commercial Production Start Date before 4 July 2019, no value for the Fossil Fuel Yearly Emissions has been provided); or
  - (ii) in the case of a relevant Fossil Fuel Component with a Commercial Production Start Date before 4 July 2019, the relevant Fossil Fuel Component exceeds both the Fossil Fuel Emissions Limit and the Fossil Fuel Yearly Emissions Limit

4.4.3 Subject to Rule 4.4.3A, Rule 4.4.3AB, Rule 4.4.3AC and Rule 5.15.1(b), save as may be amended following any dispute resolution or appeals process or a failure to provide Applicant Credit Cover as required by Rule 4.6, the Prequalification Decision will be final and binding on the Applicant and all other persons who participate in the relevant Capacity Auction.

4.4.3A Following the Prequalification Results Day but prior to the commencement of the first Bidding Window for the relevant Capacity Auction, where the Delivery Body becomes aware or reasonably believes that any information or declaration submitted in or with an Application in respect of a Prequalified CMU did not comply with the requirements in Rule 3.12.1 or that any declaration submitted under Rule 4.7 is false or misleading, the Delivery Body must:

- (a) notify the relevant Applicant as soon as reasonably practicable that the CMU is no longer Prequalified; and
- (b) send a copy of that notice to the Authority.

4.4.3AB Following the Prequalification Results Day but prior to the commencement of the first Bidding Window for the relevant Capacity Auction, where the Delivery Body

becomes aware that an Application in respect of a Prequalified CMU would be rejected on the grounds that it did not comply with Rule 3.3.3(d) if the Application was being considered afresh, the Delivery Body must:

- (a) notify the relevant Applicant as soon as reasonably practicable that:
  - (i) the CMU is no longer Prequalified; or
  - (ii) if the Application complied with Rule 3.6 or 3.6A, the CMU is now Prequalified as the Existing CMU that will remain in the absence of any improvement works being carried out; and
- (b) send a copy of that notice to the Authority.

4.4.3AC Following the Prequalification Results Day but prior to the commencement of the first Bidding Window for the relevant Capacity Auction, where the Delivery Body becomes aware that an Application in respect of a Prequalified CMU would be rejected on the grounds that it did not comply with Rule 3.3.3(e) or Rule 3.3.3(f) if the Application was being considered afresh, the Delivery Body must:

- (a) notify the relevant Applicant as soon as reasonably practicable that the CMU is no longer Prequalified; and
- (b) send a copy of that notice to the Authority.

4.4.3B Notwithstanding Rule 7.3, where the Delivery Body notifies an applicant under Rule 4.4.3A, Rule 4.4.3AB, Rule 4.4.3AC or Rule 5.15.1(b) that a CMU is no longer Prequalified or that a CMU is now Prequalified as an Existing CMU under Rule 4.4.3AB, the Prequalification status of that CMU is confirmed at the point at which the Delivery Body makes such notification.

4.4.3C Part 10 of the Regulations shall apply to a decision by the Delivery Body to notify an Applicant under Rule 4.4.3A Rule 4.4.3AB or Rule 4.4.3AC that a CMU is no longer Prequalified, or a decision by the Delivery Body to notify an Applicant under Rule 4.4.3AB that a CMU is now Prequalified as an Existing CMU under Rule 4.4.3AB, as it applies to a “prequalification decision” within the meaning of Regulation 2.

4.4.4 The configuration of Generating Units that comprise a CMU must not be changed once that CMU has Prequalified.

4.4.5 Subject to changes made in accordance with Rule 8.3.4, the configuration of Proven DSR CMU Components that comprise a DSR CMU must not be changed once that CMU has Prequalified.

#### **4.5 Notification of Prequalification decision to Applicants**

4.5.1 On the Prequalification Results Day, the Delivery Body will notify each Applicant other than a Secondary Trading Entrant, the Secretary of State, the CM Settlement Body and the Authority of the following information:

- (a) the Prequalification Decision for each CMU for which it has made an Application;
- (b) where the Prequalification Decision is that the CMU has Prequalified:
  - (i) the De-rated Capacity of the CMU;
  - (ii) if the CMU is a New Build CMU which has not yet satisfied its

Financial Commitment Milestone or an Unproven DSR CMU and unless the Applicant is a person to whom Rule 3.6C.1 or 3.10.3 applies who has complied with the requirements of Rule 3.6C.1(b) or 3.10.3(b), that its Prequalification is conditional upon the Applicant satisfying the requirement in Rule 4.6 and the amount of Applicant Credit Cover to be provided;

- (iii) if the CMU is a New Build CMU which is a Distribution CMU and has made a declaration or provided a letter pursuant to Rule 3.7.3(c), that its Prequalification is conditional upon the Applicant satisfying the requirement in Rule 4.6 and the amount of Applicant Credit Cover to be provided;
- (iv) in relation to the First Full Capacity Auction and the Second Full Capacity Auction only, if the CMU is an Existing Generating CMU that is a Transmission CMU and the Applicant made a declaration pursuant to Rule 3.6.3(b), that its Prequalification is conditional upon the Applicant satisfying the requirement in Rule 4.6 and the amount of Applicant Credit Cover to be provided;
- (iva) in relation to a Supplementary Auction only, if the Applicant has made a declaration pursuant to Rule 3.10A.2 or 3.10A.3, that its Prequalification is conditional upon the Applicant satisfying the requirement in Rule 4.6 and the amount of Applicant Credit Cover to be provided;
- (v) if the CMU is a Prospective Generating CMU and the Applicant made a declaration pursuant to Rule 3.7.1(a)(i), that its Prequalification is conditional upon the Applicant satisfying the planning consents requirement in Rule 4.7.
- (va) Not used.
- (vi) if the CMU is a Prospective Generating CMU or a DSR CMU, that it is a Price-Maker (which status, in the case of a Refurbishing CMU, does not automatically extend to the Pre-Refurbishment CMU);
- (vii) where the CMU is an Existing Generating CMU or Interconnector CMU, that it is a Price-Taker unless it complies with Rule 4.8;
- (viii) the Maximum Obligation Period of the Capacity Agreement that the Applicant may bid for in the Capacity Auction for that CMU;
- (ix) the status of the CMU as a Transmission CMU, a CMRS Distribution CMU, a Non-CMRS Distribution CMU, an Interconnector CMU or a DSR CMU;
- (x) in the case of a Generating CMU or an Interconnector CMU, whether it is an Existing CMU, a New Build CMU or a Refurbishing CMU; and
- (xi) Not used.

4.5.1A The Delivery Body must make an entry on the Capacity Market Register for each of the items in Rule 4.5.1 on the day on which the Secretary of State is given the notification required by Regulation 23(1), and in accordance with the Rules set

out in Chapter 7.

- 4.5.2 The Delivery Body must notify all Applicants no later than 15 Working Days prior to the commencement of the Capacity Auction of the list of Applicants with fully Prequalified CMUs (excluding any Applicant to whom Rule 4.6.4 applies) and Conditionally Prequalified CMUs (as defined in Rule 4.6.1A) as at that date.
- 4.5.3 The Delivery Body must issue authenticated communication codes/instructions through the EMR Delivery Body Portal, no later than 10 Working Days prior to the commencement of the first Bidding Round in the relevant Capacity Auction, to:
  - (a) all Applicants with fully Prequalified CMUs; and
  - (b) any Applicant permitted to bid into that Capacity Auction pursuant to Regulation 73(4).

#### **4.5ZA Amendments to Storage Generating Technology Classes after close of Prequalification Window**

- 4.5ZA.1 If, following the close of the Prequalification Window for a Capacity Auction held in the 2017/18 Auction Window, the Secretary of State makes amendments to the Generating Technology Classes in Schedule 3 to introduce new Storage Generating Technology Classes for that Capacity Auction:
  - (a) the Delivery Body must notify any Applicant for a CMU that no longer falls within the Storage Generating Technology Class specified in its Application (an “affected Applicant”) of the new Storage Generating Technology Classes and their De-rating Factors by no later than five Working Days after the amendments to the Storage Generating Technology Classes; and
  - (b) an affected Applicant must notify the Delivery Body of the applicable Storage Generating Technology Class for that CMU by no later than ten Working Days after the amendments to the Storage Generating Technology Classes.
- 4.5ZA.2 If an affected Applicant fails to give the Delivery Body the notice required under Rule 4.5ZA.1 or a notice under Rule 4.11A.1 by the deadline in Rule 4.5ZA.1(b), the Delivery Body must treat the relevant CMU as falling within the Storage Generating Technology Class with the lowest De-rating Factor for the purpose of updating the Capacity Market Register.
- 4.5ZA.3 If an affected Applicant gives notice under Rule 4.5ZA.1(b), or where Rule 4.5ZA.2 applies, the Delivery Body must, by no later than thirteen Working Days after the amendments to the Storage Generating Technology Classes, notify the affected Applicant stating:
  - (a) the Storage Generating Technology Class and De-rated Capacity which applies to the relevant CMU; and
  - (b) where the De-rated Capacity of the relevant CMU is recorded on the Capacity Market Register, that the Capacity Market Register has been updated to record any change to the De-rated Capacity of the relevant CMU.
- 4.5ZA.4 Where the De-rated Capacity of a CMU has been amended in accordance with Rule 4.5ZA.3, the Applicant for that CMU may submit a request to the CM Settlement Body for a portion of its Applicant Credit Cover to be released in accordance with the Regulations.

#### **4.5A New Build Interconnector CMU and Unproven DSR CMU: Applicant Credit Cover**

- 4.5A.1 For the purpose of Regulation 59(1B), an Applicant for an Unproven DSR CMU to whom Rule 3.10.3 applies or an Applicant for a New Build Interconnector CMU to whom Rule 3.6C.1 applies must provide further Applicant Credit Cover if Rule 4.5A.2 applies.
- 4.5A.2 This Rule 4.5A.2 applies where the CM Settlement Body has drawn down the Applicant Credit Cover previously provided under Regulation 61 or (in the case of an Unproven DSR CMU) released it under Regulation 58(1)(a), and has given notice accordingly under Rule 4.5C.
- 4.5A.3 Where Rule 4.5A.2 applies, the Delivery Body must:
- (a) notify the Applicant that it must, within fifteen Working Days of such notification, provide further Applicant Credit Cover to the CM Settlement Body in accordance with Part 7 of the Regulations; and
  - (b) provide a copy of that notice to the CM Settlement Body.
- 4.5A.4 A notice served by the Delivery Body on the Applicant under Rule 4.5A.3 shall be deemed to be a conditional prequalification notice for the purposes of Part 7 of the Regulations.
- 4.5A.5 If the CM Settlement Body gives notice to the Applicant that it has approved that further Applicant Credit Cover, the Applicant must within five Working Days provide the Delivery Body with a copy of that notice.
- 4.5A.6 Within five Working Days of receiving a copy of a notice in accordance with Rule 4.5A.5, the Delivery Body must notify the Applicant that it is fully Prequalified.
- 4.5A.7 If the Delivery Body has not received a copy of a notice in accordance with Rule 4.5A.5 within 32 Working Days of providing notice under Rule 4.5A.3, the Delivery Body must notify the Applicant that it has not Prequalified.

#### **4.5B New Build Interconnector CMU and Unproven DSR CMU: provision of Applicant Credit Cover by Capacity Provider**

- 4.5B.1 For the purpose of Regulation 59(1B), a Capacity Provider who:
- (a) applied for Prequalification in a Capacity Auction in which it was awarded a Capacity Agreement; and
  - (b) in relation to that Capacity Auction was an Applicant is a person to whom Rule 3.6C.1 or 3.10.3 applied who complied with the requirements of Rule 3.6C.1(b) or 3.10.3(b), where Rule 4.5A.2 did not apply,
- must provide further Applicant Credit Cover if Rule 4.5B.2 applies.
- 4.5B.2 This Rule 4.5B.2 applies where the CM Settlement Body has drawn down the Applicant Credit Cover previously provided under Regulation 61 or (in the case of an Unproven DSR CMU) released it under Regulation 58(1)(a), and given notice accordingly under Rule 4.5C.
- 4.5B.3 Where Rule 4.5B.2 applies, the Delivery Body must:
- (a) notify the Capacity Provider that it must, within fifteen Working Days of such notification, provide further Applicant Credit Cover to the CM Settlement Body in accordance with Part 7 of the Regulations; and
  - (b) provide a copy of that notice to the CM Settlement Body.

- 4.5B.4 Where a Capacity Provider has been notified by the Delivery Body under Rule 4.5B.3(a), Part 7 of the Regulations shall apply as if references in it to a person who has applied to prequalify and to a person who is required to provide credit cover included references to that Capacity Provider.
- 4.5B.5 If the CM Settlement Body gives notice to the Capacity Provider that it has approved the further Applicant Credit Cover provided by the Capacity Provider, the Capacity Provider must within five Working Days provide the Delivery Body with a copy of that notice.
- 4.5B.6 Within five Working Days of a copy of a notice in accordance with Rule 4.5B.5, the Delivery Body must notify the Applicant that it has successfully lodged the further Applicant Credit Cover.
- 4.5B.7 If the Delivery Body has not received a copy of a notice in accordance with Rule 4.5B.5 within 32 Working Days of providing notice under Rule 4.5B.3, Rule 6.10.1(m) applies with respect to the Capacity Agreement.

**4.5C Applicant Credit Cover: notices to Delivery Body**

Where, in respect of an Unproven DSR CMU or a New Build Interconnector CMU, the CM Settlement Body has drawn down Applicant Credit Cover in accordance with Regulation 61 or (in the case of an Unproven DSR CMU) released Applicant Credit Cover in accordance with Regulation 58(1)(a), it must notify the Delivery Body accordingly.

**4.6 Conditional Prequalification – Applicant Credit Cover**

- 4.6.1 An Applicant that, in relation to a CMU, receives notice from the Delivery Body under Regulation 73(2)(b) or Rule 4.5.1(b)(ii), (iii), (iv) or (iva) of its conditional Prequalification must, within fifteen Working Days of such notification, provide Applicant Credit Cover to the CM Settlement Body in accordance with the Regulations.
- 4.6.1A Where a CMU is registered on the Capacity Market Register pursuant to Regulation 73(2)(a) as a Prequalified CMU subject to the provision of Applicant Credit Cover (“Conditionally Prequalified CMU”):
- (a) the notice served by the Delivery Body on the Applicant pursuant to Regulation 73(2)(b) shall be deemed to be a conditional prequalification notice for the purposes of Part 7 of the Regulations; and
  - (b) the Delivery Body must provide the CM Settlement Body with a copy of such notice.
- 4.6.2 If the CM Settlement Body gives notice to an Applicant that it has approved the Applicant Credit Cover provided by the Applicant, it must on the same day provide the Delivery Body with a copy of such notice.
- 4.6.3 Except where Rule 4.6.3A applies, within five Working Days of receiving from the CM Settlement Body a copy of a notice in accordance with Rule 4.6.2, the Delivery Body must notify that Applicant that it is fully Prequalified.
- 4.6.3A Rule 4.6.3 does not apply where Rule 4.7.1 applies to the Applicant and the Applicant has not complied with Rule 4.7.1 at the time the CM Settlement Body provides the copy of the notice in accordance with Rule 4.6.2.
- 4.6.4 If the Delivery Body has not received a copy of a notice in accordance with Rule

4.6.2 within 32 Working Days of providing notice under Rule 4.5.1(b) (ii), (iii) or (iv) (as applicable), the Delivery Body must within five Working Days notify that Applicant that it has not Prequalified.

4.6.4A If the Delivery Body has not received a copy of a notice in accordance with Rule 4.6.2 within 32 Working Days of it providing notice under Rule 4.6.1A:

- (a) where the CMU was registered on the Capacity Market Register as a Conditionally Prequalified CMU not less than 11 Working Days before the start of the relevant Capacity Auction, and a Capacity Agreement is awarded to the Applicant pursuant to that Capacity Auction; or
- (b) where the CMU was registered on the Capacity Market Register as a Conditionally Prequalified CMU after, or less than 11 Working Days before, the start of the relevant Capacity Auction and a Capacity Agreement has been offered to the Applicant pursuant to Regulation 73(5),

then Rule 6.10.1(k) shall apply.

#### **4.7 Conditional Prequalification – Planning Consents**

4.7.1 An Applicant for a Prospective Generating CMU that has submitted a declaration pursuant to Rule 3.7.1(a)(i) must submit to the Delivery Body by no later than the date falling 22 Working Days prior to the commencement of the first Bidding Window for such Capacity Auction:

- (a) a declaration that it has obtained all Relevant Planning Consents for the CMU and has the Legal Right to use the land on which the CMU is or will be located;
- (b) a director's certificate (or certificate by two officers, in the case of an Applicant other than a company) confirming that the Applicant can correctly make such declaration; and
- (c) the maximum allowable capacity granted under the Relevant Planning Consents

4.7.2 On the date falling 16 Working Days prior to the commencement of the first Bidding Window the Delivery Body must notify the Applicant in relation to each CMU to which this Rule 4.7 applies whether or not it has Prequalified, based solely on whether or not the Delivery Body has received the documentation referred to in Rule 4.7.1.

4.7.3 Where the Connection Capacity of a Generating Unit determined under Rule 3.5 is greater than the maximum allowable capacity provided under Rule 4.7.1(c), the Delivery Body shall set the Connection Capacity of a Generating Unit at the value given under Rule 4.7.1(c). The Delivery Body shall then recalculate the De-rated Capacity of the CMU where appropriate and by the dates set out under Rule 5.5.14 with the Prequalified De-rated Capacity position confirmed for the relevant Auction.

**4.7A [Omitted]**

#### **4.8 Provision of a Price-Maker Memorandum and Certificate by Applicants**

4.8.1 Each Applicant for an Existing Generating CMU or Interconnector CMU which receives a notice from the Delivery Body under Rule 4.5.1(b)(vii) and which

wishes to be a Price-Maker must:

- (a) lodge a Price-Maker Memorandum with the Authority in accordance with any guidance published by the Authority; and
- (b) no later than 10 Working Days prior to the commencement of the first Bidding Round of the relevant Capacity Auction:
  - (i) provide the Authority's receipt for the same to the Delivery Body; and
  - (ii) submit a Price-Maker Certificate to the Delivery Body.

4.8.2 The Authority must, when an Applicant lodges a Price-Maker Memorandum with it, provide a receipt to the Applicant.

4.8.3 Within two Working Days of receiving a receipt and Price-Maker Certificate pursuant to Rule 4.8.1, the Delivery Body must notify the Applicant that it is a Price-Maker.

4.8.4 The Authority will be required to retain each Price-Maker Memorandum for a period of ten years from the date on which it is lodged pursuant to Rule 4.8.1(a).

#### **4.9 Notification of Prequalification decision to Secondary Trading Entrants**

4.9.1 Upon receiving an Application for a CMU from a Secondary Trading Entrant pursuant to Rule 3.13.1, the Delivery Body must notify the Secondary Trading Entrant within three months:

- (a) of the Prequalification Decision for the CMU; and
- (b) where the Prequalification Decision for the CMU is that the CMU has Prequalified, that the Secondary Trading Entrant is an Eligible Secondary Trading Entrant for the purposes of Rule 9.2.6(d).

#### **4.10 Disputes relating to Prequalification**

4.10.1 Applicants that wish to dispute the relevant Prequalification Decision may do so in accordance with the process set out in Part 10 of the Regulations.

#### **4.11 Changes to the Auction Parameters**

4.11.1 If the Delivery Body publishes adjusted Auction Parameters for a Capacity Auction after the Prequalification Window for that Capacity Auction has closed, an Applicant with respect to a Prequalified Existing CMU may submit a notice to the Delivery Body withdrawing from the Auction at any time up to (but not including) the date falling 17 Working Days prior to the commencement of the first Bidding Window for that Capacity Auction.

4.11.1A Rule 4.11.1 does not apply if the adjusted Auction Parameters do not include changes to any of the Auction Parameters listed in paragraphs (c) to (h) of Regulation 11(1).

4.11.1 In the case of a Prequalified Mandatory CMU, a notice under Rule 4.11.1 must be in the form of an Opt-out Notification, and must comply with Rule 3.11 and, so far as applicable, Rule 3.12.

4.11.2 With effect from the date of a notice pursuant to Rule 4.11.1, the relevant Existing CMU shall no longer be Prequalified.

4.11.3 If the Delivery Body publishes adjusted Auction Parameters for a Capacity

Auction that include a change to the 15 Year Minimum £/kW Threshold or the 3 Year Minimum £/kW Threshold, the Delivery Body will notify each Applicant that the Maximum Obligation Period for each CMU has been updated accordingly on the Capacity Market Register.

**4.11A Auction Guidelines Published after Prequalification specifying revised De-rating Factors**

4.11A.1 If a new De-rating Factor applies to a Prequalified Existing CMU for a Capacity Auction held in the 2017/18 Auction Window as a result of amendments to the Storage Generating Technology Class after the close of the Prequalification Window for that Capacity Auction, the Applicant for that Prequalified Existing CMU may submit a notice to the Delivery Body withdrawing from that Capacity Auction.

4.11A.2 A notice pursuant to Rule 4.11A.1 may be submitted from the date on which the Delivery Body publishes revised De-rating Factors in accordance with Rule 2.2.5, and must be submitted no later than ten Working Days prior to the commencement of the first Bidding Window for that Capacity Auction.

4.11A.3 With effect from the date of a notice pursuant to Rule 4.11A.1, the relevant Existing CMU shall no longer be Prequalified.

## CHAPTER 5: CAPACITY AUCTIONS

### 5. Capacity Auction

#### 5.1 Purpose of this Chapter

- 5.1.1 The Rules describe the process and requirements for a Capacity Auction, set out the duties of the Auctioneer with respect to Capacity Auctions and set out the rules for Capacity Auction participants.

#### 5.2 The role of the Auctioneer

- 5.2.1 The Delivery Body may, in consultation with the Secretary of State, appoint a third party to operate the Capacity Auction (including to set up the IT Auction System). In such circumstances, the third party must perform the functions of the Auctioneer as set out in the Rules and the Delivery Body must remain responsible for the discharge of such functions by the Auctioneer in accordance with the Rules.

#### 5.3 Qualification to bid in the Capacity Auction

- 5.3.1 A Bidder must not participate in a Capacity Auction with respect to any CMU that is:
- (a) not a Prequalified CMU; or
  - (b) a Defaulting CMU; or
  - (c) an Excluded CMU in relation to that Capacity Auction; or
  - (d) a Mandatory CMU that has Opted-out in relation to that Capacity Auction.
- 5.3.2 A Bidder must not participate in a Capacity Auction with respect to any CMU unless the Bidder has complied with:
- (a) the necessary formalities to obtain authentication codes to be able to submit, modify or withdraw Bids in the IT Auction System; and
  - (b) the terms of any continuing Capacity Agreement in relation to any CMU.
- 5.3.3 If the Auctioneer becomes aware that a CMU is disqualified from a Capacity Auction pursuant to this Rule 5.3, the Auctioneer must:
- (a) disregard any Continuing Bid made (or deemed to have been made) by that CMU in that Capacity Auction after it becomes aware of such disqualification;
  - (b) treat that CMU as having submitted an Exit Bid at the Bidding Round Price Cap in the next Bidding Round in that Capacity Auction to occur after it becomes aware of such disqualification (or the current Bidding Round if the announcement specified in Rule 5.5.18 has not been made for the next Bidding Round); and
  - (c) not award a Capacity Agreement to that CMU in that Capacity Auction.

#### 5.4 Disqualification from future bid submission

- 5.4.1 If a CMU is withdrawn from a Capacity Auction pursuant to Rule 5.3.3 as a consequence of a breach of Rule 5.3.1 or Rule 5.3.2(b), no Generating Unit or

DSR CMU Component forming part of that CMU may form part of any CMU that participates in any other Capacity Auction relating to the same Delivery Year or either of the two subsequent Delivery Years.

## **5.5 Capacity Auction format**

- 5.5.1 The Delivery Body must, subject to Rule 5.11, hold a Capacity Auction on the date specified in the Auction Guidelines.
- 5.5.2 The Auctioneer must conduct the Capacity Auction in accordance with:
  - (a) the Capacity Market Rules;
  - (b) the Auction Guidelines for the Capacity Auction; and
  - (c) the instructions given to the Auctioneer by the Secretary of State pursuant to Rule 5.5.8.
- 5.5.3 The Auctioneer must use its reasonable efforts to conduct the Capacity Auction in an efficient manner consistent with any guidance from the Secretary of State so as to minimise the Capacity Auction duration.
- 5.5.4 The Auctioneer must notify and seek advice from the Secretary of State if it considers that the Capacity Auction will not or is likely not to be concluded within 5 Working Days of the beginning of the first Bidding Window.
- 5.5.5 The Capacity Auction must be run as a series of price spread bidding rounds (each a “Bidding Round”) on a descending clock basis.
- 5.5.6 The price spread for a Bidding Round (the “Bidding Round Price Spread”) must be expressed as a range from a highest price (the “Bidding Round Price Cap”) to a lowest price (the “Bidding Round Price Floor”).
- 5.5.7 The Bidding Round Price Cap in the first Bidding Round must be the Price Cap. In each subsequent Bidding Round, the Bidding Round Price Cap must be equal to the Bidding Round Price Floor in the previous Bidding Round.
- 5.5.8 The Secretary of State must issue instructions to the Auctioneer as to the process for determining the size of the decrement to be represented in each Bidding Round Price Spread. The Auctioneer must set the Bidding Round Price Spread for each Bidding Round in accordance with such instructions.
- 5.5.8A No later than 20 Working Days prior to the commencement of the first Bidding Round for a Capacity Auction, the Auctioneer must set the Excess Capacity Rounding Threshold for that Capacity Auction and inform the Delivery Body.
- 5.5.9 Bidding Rounds will continue until the Capacity Auction clears in accordance with Rule 5.9.
- 5.5.10 No later than 15 Working Days prior to the commencement of the first Bidding Round for a Capacity Auction, the Delivery Body must publish:
  - (a) the date and time on which the Capacity Auction will start;
  - (b) the identity of the Prequalified CMUs for the Capacity Auction and their aggregate De-rated Capacity as at that date, reflecting the outcome of any determinations following dispute resolution or appeals which have concluded by the start of the Working Day which precedes the date of the announcement;
  - (c) in the case of a T-1 Auction, the aggregate Contracted Capacity in the

relevant T-4 Auction adjusted for any cancellation or termination of Capacity Agreements and/or delays in the commissioning of Prospective Generating CMUs

- (d) the identity of the Auction Monitor for the relevant Capacity Auction; and
- (e) the Excess Capacity Rounding Threshold for the relevant Capacity Auction.

5.5.11 By no later than the date falling 10 Working Days prior to the commencement of the first Bidding Window, an Applicant for a Prequalified DSR CMU may issue a notification to the Delivery Body nominating the capacity (in MW) that it wishes to bid into the Capacity Auction with respect to that DSR CMU provided that such capacity is no greater than the product (in MW to three decimal places) of the DSR Capacity of such DSR CMU and the De-rating Factor (“the original derated capacity”).

5.5.12 [Omitted]

5.5.13 Subject to Rule 5.5.13A where an Applicant for an Unproven DSR CMU nominates under Rule 5.5.11 a capacity which is lower than the original derated capacity of that Unproven DSR CMU, that Applicant may submit a request to the CM Settlement Body for a portion of its Applicant Credit Cover to be released in accordance with the Regulations.

5.5.13A Where an Applicant provides confirmation in accordance with Rule 3.10.3(a), Rule 5.5.13 does not apply.

5.5.14 Between the dates falling 15 Working Days and 10 Working Days prior to the commencement of the first Bidding Window, the Applicant for each Prequalified New Build CMU, Refurbishing CMU and DSR CMU that wishes to participate in a Capacity Auction must, subject to Rule 5.5.17, submit a notice to the Delivery Body which:

- (a) confirms that it will participate as a Bidder with respect to that CMU in the Capacity Auction; and
- (b) specifies the duration of Capacity Agreement in whole Delivery Years that it requires at the Price Cap:
  - (i) in the case of a New Build CMU or a Refurbishing CMU (other than an Interconnector CMU) with a Maximum Obligation Period of more than one year, not being greater than the Maximum Obligation Period for that CMU; and
  - (ii) in the case of an Unproven DSR CMU with a Maximum Obligation Period of more than one year, being at least two Delivery Years and not being greater than the Maximum Obligation Period for that CMU.

5.5.15 An Applicant for a Refurbishing CMU must specify in any confirmation pursuant to Rule 5.5.14 whether or not it also wishes to participate in the Capacity Auction with respect to the associated Pre-Refurbishment CMU.

5.5.16 Subject to Rule 5.5.16A, failure to submit a confirmation in accordance with Rule 5.5.14 with respect to any Prequalified New Build CMU, or DSR CMU will result in:

- (a) the Applicant for that Prequalified New Build CMU, or DSR CMU not being permitted to participate as a Bidder for that CMU in the relevant Capacity Auction; and
- (b) the release of any Applicant Credit Cover relating to that Prequalified New Build CMU, or DSR CMU in accordance with the Regulations.

5.5.16A Where an Applicant provides confirmation in accordance with Rule 3.10.3(b), Rule 5.5.16(b) does not apply.

5.5.17 An Applicant for a Prequalified CMU will not be permitted to participate as a Bidder for that CMU in a Capacity Auction if that CMU is:

- (a) a Defaulting CMU;
- (b) an Excluded CMU in relation to that Capacity Auction; or
- (c) an Existing CMU that has Opted-out in relation to that Capacity Auction, and an Applicant must not submit a confirmation in accordance with Rule 5.5.14 with respect to any such CMU.

5.5.18 Prior to the start of each Bidding Round the Auctioneer must announce and publish:

- (a) the Bidding Round Price Spread for that Bidding Round;
- (b) the Potential Clearing Capacity at the Bidding Round Price Floor for that Bidding Round; and
- (c) except in relation to the first Bidding Round, the Excess Capacity as at the start of the Bidding Round, which when announced must be
  - (i) rounded to the nearest multiple of the Excess Capacity Rounding Threshold; or
  - (ii) if the Excess Capacity, as at the start of the Bidding Round, is below the Excess Capacity Rounding Threshold, then it must be published as 'below X' where X is the Excess Capacity Rounding Threshold,

where Excess Capacity means the Remaining Auction Capacity at the end of the previous Bidding Round minus the Potential Clearing Capacity at the Bidding Round Price Floor for that previous Bidding Round.

5.5.19 [Not used]

5.5.20 The Auctioneer must specify in advance the times when the Bidding Round will begin and end (the "Bidding Window").

5.5.21 If a Bidder is unable to submit a Duration Bid Amendment or Exit Bid through the IT Auction System due to a technical fault, it must submit such Duration Bid Amendment or Exit Bid (as applicable) via the Delivery Body in accordance with the backup systems set out in the Auction Guidelines.

## **5.6 Duration Bids in a Capacity Auction**

5.6.1 A Duration Bid in relation to a Bidding CMU in a Capacity Auction specifies the duration of Capacity Agreement in whole Delivery Years that the Bidder requires at any particular price.

5.6.2 In the first Bidding Round, each Bidder is deemed to have submitted a Duration

Bid with respect to a Bidding CMU that:

- (a) is valid for all prices up to and including the Price Cap; and
- (b) specifies a duration of Capacity Agreement equal to the duration specified with respect to that CMU in the notice submitted (or deemed to have been submitted) pursuant to Rule 5.5.14(b).

5.6.3 A Bidder with respect to a Bidding CMU that is an Existing CMU or a DSR CMU shall not be permitted to amend its Duration Bid during a Capacity Auction.

5.6.4 A Bidder with respect to a Bidding CMU that is a Prospective Generating CMU may amend its Duration Bid at any time during a Capacity Auction by submitting a notice to the Auctioneer (a "Duration Bid Amendment").

5.6.5 A Duration Bid Amendment must:

- (a) specify the minimum price at which the Bidder would be willing to commit the Bidding Capacity for that Bidding CMU at the current duration;
- (b) specify that the duration of Capacity Agreement that the Bidder requires with respect to that Bidding CMU in the event that the Clearing Price is lower than that price is one Delivery Year;
- (c) be submitted through the IT Auction System in accordance with the Auction Guidelines.

5.6.6 A Duration Bid Amendment which:

- (a) relates to a Refurbishing CMU; and
- (b) specifies a duration of Capacity Agreement of one Delivery Year,

may also specify that the CMU participating in the Capacity Auction in the event that the Clearing Price is lower than the price specified in the Duration Bid Amendment is the Pre-Refurbishment CMU and not the Refurbishing CMU.

5.6.7 A Duration Bid Amendment has the effect of amending the Duration Bid for the relevant Bidding CMU for all prices lower than the price specified in the Duration Bid Amendment and will supersede any previous Duration Bid Amendment to the extent relating to any overlapping prices.

5.6.8 A Bidder may submit multiple Duration Bid Amendments in relation to a Bidding CMU provided that no more than fifteen Duration Bid Amendments may be submitted in any Bidding Round.

## **5.7 Continuing Bids in a Capacity Auction**

5.7.1 A Bidder will be deemed to have made a bid in accordance with this Rule 5.7 with respect to a Bidding CMU in a Bidding Round (a "Continuing Bid") unless that Bidding CMU is the subject of an Exit Bid:

- (a) submitted prior to the end of the Bidding Window for that Bidding Round (including in any previous Bidding Window); and
- (b) with an Exit Price higher than the Bidding Round Price Floor for that Bidding Round.

5.7.2 A Continuing Bid in a Bidding Round with respect to a Bidding CMU is deemed to confirm that:

- (a) the Bidder is willing to commit the Bidding Capacity for that Bidding CMU

at the Bidding Round Price Floor; and

- (b) the duration of Capacity Agreement in whole Delivery Years that the Bidder would require at the Bidding Round Price Floor is the duration set out in the Duration Bid for that Bidding CMU at the Bidding Round Price Floor.

## **5.8 Exit Bids in a Capacity Auction**

- 5.8.1 A Bidder may submit a notice to the Auctioneer with respect to a Bidding CMU (an "Exit Bid") in accordance with this Rule 5.8 at any time during a Capacity Auction.
- 5.8.2 An Exit Bid must, with respect to a Bidding CMU:
  - (a) identify the Bidding CMU for which the Exit Bid is made;
  - (b) specify the minimum price at which the Bidder would be willing to commit the Bidding Capacity for that Bidding CMU (the "Exit Price") in accordance with Rule 5.8.3; and
  - (c) be submitted through the IT Auction System in accordance with the Auction Guidelines.
- 5.8.3 An Exit Price must not:
  - (a) be higher than the Bidding Round Price Cap for the Bidding Round in which the Exit Bid is submitted; or
  - (b) in the case of a Bidding CMU which is a Price-Taker, be higher than the Price-Taker Threshold.
- 5.8.4 A Bidder shall not be deemed to have made a Continuing Bid with respect to a Bidding CMU in any Bidding Round for which the Bidding Round Price Floor is lower than the Exit Price specified in its Exit Bid.

## **5.9 Capacity Auction clearing**

- 5.9.1 The methodology for determining whether the Capacity Auction clears must be as set out in this Rule 5.9.
- 5.9.2 The Capacity Auction clears in the first Bidding Round for which the Remaining Auction Capacity at the end of that Bidding Round is less than or equal to the Potential Clearing Capacity for the Bidding Round Price Floor in that Bidding Round (the "Clearing Round").
- 5.9.3 There must be no further Bidding Rounds after the Clearing Round.
- 5.9.4 Unless Rule 5.9.4A applies, the Clearing Price for the Capacity Auction is the price determined by the Auctioneer by:
  - (a) ranking the Relevant Exit Bids in accordance with Rule 5.9.5 (the "Exit Ranking"); and
  - (b) determining if the Potential Clearing Capacity can be equalled exactly by cumulatively adding the Bidding Capacity of Relevant Exit Bids in the order of their Exit Ranking to the aggregate Bidding Capacity of all Continuing Bids, in which case the Clearing Price is the Exit Price of the Relevant Exit Bid that, when added, causes the Potential Clearing Capacity to be met exactly; and

- (c) in the event that the process in Rule 5.9.4(b) above does not result in a Clearing Price being determined then:
  - (i) where the calculation in Rule 5.9.6 results in a positive number, the Clearing Price must be Ph (as defined in Rule 5.9.6); and
  - (ii) where the calculation in Rule 5.9.6 results in a negative number or zero, the Clearing Price must be PI (as defined in Rule 5.9.6).

#### 5.9.4A

- (a) This Rule 5.9.4A applies to a T-1 Auction in respect of which the Auction Target Capacity is adjusted by the Secretary of State under Regulation 13(1), and following that adjustment, the Auction Target Capacity is equal to 50% of the T-1 Auction Set Aside previously determined under Regulation 12(A)(b) for that T-1 Auction and Delivery Year (a “relevant T-1 Auction”).
- (b) The Clearing Price for a relevant T-1 Auction is the price determined by the Auctioneer by determining the Exit Ranking (in accordance with Rule 5.9.5) and then;
  - (i) determining if the Potential Clearing Capacity can be equalled exactly by cumulatively adding the Bidding Capacity of Relevant Exit Bids in the order of their Exit Ranking to the aggregate Bidding Capacity of all Continuing Bids, in which case the Clearing Price is the Exit Price of the Relevant Exit Bid that, when added, causes the Potential Clearing Capacity to be met exactly;
  - (ii) in the event the application of Rule 5.9.4A(b)(i) does not result in a Clearing Price being determined, subject to paragraph (iii), the Clearing Price is the Exit Price of the lowest ranking Relevant Exit Bid, where the Potential Clearing Capacity was not exceeded; and
  - (iii) in the event the application of Rule 5.9.4A(b)(ii) does not result in a Clearing Price being determined because there is no Relevant Exit Bid where the Potential Clearing Capacity was not exceeded, the Clearing Price is the Bidding Round Price Floor for the Clearing Round.

#### 5.9.5 The Auctioneer must rank the Relevant Exit Bids in a Clearing Round as follows:

- (a) the Relevant Exit Bids must first be ranked according to their respective Exit Prices, with the Relevant Exit Bid having the lowest Exit Price given the highest ranking;
- (b) if more than one Relevant Exit Bid has the same Exit Price, such Relevant Exit Bids must be ranked between themselves according to their respective Bidding Capacities, with the Relevant Exit Bid having the highest Bidding Capacity given the highest ranking;
- (c) if more than one Relevant Exit Bid has the same Exit Price and the same Bidding Capacity, such Relevant Exit Bids must be ranked between themselves according to the duration of Capacity Agreement specified in the Duration Bid for the applicable Bidding CMU at the Exit Price, with the

shortest duration of Capacity Agreement given the highest ranking;

- (d) if more than one Relevant Exit Bid has the same Exit Price, the same Bidding Capacity and the same duration of Capacity Agreement specified in the Duration Bid for the applicable Bidding CMU at the Exit Price, such Exit Bids must be ranked between themselves by random number allocation, with the Relevant Exit Bid allocated the lowest number given the highest ranking.

5.9.6 For the purposes of Rule 5.9.4(c) the Auctioneer must calculate the integral

$$\int_{Q_1}^{Q_h} P(Q)dQ$$

and subtract the product of

$$(PhQ_h - Q_1P_1)$$

Where:

P is the price;

Q is the Bidding Capacity;

P(Q) represents the Demand Curve (price as a function of quantity);

Q<sub>h</sub> is:

- (a) the sum of the aggregate of the Bidding Capacity of:
  - (i) all Continuing Bids; and
  - (ii) all Relevant Exit Bids in the order of their Exit Ranking, up to and including the first Relevant Exit Bid where the Potential Clearing Capacity was exceeded; or
- (b) if there is no Relevant Exit Bid in the clearing round where Potential Clearing Capacity was exceeded, the capacity supplied at the Bidding Round Price Cap;

Q<sub>1</sub> is the sum of the aggregate of the Bidding Capacity of:

- (a) all Continuing Bids; and
- (b) all Relevant Exit Bids in the order of their Exit Ranking, up to and including any Exit Bid where the Potential Clearing Capacity was not exceeded;

Ph is the Exit Price of the Relevant Exit Bid where the Potential Clearing Capacity was exceeded; provided that, if there is no Relevant Exit Bid where the Potential Clearing Capacity was exceeded, Ph must be the Bidding Round Price Cap for the Clearing Round; and

P<sub>1</sub> is:

- (a) the Exit Price of the lowest ranking Relevant Exit Bid where the Potential Clearing Capacity was not exceeded; or
- (b) if there is no Relevant Exit Bid where the Potential Clearing Capacity was not exceeded, the Bidding Round Price Floor for the Clearing Round.

5.9.7 Unless Rule 5.9.7A applies, the following Bidding CMUs must be awarded a Capacity Agreement pursuant to a Capacity Auction:

- (a) each Bidding CMU that made a Continuing Bid in the Clearing Round; and
- (b) where Rule 5.9.4(b) applies, the Bidding CMU that was the subject of the Relevant Exit Bid that caused the Clearing Capacity to be met exactly according to the Exit Ranking and each Bidding CMU with a higher ranking in the Exit Ranking; and
- (c) where Rule 5.9.4(b) does not apply and the calculation in Rule 5.9.6 results in a positive number, the Bidding CMU that was the subject of the Relevant Exit Bid where the Clearing Capacity was exceeded according to the Exit Ranking and each Bidding CMU with a higher ranking in the Exit Ranking; and
- (d) where Rule 5.9.4(b) does not apply and the calculation in Rule 5.9.6 results in a negative number or zero, each Bidding CMU that was the subject of a Relevant Exit Bid with a higher ranking than the Relevant Exit Bid that caused the Clearing Capacity to be exceeded according to the Exit Ranking.

#### 5.9.7A

- (a) This Rule 5.9.7A applies to a T-1 Auction in respect of which the Auction Target Capacity is adjusted by the Secretary of State under Regulation 13(1), and following that adjustment, the Auction Target Capacity is equal to 50% of the T-1 Auction Set Aside previously determined under Regulation 12(A)(b) for that T-1 Auction and Delivery Year (a “relevant T-1 Auction”).
- (b) The following Bidding CMUs must be awarded a Capacity Agreement pursuant to a relevant T-1 Auction:
  - (i) each Bidding CMU that made a Continuing Bid in the Clearing Round; and
  - (ii) where Rule 5.9.4A(b)(i) is applied to determine the Clearing Price, the Bidding CMU that was the subject of the Relevant Exit Bid that caused the Clearing Capacity to be met exactly according to the Exit Ranking, and each Bidding CMU with a higher ranking in the Exit Ranking; or
  - (iii) where Rule 5.9.4A(b)(ii) is applied to determine the Clearing Price, the Bidding CMU that was the subject of the lowest ranking Relevant Exit Bid, and each Bidding CMU with a higher ranking in the Exit Ranking.

5.9.8 In relation to a Refurbishing CMU that has been the subject of a Duration Bid Amendment which specifies the price below which such Refurbishing CMU will participate in the Capacity Auction as a Pre-Refurbishment CMU (the “Trigger Price”) pursuant to Rule 5.6.7, the Auctioneer must:

- (a) when applying the calculation in Rule 5.9.6, decrease the Bidding Capacity attributable to that CMU to the Bidding Capacity applicable to it as a Pre-Refurbishment CMU when the price being applied for the purposes of performing the calculation (or relevant part thereof) falls below

the Trigger Price;

- (b) when deciding whether the auction Bidding Round is also the Clearing Round, take away the reductions in Bidding Capacity between Refurbishment CMUs and the Pre-Refurbishment CMUs from the Remaining Auction Capacity when the price being applied for the purposes of performing the calculation falls below the Trigger Price for the relevant CMUs; and
- (c) for the purpose of applying Exit Rankings to Relevant Exit Bids in Rule 5.9.4, treat the CMU to which the Duration Bid Amendment applies as having submitted an Exit Bid with Bidding Capacity equal to the difference between the Bidding Capacities of the Refurbishment CMU and Pre-Refurbishment CMU.

## **5.10 Capacity Auction results**

- 5.10.1 The Delivery Body must within 24 hours of the Capacity Auction clearing notify Bidders whether, based on the provisional results, they have been successful in a Capacity Agreement with respect to a Bidding CMU. Such notification is provisional only and does not constitute notification of a Capacity Agreement.
- 5.10.1A The Delivery Body must within 24 hours of the Capacity Auction clearing publish the following provisional results:
  - (a) the Clearing Price; and
  - (b) the aggregate Bidding Capacity of Capacity Agreements awarded.
- 5.10.2 The Delivery Body must notify the Secretary of State of the provisional results of the Capacity Auction (including the information provided to Bidders in Rule 5.10.1 above) as soon as reasonably practicable following the conclusion of the Capacity Auction.
- 5.10.3 The notification pursuant to Rule 5.10.2 must also specify if a Bidding CMU that was disqualified pursuant to Rule 5.3.3 after the start of the Capacity Auction would have received a Capacity Agreement pursuant to Rule 5.9.7 or Rule 5.9.7A (as applicable) were it not for Rule 5.3.3(c) and another Bidding CMU that was not disqualified pursuant to Rule 5.3.3 was denied a Capacity Agreement as a consequence of the inclusion of that disqualified CMU in the Exit Ranking.
- 5.10.4 The Secretary of State may, upon receipt of a notice pursuant to Rule 5.10.3, instruct the Delivery Body within 2 working days to award a Capacity Agreement to any Bidding CMU that did not receive a Capacity Agreement as a result of the circumstances described in Rule 5.10.3.
- 5.10.5 The Auction Monitor must report to the Secretary of State, with a copy to the Authority, within 2 Working Days of the conclusion of the Capacity Auction on whether the procedures in the Rules and Auction Guidelines have been properly followed in the conduct of the Capacity Auction.
- 5.10.6 Unless instructed to the contrary pursuant to the Regulations, the Delivery Body must publish the following results of the Capacity Auction to Bidders, the Auction Monitor and the other Administrative Parties within 8 Working Days of the Capacity Auction concluding (the "Auction Results Day"):
  - (a) the Clearing Price;
  - (b) the aggregate Bidding Capacity of Capacity Agreements awarded;

- (c) the total forecast cost of the Capacity Obligations (being the product of the Clearing Price and the aggregate Bidding Capacity of Capacity Agreements awarded);
- (d) the CMUs to which a Capacity Agreement was awarded; and
- (e) the duration of the Capacity Agreement awarded to each CMU,

and include such results on the Capacity Market Register. The results of the Capacity Auction must be notified by the Delivery Body to other Applicants and made publicly available at the same time.

- 5.10.7 The result of a Capacity Auction is final when it is entered in the Capacity Market Register in accordance with Rule 7.4.3 and Capacity Agreements come into force from this time.

### **5.11 Capacity Auction suspension or cancellation**

- 5.11.1 The Delivery Body may recommend to the Secretary of State the suspension and/or cancellation of a Capacity Auction where it has identified potential evidence of non-compliance with Chapter 5 of the Rules.

- 5.11.2 The Auctioneer may postpone or stop a Capacity Auction if, in the Auctioneer's opinion, the Capacity Auction cannot be conducted fairly and in accordance with Rule 5.5.2 because of a failure of the IT Auction System or any other exceptional circumstances.

- 5.11.3 The Delivery Body must suspend or cancel a Capacity Auction by issuing a notice to all Bidders on the written instruction of the Secretary of State to do so.

- 5.11.4 Upon:

- (a) the written instruction of the Secretary of State to suspend a Capacity Auction pursuant to Rule 5.11.3; or
- (b) a Capacity Auction being postponed or stopped by the Auctioneer pursuant to Rule 5.11.2,

the Auctioneer must give Bidders for the relevant Capacity Auction a minimum of 10 Working Days' notice of the resumption of any Capacity Auction suspended under this Rule 5.11 and must notify Bidders whether the Bidding Round Price Cap for the first Bidding Round when the Capacity Auction restarts will be the Price Cap or the Bidding Round Price Cap for the Bidding Round that was current at the time that the Capacity Auction was suspended.

- 5.11.5 If a Capacity Auction is cancelled pursuant to Rule 5.11.3:

- (a) any Prequalification Decision with respect to any CMU in relation to that Capacity Auction; and
- (b) any Opt-out Notification submitted with respect to any Mandatory CMU in relation to that Capacity Auction,

shall be void.

- 5.11.6 The cancellation of one or more Capacity Auctions with respect to a given Delivery Year does not affect the validity of a Capacity Agreement that has already been awarded with respect to that Delivery Year.

### **5.12 Prohibition on Market Manipulation**

5.12.1 All Applicant-related Parties must not engage in Market Manipulation.

### **5.13 Prohibition on other unreasonable business methods**

5.13.1 The following activities are prohibited in relation to the Capacity Auction:

- (a) doing anything which would constitute a breach of any law intended to prohibit or restrict anti-competitive practices relevant to participation in the Capacity Auction;
- (b) submitting to the Delivery Body or the Authority any information in connection with the Capacity Auction which is false or misleading;
- (c) doing anything which would constitute a breach of the Bribery Act 2010 as amended from time to time with a view to influencing the outcome of a Capacity Auction;
- (d) offering to pay or give any sum of money, inducement or valuable consideration directly or indirectly to any officer of an Administrative Party;
- (e) disclosing, or attempting to disclose, or inciting another person to disclose, any information relating to any Continuing Bid or Exit Bid made by an Applicant with regard to a Bidding CMU, whether directly or indirectly, to any person, except where the disclosure is:
  - (i) in accordance with any requirement under:
    - (aa) an enactment;
    - (bb) a licence under section 6(1) of EA 1989 (where the Applicant is the holder of such a licence); or
    - (cc) a document maintained under such a licence;
  - (ii) to the Delivery Body;
  - (iii) to a member of that Applicant's Group;
  - (iv) to any Agent nominated by or on behalf of the Applicant to conduct its Application and Bidding provided that such Agent is not also the Agent of any other Applicant (unless such other Applicant is a member of the Applicant's group);
  - (v) to the legal owner of the Bidding CMU;
  - (va) where the Application is for an Interconnector CMU, to any person who is a Joint Owner in relation to that Interconnector CMU;
  - (vi) to any potential purchaser of the Bidding CMU;
  - (vii) where the Applicant is the legal owner of the Bidding CMU, to any third party having Despatch Control with respect to that Bidding CMU;
  - (viii) to any provider of finance with respect to the Bidding CMU;
  - (ix) to any shareholder in the Applicant;
  - (x) to the professional advisers of:
    - (aa) the Applicant;
    - (bb) any member of the Applicant's Group;

- (cc) any shareholder in the Applicant or, where such a shareholder is a company and a member of a Group, of any other company which is a member of that Group; or
- (dd) any potential purchaser of the CMU; or
- (xi) in respect of information that was already public; and/or
- (f) obtaining or attempting to obtain information relating to a Continuing Bid or Exit Bid made by any other Applicant save where such disclosure to the Applicant would be permitted under Rules 5.13.1(e)(ii) to 5.13.1(e)(x).

#### **5.14 Auction Monitor and Audit of Capacity Auctions**

##### 5.14.1 Appointment of Auction Monitor

- (a) The Delivery Body must appoint a third party to monitor the conduct of each Capacity Auction (an "Auction Monitor").
- (b) The duration of the appointment of the Auction Monitor must be determined by the Delivery Body and the cost of such appointment must be for the Delivery Body's account.
- (c) All Capacity Auctions falling within the duration of the appointment of an Auction Monitor must be monitored by that Auction Monitor.

##### 5.14.2 Monitoring during a Capacity Auction

- (a) The Auction Monitor must have full read-only access to the electronic platform provided by the Auctioneer for the purpose of the Capacity Auction including the ability to view all Bids as they occur and all communication during the Capacity Auction between the Auctioneer and the Bidders.
- (b) Each of the Delivery Body and the Auction Monitor must notify the other if it becomes aware of a potential breach or suspected breach of the Regulations or the Rules by the Delivery Body or the Auctioneer or any other potential irregularity or suspected irregularity in the conduct of a Capacity Auction by the Delivery Body or the Auctioneer.
- (c) The Delivery Body may request that the Auction Monitor give its view, and the Auction Monitor must do so if requested, as to the most appropriate course of action regarding any potential breach of the Regulations or the Rules or other potential irregularity with respect to the conduct of a Capacity Auction.

##### 5.14.3 Reporting by the Auction Monitor following a Capacity Auction

- (a) Within two Working Days after the Delivery Body has notified Bidders of the provisional results of a Capacity Auction pursuant to Rule 5.10.1, the Auction Monitor must provide a report to the Secretary of State (with a copy to the Authority) that:
  - (i) confirms the list of Bidders that have been awarded a Capacity Agreement;
  - (ii) sets out whether or not the Auction Monitor considers that the Delivery Body and/or the Auctioneer conducted the Capacity Auction in accordance with the Regulations and the Rules; and

- (iii) where applicable, identifies any actual or potential breach of the Regulations or the Rules or other actual or potential irregularity in the conduct of the Capacity Auction by the Delivery Body and/or the Auctioneer together with an audit of the calculations made and the Auction Monitor's assessment as to the likely consequences of such actual or potential breach or irregularity.
- (b) The Auction Monitor must, upon request by the Delivery Body, or the Secretary of State, report from time to time on any specific issue related to the functioning of any Capacity Auction process.

**5.15 Prequalification for the Subsequent T-4 Auction where a Capacity Agreement is awarded in the T-3 Auction**

5.15.1

- (a) Rule 5.15.1(b) applies where:
  - (i) a CMU is a Prequalified CMU for the Subsequent T-4 Auction ("the relevant CMU"); and
  - (ii) the relevant CMU (or any Generating Unit or DSR CMU Component comprised in the relevant CMU) is awarded a Capacity Agreement in the T-3 Auction that is in respect of the Delivery Year commencing on 1 October 2023.
- (b) Following the Auctions Results Day for the T-3 Auction, the Delivery Body must as soon as reasonably practicable notify the Applicant in respect of the relevant CMU that the relevant CMU is no longer prequalified for the Subsequent T-4 Auction.

**5.16 Maximum Obligation Period of one Delivery Year for Prospective CMUs entering the Subsequent T-4 Auction where a Capacity Agreement is awarded in the T-3 Auction**

5.16.1 If Rule 5.16.2 applies to a CMU, the Delivery Body must as soon as reasonably practicable following the Auction Results Day for the T-3 Auction notify the Applicant in respect of that CMU that the Maximum Obligation Period which applies in respect of the Subsequent T-4 Auction is one Delivery Year.

5.16.2 This Rule 5.16.2 applies to a CMU where that CMU is a Prospective CMU that is a Prequalified CMU for the Subsequent T-4 Auction and:

- (a) in the case of a New Build CMU, the CMU is awarded a Capacity Agreement in the T-3 Auction; or
- (b) in the case of a Refurbishing CMU, the CMU (or any Generating Unit or DSR CMU Component comprised in the CMU) is awarded a Capacity Agreement in the T-3 Auction except where that Capacity Agreement is awarded in respect of the associated Pre-Refurbishment CMU and has a duration of one Delivery Year.

## CHAPTER 6: CAPACITY AGREEMENTS

### 6. Capacity Agreements

#### 6.1 Purpose of this Chapter

- 6.1.1 The Rules govern:
- (a) the issue of Capacity Agreement Notices;
  - (b) the express terms that each Capacity Agreement Notice must contain; and
  - (c) the provisions that apply to each Capacity Agreement in relation to termination, and in relation to the payment of a Non-completion Fee in certain circumstances.

#### 6.2 Nature of Capacity Agreement Notices and Capacity Agreements

- 6.2.1 A capacity agreement comprises the rights and obligations accruing to a Capacity Provider under or by virtue of the Regulations and the Rules in relation to a particular Capacity Committed CMU and one or more Delivery Years ("Capacity Agreement").
- 6.2.2 A Capacity Agreement Notice records for convenience certain details of the Capacity Agreement applying to a Capacity Provider in relation to a Capacity Committed CMU including:
- (a) the Capacity Provider's right under the Capacity Agreement to receive Capacity Payments; and
  - (b) the Capacity Obligation of the Capacity Committed CMU.
- 6.2.3 Neither:
- (a) the registration of a Capacity Committed CMU (or its Capacity Provider) in the Capacity Market Register; nor
  - (b) the issuance of a Capacity Agreement Notice; nor
  - (c) the existence of a Capacity Agreement,
- is intended to create contractual relations between, nor does any of them give rise to contractual rights for the benefit of, a Capacity Provider or an Administrative Party.
- 6.2.4 Where there is an inconsistency between a Capacity Agreement Notice and the terms of the Capacity Market Register, the terms of the Capacity Market Register prevail.

#### 6.3 Issuing Capacity Agreement Notices

- 6.3.1 The Delivery Body must issue a Capacity Agreement Notice in the form set out in Schedule 1 for each CMU that is awarded a Capacity Agreement by no later than 20 Working Days after the Auction Results Day for that Capacity Auction. Information contained in a Capacity Agreement Notice must reflect the equivalent information recorded in the Capacity Market Register, and record the terms of the relevant Capacity Agreement.

- 6.3.2 If a person is the Capacity Provider with respect to more than one CMU that is successful in a Capacity Auction, a separate Capacity Agreement Notice will be issued for each such CMU. Capacity Agreement Notices will be issued based on the specific CMU, including the precise aggregation of Generating Units and/or DSR CMU Components, nominated in the relevant Application.
- 6.3.3 A Capacity Provider may comment in writing to the Delivery Body on the factual accuracy of a Capacity Agreement Notice issued to it within 10 Working Days of the date on which the Capacity Agreement Notice is issued by the Delivery Body.
- 6.3.4 If no comments are received by the Delivery Body within 10 Working Days after the date on which a Capacity Agreement Notice was issued to a Capacity Provider, the Capacity Agreement Notice will be deemed to be a factually accurate record of the Capacity Agreement.
- 6.3.5 Subject to Rule 6.3.7, if the Delivery Body receives comments from a Capacity Provider with regard to the factual accuracy of a Capacity Agreement Notice and agrees with such comments, the Delivery Body must re-issue that Capacity Agreement Notice to the Capacity Provider with such amendments as are necessary to correct such factual inaccuracy. The Delivery Body must not consider comments other than as to factual accuracy.
- 6.3.6 Subject to Rule 6.3.7, if the Delivery Body receives comments from a Capacity Provider with regard to the factual accuracy of a Capacity Agreement Notice and does not agree with such comments, the Capacity Provider and the Delivery Body must discuss the alleged factual inaccuracy to establish whether any amendments to the Capacity Agreement Notice are necessary.
- 6.3.7 If the Capacity Provider and the Delivery Body are unable to agree whether any amendments to a Capacity Agreement Notice are necessary in respect of comments received from the Capacity Provider pursuant to Rule 6.3.6 (including as to whether any comment relates to factual accuracy or not) within 20 Working Days after the Delivery Body received such comments, the Capacity Provider may, within a further 5 Working Days, refer the determination for dispute resolution in accordance with the process set out in the Regulations, failing which the Capacity Agreement Notice will be deemed to be factually accurate.
- 6.3.8 If a Capacity Provider of a CMU that has been notified of provisional success in a Capacity Auction in accordance with Rule 5.10.1 does not receive a Capacity Agreement Notice from the Delivery Body within 20 Working Days after the relevant Auction Results Day, it may request in writing that the Delivery Body issue a Capacity Agreement Notice.
- 6.3.9 If the Delivery Body receives a request from a Capacity Provider pursuant to Rule 6.3.8 and agrees that a Capacity Agreement Notice should have been issued, the Delivery Body must issue that Capacity Agreement Notice to the Capacity Provider.
- 6.3.10 If the Delivery Body receives a request from a Capacity Provider pursuant to Rule 6.3.8 and does not agree that a Capacity Agreement Notice should have been issued, the Capacity Provider and the Delivery Body must discuss the alleged failure by the Delivery Body to establish whether a Capacity Agreement Notice should be issued.

- 6.3.11 [Omitted]
- 6.3.12 Rule 6.3.3 applies to any Capacity Agreement Notice issued under Rule 6.3.5 or 6.3.9.

#### **6.4 Indexation**

- 6.4.1 Capacity Payments in relation to Capacity Agreements issued following a T-4 auction are to be adjusted with effect from the commencement of each Delivery Year, by the application of the CPI adjustment prescribed in paragraph 3(5) of Schedule 1 to the Regulations.

#### **6.5 Survival**

- 6.5.1 Rights and obligations which accrue prior to the date of expiry or earlier termination of a Capacity Agreement survive such expiry or termination.

#### **6.6 Achieving the Financial Commitment Milestone**

- 6.6.1 A Capacity Provider of a Prospective CMU will be considered to have met its Financial Commitment Milestone obligation if, by no later than 16 months after the Auction Results Day for the Capacity Auction in respect of which the Capacity Agreement was awarded (or, in the case of an SA Agreement or a T-1 Agreement, 3 months), the Delivery Body has acknowledged receipt of:

- (a) a report prepared by an Independent Technical Expert at the Capacity Provider's cost confirming that the Independent Technical Expert (either directly or indirectly) is satisfied as to both of the matters set out in Rule 6.6.2; and

(b) where:

- (i) Rule 6.6.5 applies, a Funding Declaration only insofar as it relates to Relevant Expenditure, made by at least two directors of the Capacity Provider; or
- (ii) Rule 6.6.5A applies, a Funding Declaration made by at least two directors of the Capacity Provider.

- 6.6.2 The matters referred to in Rule 6.6.1 are that:

- (a) Capital Expenditure has been incurred and paid in an amount at least equal to 10 per cent of the Total Project Spend for that CMU (and, where relevant, Non-GB Part); and
- (b) at least two directors of the Capacity Provider (or officers, in the case of a Capacity Provider other than a company) have certified that:
- (i) a Final Investment Decision has been taken for the full value of the Total Project Spend; and
- (ii) where financed from sources other than Own Group Resources, that Financial Close has also occurred,
- (such certificate to be annexed to the report).

- 6.6.3 [Omitted]

- 6.6.3A For the purposes of Rules 6.6.2:

**"Financial Close"** means the legal, valid and binding decision point to progress

with the project, achieved where all relevant project and financing documentation has been signed and all conditions precedent contained within them have been satisfied;

**“Final Investment Decision”** means a decision by the board of directors (or equivalent body in the case other than a company) of the Capacity Provider, and (where relevant) of each other Joint Owner, to fully proceed with the investment for the project, including the decision that sufficient financial resources are available to meet the Total Project Spend;

**“Own Group Resources”** means the existing assets and reserves of the Applicant or of any member of the Applicant’s Group.

6.6.4 For the purposes of these Rules, **“Relevant Contract”** means, for a Prospective Interconnector CMU, an agreement or agreements for the supply of major components representing a portion of the Total Project Spend for that CMU and Non-GB Part (whether or not as part of a wider agreement) and which is consistent with the resolution of the board of directors of the Joint Owner in respect of that CMU (or the officers, in the case of a Joint Owner other than a company) to complete the relevant construction, repowering or refurbishment works for which that Joint Owner is responsible on or prior to the date falling at the start of the first scheduled Delivery Year for that CMU.

6.6.5 Unless Rule 6.6.5A applies, this Rule 6.6.5 applies if the Capacity Agreement for the Prospective CMU was awarded in a Capacity Auction held in the Auction Window commencing on 1 September 2016 or any subsequent Auction Window.

6.6.5A This Rule 6.6.5A applies if:

- (a) the Capacity Provider holds a Capacity Agreement for a Prospective CMU in a Non-dispatchable Generating Technology Class; and
- (b) the Capacity Agreement is awarded in a Capacity Auction held in the Auction Window commencing on 1 September 2019 or any subsequent Auction Window.

6.6.6 If the Capacity Agreement for the Prospective CMU was awarded in a Supplementary Auction, this Rule 6.6.6 applies if the CMU had not been awarded a Capacity Agreement in any Capacity Auction held before the Supplementary Auction.

6.6.7 A person submitting a Funding Declaration under Rule 6.6.1(b) must ensure and confirm in the Funding Declaration that:

- (a) in all material respects, the Funding Declaration; and
- (b) in all respects, each of the specific declarations referred to in the Funding Declaration

are true and correct and that the Funding Declaration has been authorised by the board of directors of the Capacity Provider.

## **6.6A Achieving the Financial Commitment Milestone: New Build CMUs**

- 6.6A.1 Other than in the case of a SA Agreement or a T-1 Agreement, Rule 6.6A.2 applies where in respect of a New Build Capacity Provider (“P”) the Delivery Body has not, by 11 months after the Auction Results Day (“the 11-month period”), received the Independent Technical Expert’s report referred to in Rule 6.6.1.
- 6.6A.2 Where this Rule 6.6A.2 applies, the Delivery Body must notify P and the Settlement Body that P must provide an increased amount of Applicant Credit Cover in accordance with Regulation 59(4) and (5).
- 6.6A.3 The notices under Rule 6.6A.2 must be given within 10 Working Days after the end of the 11-month period.

## **6.7 Achieving the Substantial Completion Milestone**

- 6.7.1 A Capacity Provider is not liable for, or entitled to, any payments in respect of a particular CMU if the relevant System Stress Event precedes the date on which the Substantial Completion Milestone for such CMU is reached.
- 6.7.2 In the case of a Generating CMU, a New Build CMU or a Refurbishing CMU will have met its Substantial Completion Milestone obligation if:
- (a) the corresponding Generating Unit(s) is/are Operational with an aggregate physical generating capacity (in MW) which, after being multiplied by its De-rating Factor, equals or exceeds 90 per cent of its Capacity Obligation;
  - (b) the Capacity Provider has provided detailed line diagrams and completed a Metering Assessment as required by Rule 8.3.3(ba); and
  - (c) where required under Rule 8.3.3(d), the Capacity Provider has provided a Metering Test Certificate.
- 6.7.3 In the case of an Interconnector CMU, a New Build CMU or a Refurbishing CMU will have met its Substantial Completion Milestone obligation if:
- (a) the corresponding Electricity Interconnector is Operational with the physical capability of transmitting a Net Output which, after being multiplied by its De-rating Factor, equals or exceeds 90 per cent of its Capacity Obligation;
  - (b) the Capacity Provider has provided detailed line diagrams and completed a Metering Assessment as required by Rule 8.3.3(ba); and
  - (c) where required under Rule 8.3.3(d), the Capacity Provider has provided a Metering Test Certificate.
- 6.7.4 (a) Where the Substantial Completion Milestone is achieved in respect of a Prospective CMU:
- (i) on or prior to the start of the first Delivery Year of the Capacity Agreement or the Delivery Year of an SA Agreement or a T-1 Agreement, the Capacity Agreement will take effect on the first day of such Delivery Year; or
  - (ii) in the case of a New Build CMU or a Refurbishing CMU (other than in the case of a T-1 Agreement), after the start of the first Delivery Year of the Capacity Agreement but before the applicable Long Stop Date, the Capacity Agreement will take effect on the date

that the Substantial Completion Milestone is achieved,

(but otherwise such Capacity Agreement will only take effect if the CMU is a New Build CMU to which Rule 6.8.5 applies).

(b) If the physical generating capacity (or, in the case of an Interconnector CMU the physical capability of transmitting a Net Output) of the relevant CMU which is Operational when the Capacity Agreement takes effect is not, after being multiplied by its De-rating Factor, sufficient to deliver 100 per cent of its Capacity Obligation, the Capacity Agreement will take effect with respect to that proportion of the De-rated Capacity which is operational only.

6.7.5 The Capacity Provider must notify the Delivery Body when an ION is issued, or where no relevant ION is issued when a FON is issued (or, in the case of a Generating Unit connected to a Distribution Network, when it passes the relevant tests) for a Generating Unit forming part of a Prospective Generating CMU which is the subject of a Capacity Agreement.

6.7.6 At any time up to eighteen months after the start of the first Delivery Year of the Capacity Agreement, a Capacity Provider may notify the Delivery Body that a Generating Unit forming part of a Prospective Generating CMU has increased its Operational physical capacity such that it is now sufficient to deliver a higher proportion (up to but not exceeding 100 per cent) of its Capacity Obligation, and the Capacity Agreement will take effect from such date with respect to that increased proportion.

6.7.6A At any time during the Delivery Year of the Capacity Agreement, a Capacity Provider may notify the Delivery Body that a Prospective Interconnector CMU has increased its Operational physical capability of transmitting a Net Output such that it is now sufficient to deliver a higher proportion (up to but not exceeding 100 per cent) of its Capacity Obligation, and the Capacity Agreement will take effect from such date with respect to that increased proportion.

6.7.7 The relevant Long Stop Date must, at the request of the relevant Capacity Provider, be extended day for day for any delay in achieving the Substantial Completion Milestone that results solely from a failure of a Transmission Licensee or the relevant Distribution Network Operator to provide an active connection point when required to do so in accordance with a valid Grid Connection Agreement or Distribution Connection Agreement, including as a result of the failure of their subcontractors (provided that such subcontractor is not the Capacity Provider or in the same Group). To secure such extension, the relevant Capacity Provider must apply to the Delivery Body and provide a report of an Independent Technical Expert substantiating its claim and identifying the relevant number of days of delay.

6.7.8 Save as provided in Rule 6.7.7, the relevant Long Stop Date must not be extended by virtue of any delay by a Prospective CMU in achieving the Substantial Completion Milestone, howsoever caused.

6.7.9 The relevant Long Stop Date must not be extended under Rule 6.7.7 where the relevant Capacity Provider has released the Transmission Licensee or the relevant Distribution Network Operator from its obligation to provide an active connection point under a Grid Connection Agreement or Distribution Connection Agreement, or where the relevant Capacity Provider has agreed to an extension to the date by which an active connection point must be provided.

## **6.7A Unproven DSR CMUS – when multi-year Capacity Agreements take effect**

- 6.7.10 Where an Unproven DSR CMU awarded a Capacity Agreement of a duration exceeding one Delivery Year satisfies the requirements of Rule 8.3.2(a) (DSR Test):
- (a) on or prior to the start of the first Delivery Year of the Capacity Agreement, the Capacity Agreement will take effect on the first day of such Delivery Year; or
  - (b) after the start of the first Delivery Year of the Capacity Agreement but before the date falling one month before the commencement of the second Delivery Year of the Capacity Agreement, the Capacity Agreement will take effect on the date that CMU satisfies the requirements of Rule 8.3.2(a) (DSR Test), Rule 8.3.3(b) (Metering Assessment) and, if applicable, Rule 8.3.3(d) (Metering Test).
- 6.7.11 A Capacity Provider is not liable for, or entitled to, any payments in respect of a particular Unproven DSR CMU if the relevant System Stress Event precedes the date on which the CMU satisfies the requirements of Rule 8.3.2(a) (DSR Test), Rule 8.3.3(b) (Metering Assessment) and, if applicable, Rule 8.3.3(d) (Metering Test).

## **6.7B DSR Partial Credit Cover Release**

- 6.7.12 An Applicant, Bidder or Capacity Provider for an Unproven DSR CMU in respect of a Capacity Agreement of a duration exceeding one Delivery Year (“P”) will meet the requirements for DSR Partial Credit Cover Release if, before P gives a notice to the Delivery Body under Rule 8.3.3A specifying the DSR CMU Components comprising the CMU, the Delivery Body is satisfied that P has provided it with:
- (a) information updating the information provided under Rule 3.10.1(aa)(ii);
  - (b) a declaration, signed by two directors of P (or two officers in the case of a body other than a company), that:
    - (i) P has reasonable grounds to believe that the Qualifying £/kW Capital Expenditure for the CMU will be equal to or greater than the expected Qualifying £/kW Capital Expenditure declared under Rule 3.10.1(aa)(i);
    - (ii) the DSR CMU Components identified in the declaration, which have been acquired and/or in respect of which Contractual DSR Control has been acquired to form the CMU, are expected to provide at least 50 per cent of the CMU’s De-rated Capacity; and
    - (iii) from the date P meets the requirements for DSR Partial Credit Cover Release to the date that a DSR Test Certificate is issued in respect of the CMU (both dates inclusive), the CMU will contain the DSR CMU Components identified in the declaration, unless any of these DSR CMU Components fails and another DSR CMU Component or Contractual DSR Control over another DSR Component must be acquired for the CMU to carry out the DSR Test; and
  - (c) a report prepared by an Independent Technical Expert at the Capacity Provider’s cost confirming that the Independent Technical Expert (either

directly or indirectly) is satisfied as to the matters set out in Rule 6.7B.1(b)(i) and Rule 6.7B.1(b)(ii).

- 6.7.13 Where the Delivery Body is satisfied that P has met the requirements for DSR Partial Credit Cover Release:
- (a) the Delivery Body must notify P within five Working Days that P is eligible to request a portion of its Applicant Credit Cover to be released in accordance with the Regulations; and
  - (b) P may submit a request to the CM Settlement Body for a portion of its Applicant Credit Cover to be released in accordance with the Regulations.

## 6.8 Sanctions for Delay in Achieving Milestones

- 6.8.1 The Delivery Body must notify the Secretary of State and the Capacity Provider if it becomes aware of any Prospective CMU which fails to reach:
- (a) in the case of a New Build CMU, its Financial Commitment Milestone in accordance with Rule 6.6 and Rule 6.10.1(b) shall apply;
  - (aa) in the case of a Refurbishing CMU, its Financial Commitment Milestone in accordance with Rule 6.6 and Rule 6.8.4 shall apply; or
  - (b) in the case of a Refurbishing CMU, its Substantial Completion Milestone by the Long Stop Date in accordance with Rule 6.7 and Rule 6.8.4 shall apply.
- 6.8.2 Subject to Rules 6.8.2A to 6.8.2F, if the Delivery Body becomes aware of any New Build CMU that has failed to reach its Minimum Completion Requirement by the Long Stop Date, the Delivery Body must issue a written notice to the Capacity Provider, the Secretary of State, the CM Settlement Body and the Authority (a "Notice of Intention to Terminate") stating that, unless the Minimum Completion Requirement is achieved (as determined in accordance with Rule 6.8.3 or 6.8.3A) within 120 Working Days from the date of the Notice of Intention to Terminate, a Termination Notice will be issued in accordance with Rule 6.10.2(a).
- 6.8.2A Rule 6.8.2B applies where:
- (a) the New Build CMU referred to in Rule 6.8.2 is an Interconnector CMU in respect of which a Capacity Agreement has been awarded for a Delivery Year ("Y");
  - (b) a Capacity Agreement has not been awarded in respect of that CMU for the Capacity Year immediately following Delivery Year Y; and
  - (c) the Delivery Body becomes aware that the CMU has failed to reach its Minimum Completion Requirement by the end of Delivery Year Y.
- 6.8.2B Where this Rule 6.8.2B applies the Delivery Body must, instead of the notice referred to in Rule 6.8.2, issue a written notice to the Capacity Provider, the Secretary of State, the CM Settlement Body and the Authority (a "**Non-completion Notice**") stating that the Capacity Provider is liable to pay a Non-completion Fee by the end of the last day of the period of 60 Working Days beginning with the date of the notice.
- 6.8.2C Rule 6.8.2D applies where:
- (a) the New Build CMU referred to in Rule 6.8.2 is an Interconnector CMU in

respect of which a Capacity Agreement has been awarded for a Delivery Year (“Z”); and

- (b) a Capacity Agreement has been awarded in respect of that CMU for a Delivery Year immediately following Delivery Year Z.

6.8.2D Where this Rule 6.8.2D applies, the notice issued in accordance with Rule 6.10.2(a) shall be treated, for the purposes of this Chapter 6, as a Termination Notice issued in respect of each of the following Capacity Agreements (but without making the Capacity Provider liable to pay more than one termination fee in respect of them):

- (a) the Capacity Agreement in respect of that New Build CMU that is in force at the time of the expiry of the notice period or extension period referred to in Rule 6.10.2(e); and
- (b) any other Capacity Agreement awarded in respect of that New Build CMU for a Delivery Year subsequent to Delivery Year Z.

6.8.2E Rule 6.8.2F applies where:

- (a) a New Build CMU has been awarded an SA Agreement or a T-1 Agreement; and
- (b) the Delivery Body becomes aware that the CMU has failed to reach its Minimum Completion Requirement in respect of that SA Agreement or T-1 Agreement by the Long Stop Date.

6.8.2F Where this Rule 6.8.2F applies, the Notice of Intention to Terminate issued in respect of that SA Agreement or T-1 Agreement must state that, unless the Minimum Completion Requirement is achieved (as determined in accordance with Rule 6.8.3 or 6.8.3A) within 20 Working Days from the date of that notice, a Termination Notice will be issued in accordance with Rule 6.10.2(a).

6.8.3 A Prospective Generating CMU has reached its Minimum Completion Requirement if:

- (a) the corresponding Generating Unit(s) is/are Operational with an aggregate physical generating capacity which, after being multiplied by its De-rating Factor, exceeds 50 per cent of its Capacity Obligation;
- (b) the Capacity Provider has provided detailed line diagrams and completed a Metering Assessment as required by Rule 8.3.3(ba); and
- (c) where required under Rule 8.3.3(d), the Capacity Provider has provided a Metering Test Certificate.

6.8.3A A Prospective Interconnector CMU has reached its Minimum Completion Requirement if:

- (a) the CMU is Operational with a Connection Capacity which, after being multiplied by its De-rating Factor, exceeds 50 per cent of its Capacity Obligation;
- (b) the Capacity Provider has provided detailed line diagrams and completed a Metering Assessment as required by Rule 8.3.3(ba); and
- (c) where required under Rule 8.3.3(d), the Capacity Provider has provided a

## Metering Test Certificate.

- 6.8.4 Where the Delivery Body has given notice under Rule 6.8.1 for a CMU which was, in the Capacity Auction pursuant to which the Capacity Agreement was awarded, a Refurbishing CMU for which the Bidder was obliged to participate with respect to the Pre-Refurbishment CMU (either because the Pre-Refurbishment CMU was a Mandatory CMU or because the Bidder issued a confirmation for such Pre-Refurbishment CMU pursuant to Rule 5.5.14):
- (a) the Capacity Agreement is reduced to a one year duration; and
  - (b) where the notice under Rule 6.8.1 is given to a T-1 Agreement, the Capacity Obligation of the CMU will be re-set by reference to the De-rated Capacity of the Pre-Refurbishment CMU (i.e. the applicable De-rating Factor multiplied by the Connection Capacity of the Pre-Refurbishment CMU).
- 6.8.5 Where a New Build CMU that did not achieve the Substantial Completion Milestone by the start of the first Delivery Year of the Capacity Agreement, or of the Delivery Year of an SA Agreement or a T-1 Agreement, has achieved the Minimum Completion Requirement by the Long Stop Date then the Capacity Agreement will take effect at the Long Stop Date with respect to that proportion of the De-rated Capacity of the CMU that has achieved Operational status only.

## **6.9 Exclusion of Force Majeure**

- 6.9.1 The obligations set out in the Rules and Regulations and forming the Capacity Agreement are not excused by events outside of the control of the Capacity Provider and apply regardless of any assertion of force majeure, frustration or equivalent legal doctrine.

## **6.10 Termination**

### 6.10.1 Termination Events

Each of the following events is a Termination Event with respect to a Capacity Agreement (other than a Capacity Agreement that has been transferred under Rule 9.2.4(a)), and the Capacity Provider must notify the Delivery Body if any of the following events has occurred and is continuing:

- (a) an Insolvency Termination Event affecting the Capacity Provider or, in relation to an Interconnector CMU, any Joint Owner;
- (b) where the Capacity Agreement is in respect of a New Build CMU, a failure by the Capacity Provider to achieve its Financial Commitment Milestone for that New Build CMU as determined in accordance with Rule 6.6;
- (ba) where the Capacity Agreement is in respect of a New Build CMU and
  - (i) Rule 6.6A.2 applies, and the New Build Capacity Provider has failed to lodge credit cover in accordance with Regulation 59(4) and (5); or
  - (ii) the New Build Capacity Provider has lodged that credit cover, but failed to maintain it in accordance with Regulation 60(1);
- (c) except where Rule 6.8.2B applies, where the Capacity Agreement is in respect of a New Build CMU, a failure by the capacity provider to achieve

its Minimum Completion Requirement for that New Build CMU as determined in accordance with Rule 6.8.3 within the period specified in a Notice of Intention to Terminate issued by the Delivery Body to that Capacity Provider in accordance with Rule 6.8.2 or Rule 6.8.2F

- (d) without prejudice to the operation of any Regulations which render the Capacity Agreement null and void, the Capacity Committed CMU to which the Capacity Agreement relates:
  - (i) no longer meets the first condition of the General Eligibility Criteria described in Regulation 15(3);
  - (ii) no longer meets the second condition of the General Eligibility Criteria described in Regulation 15(4); or
  - (iii) would not meet the third condition of the General Eligibility Criteria described in Regulation 15(5) if an Application for Prequalification were made in respect of that CMU, at any time after the Capacity Agreement is awarded.
- (e) the Capacity Provider has made a declaration or provided a letter in its Application in accordance with Rule 3.7.3(c) for a CMU but has not provided a copy of its connection offer, with evidence of the acceptance of that offer, to the Delivery Body for that CMU as required by Rule 8.3.1(a);
- (ea) the Capacity Provider has made a declaration in its Application in accordance with Rule 3.10A.3 for a CMU but has not complied with the terms of that declaration as required by Rule 8.3.1(c);
- (f) the Capacity Provider has made a declaration in its Application in accordance with Rule 3.6.3(b) for a CMU but has not provided a copy of its Grid Connection Agreement evidencing the matters specified in Rule 8.3.1(b) as required by that Rule;
- (fa) the Capacity Provider has made a declaration in its Application in accordance with Rule 3.10A.2 for a CMU but has not provided a copy of its Grid Connection Agreement evidencing the matters specified in Rule 8.3.1(d) as required by that Rule;
- (g) where the Capacity Agreement relates to a Generating CMU or an Interconnector CMU, the Capacity Provider ceases to have a Grid Connection Agreement that secures Transmission Entry Capacity for each relevant Delivery Year at least equal to the De-rated Capacity of the Capacity Committed CMU and any other CMUs to which the Grid Connection Agreement applies, except as a result of a failure by a Transmission Licensee to provide a connection point when required to do so in accordance with a valid Grid Connection Agreement;
- (ga) where the Capacity Agreement relates to a Generating CMU or an Interconnector CMU, the Capacity Provider reduces the Transmission Entry Capacity secured by its Grid Connection Agreement for a relevant Delivery Year so that it is no longer at least equal to the aggregate of all Capacity Obligations applying at any time in that Delivery Year in respect of:

- (i) the CMU to which the Capacity Agreement applies, and
- (ii) any other CMUs to which the Grid Connection Agreement applies;

except where such a reduction in Transmission Entry Capacity arises as a consequence of a failure by a Transmission Licensee to provide a connection point when required to do so in accordance with a valid Grid Connection Agreement;

- (h) where the Capacity Agreement relates to an Existing CMU, a Proven DSR CMU or an Unproven DSR CMU which, in any such case, is subject to a Metering Test pursuant to Rule 8.3.3(c) (as applicable), the Capacity Provider has failed to comply with Rule 8.3.3(d);
- (ha) where the Capacity Agreement relates to an Existing CMU, a Proven DSR CMU or an Unproven DSR CMU and, in any such case, the Capacity Provider has made a declaration in its Application in accordance with Rule 3.6.4(b), 3.6A.3(aa), 3.9.4(b) or 3.10.2(b) that it will complete a Metering Assessment for that CMU, the Capacity Provider has failed to complete a Metering Assessment in accordance with Rule 8.3.3(a) or 8.3.3(b);
- (i) where the Capacity Agreement relates to an Unproven DSR CMU, the Capacity Provider has failed to comply with Rule 8.3.2(a);
- (j) [Omitted];
- (k) where the Delivery Body has not received a copy of a notice in accordance with Rule 4.6.2 and Rule 4.6.4A applies;
- (l) where the Capacity Agreement relates to a Generating CMU with a multi-year Capacity Obligation and the CM Settlement Body determines that the Capacity Provider has on three separate occasions invalidated the Metering Test Certificate relating to that Generating CMU;
- (m) where the Capacity Agreement relates to an Unproven DSR CMU, Rule 4.5B.2 applies and the Capacity Provider has failed to lodge credit cover in accordance with Rule 4.5B.7;
- (n) a Capacity Provider makes a transfer, sale or disposal of a Generating Unit contrary to Rule 9.2.10 without complying with the conditions in 9.2.10A(a);
- (o) where any information or declaration submitted in or with an Application relating to the Capacity Agreement did not comply with the requirements in Rule 3.12.1;
- (p) where the Capacity Provider is required to submit an updated Funding Declaration under Rule 8.3.8, a failure by the Capacity Provider to submit such update in accordance with Rule 8.3.8(a) or Rule 8.3.8(b);
- (q) where a Funding Declaration made under Rule 6.6.1 or any update made under Rule 8.3.8 did not comply with the requirements in Rule 6.6.7;
- (r) where the Capacity Committed CMU is subject to, and fails to satisfy, the requirements of Rule 13.4.1ZA(a) (or Rule 13.4.1ZE(b), where applicable) in respect of a Capacity Agreement awarded as a result of a Capacity Auction held after the coming into force of the Capacity Market (Amendment) (No. 4) Rules 2017; and
- (s) where the Capacity Committed CMU is subject to and fails to satisfy, the

requirements of Rule 13.4A.7(a) (or Rule 13.4A.11(b), where applicable) in respect of a Capacity Agreement awarded to the CMU as a result of a Capacity Auction held after the coming into force of the Capacity Market (Amendment) (No. 4) Rules 2017.

6.10.1A Termination Events: Transfers under Rule 9.2.4(a)

- (a) Subject to paragraph (d), each of the events specified in the following paragraphs of Rule 6.10.1 is a Termination Event with respect to a Capacity Agreement that has been transferred in its entirety under Rule 9.2.4(a), or with respect to a Transferred Part:
  - (i) paragraph (a) (insolvency);
  - (ii) paragraph (d) (General Eligibility Criteria);
  - (iii) paragraph (ga) (Transmission Entry Capacity);
  - (iv) Omitted.
  - (v) paragraph (n) (transfer etc. of a Generating Unit);
  - (vi) paragraph (r) (Satisfactory Performance Days);and
  - (vii) paragraph (s)(extended performance).

and for that purpose, any reference to a “Capacity Agreement” in those paragraphs shall be construed as including a reference to a Transferred Part, and any reference to a “Capacity Provider” shall be construed as a reference to the Transferee.

- (b) Each of the following events is a Termination Event with respect to a Capacity Agreement that has been transferred in its entirety under Rule 9.2.4(a) or with respect to a Transferred Part:
  - (i) where the CMU Transferee is a Generating CMU or an Interconnector CMU, immediately following the transfer the Transferee does not have a Grid Connection Agreement which secures Transmission Entry Capacity at least equal to the aggregate of the Capacity Obligations applying to:
    - (aa) that CMU Transferee, and
    - (bb) any other CMUs to which the Grid Connection Agreement applies;
  - (ii) the event specified in 6.10.1(o) in so far as it applies in respect of any Capacity Agreement that has been awarded in relation to the CMU Transferee.
- (c) The Capacity Provider must notify the Delivery Body if an event mentioned in paragraph (a) or (b) occurs and is continuing during the period in which the transferred Capacity Obligation applies to the CMU Transferee.
- (d) The provisions of this Rule 6.10.1A do not apply to a CMU Transferor which has transferred the entirety of its Capacity Obligation in accordance with Rule 9.2.4(a) in respect of the period during which the transferred Capacity Obligation applies to the CMU Transferee, except

where a Termination Notice is received by the CMU Transferor prior to the relevant transfer.

6.10.1B Termination Event: concurrent Termination Notices in respect of provision of a Fossil Fuel Emissions Declaration

- (a) Where Rule 6.10.1B(b) applies, Rule 6.10.1B(c) and Rule 6.10.1B(d) apply.
- (b) This Rule 6.10.1B(b) applies if:
  - (i) the Delivery Body gives a Capacity Provider for a New Build CMU or Unproven DSR CMU more than one Termination Notice in respect of a Capacity Agreement and the notice periods specified in the Termination Notices cover one or more of the same days (“concurrent Termination Notices”);
  - (ii) in the case of a Capacity Agreement in respect of a New Build CMU, the concurrent Termination Notices separately specify:
    - (aa) the Termination Event specified in Rule 6.10.1(c) (Minimum Completion Requirement); and
    - (bb) the Termination Event specified in Rule 6.10.1(o) where the Termination Notice is given because a declaration in a Fossil Fuel Emissions Commitment in respect of the CMU submitted with the Application relating to the Capacity Agreement does not comply with the requirements in Rule 3.12.1; or
  - (ii) in the case of a Capacity Agreement in respect of an Unproven DSR CMU, the concurrent Termination Notices separately specify:
    - (aa) the Termination Event specified in Rule 6.10.1(i) (DSR Test Certificate); and
    - (bb) the Termination Event specified in Rule 6.10.1(o) where the Termination Notice is given because a declaration in a Fossil Fuel Emissions Commitment in respect of the CMU submitted with the Application relating to the Capacity Agreement does not comply with the requirements in Rule 3.12.1.
- (c) The Delivery Body must terminate the Capacity Agreement:
  - (i) on the ground specified in whichever of the concurrent Termination Notices first reaches the date on which it is automatically terminated as described in Rule 6.10.2(e); or
  - (ii) on the relevant ground specified in Rule 6.10.1B(d) if more than one of the concurrent Termination Notices reaches the date on which the agreement is automatically terminated on the same day.
- (d) Where the Capacity Agreement must be terminated on a ground specified in this Rule 6.10.1B(d), the relevant ground is:
  - (i) in the case of a New Build CMU, the Termination Event specified in Rule 6.10.1(c); and
  - (iii) in the case of an Unproven DSR CMU, the Termination Event specified in Rule 6.10.1(i).

6.10.2 Procedure for automatic termination

- (a) Where the Delivery Body:

- (i) has been notified by another Administrative Party or a Capacity Provider of, or otherwise becomes aware of the occurrence of, any of the circumstances referred to in Rule 6.10.1 or as the case may be Rule 6.10.1A, or
- (ii) receives a direction from the Secretary of State or the Authority to terminate the Capacity Agreement for an actual or suspected engagement in one or more of the Prohibited Activities by an Applicant-related Party or any member of the Applicant's Group;

it must issue a written notice to the Capacity Provider, the Secretary of State, the CM Settlement Body and the Authority (a "Termination Notice") stating that the Capacity Agreement of the relevant CMU (or, in the case of the circumstances in Rule 6.10.1(a) or Rule 6.10.2(a)(ii), all CMUs for which it is the Capacity Provider) will terminate in 60 Working Days and specifying which of the grounds in Rule 6.10.1(a) to (s) or Rule 6.10.2(a)(ii) applies.

- (b) Within 20 Working Days of receipt of a Termination Notice under Rule 6.10.2(a) (other than one which identifies the grounds set out in Rule 6.10.1(j) or Rule 6.10.1(k)), a Capacity Provider may submit a written request to the Secretary of State:

- (i) applying to have that Termination Notice extended by up to 60 Working Days (or, in the case of a Termination Notice given in respect of an SA Agreement or a T-1 Agreement, 20 Working Days);
- (ii) specifying the reasons for requesting the extension of the notice; and
- (iii) specifying a cure plan demonstrating that the Capacity Provider will address the grounds for termination specified in the Termination Notice for any relevant CMUs within the requested extension period.

- (c) Within 20 Working Days of receipt of a Termination Notice under Rule 6.10.2(a), a Capacity Provider may make written representations to the Secretary of State in accordance with Regulation 33(4):

- (i) applying to have that Termination Notice withdrawn;
- (ii) specifying the reasons for requesting the withdrawal of the notice; and
- (iii) specifying a cure plan specifying how the Capacity Provider will address the grounds for termination specified in the Termination Notice for any relevant CMUs,

subject always to Regulation 33(7).

- (zd) If Rule 6.10.1B (Termination Event: concurrent Termination Notices in respect of provision of Fossil Fuel Emissions Declaration) applies in relation to a Capacity Provider, any representations made by the Capacity Provider to the Secretary of State under Rule 6.10.2(b) or Rule 6.10.2(c) must specify for each Termination Notice in respect of the Capacity Agreement which has not been withdrawn at the time the representations are made:

- (i) the date on which the Termination Notice was issued;
  - (ii) the date 60 Working Days from the date on which the Termination Notice was issued; and
  - (iii) the Termination Event specified in the Termination Notice.
- (d) The Delivery Body:
- (i) may withdraw or extend a Termination Notice (in whole or in part) in accordance with a Reconsidered Decision pursuant to Part 10 of the Regulations; and
  - (ii) must immediately withdraw or extend a Termination Notice on the instruction of:
    - (aa) the Secretary of State in accordance with Regulation 33(2);
    - (bb) the Authority in accordance with Regulation 71;
    - (cc) a court of competent jurisdiction in accordance with Regulation 72; or
    - (dd) the Secretary of State following an application under Rule 6.10.2(b) or 6.10.2(c),

in each case by issuing a written notice to the Capacity Provider, the Secretary of State, the CM Settlement Body and the Authority (a “Withdrawal Notice” or an “Extension Notice”, as the case may be), such notice to include the period of the extension, if any.

- (e) Subject to Rule 6.10.1B (if applicable), at the expiry of the notice period referred to in Rule 6.10.2(a) or, where applicable, any extension period referred to in Rule 6.10.2(d), the Capacity Agreement for each relevant CMU is automatically terminated unless the Termination Notice has been withdrawn.
- (f) Where a Capacity Agreement is terminated, the Delivery Body must:
  - (i) update the Capacity Market Register to reflect the termination of the Capacity Agreement; and
  - (ii) notify the CM Settlement Body and the Authority of the termination of the Capacity Agreement, and the grounds for its termination.
- (g) Paragraph (f) applies notwithstanding that the period mentioned in paragraph (e) expires after the expiry of the Capacity Agreement.

#### 6.10.2A Termination procedure: Transferred Part

The provisions of Rule 6.10.2 apply to the termination of a Transferred Part as they apply to the termination of a Capacity Agreement, but with the following modifications:

- (a) in paragraph (a):
  - (i) in sub-paragraph (i), for “Rule 6.10.1” substitute “Rule 6.10.1A;
  - (ii) for the words from “Capacity Agreement of the relevant CMU” to the end substitute “Transferred Part applying in respect of the relevant CMU will terminate in 60 Working Days and specifying which of the grounds referred to in Rule 6.10.1A will apply”;

- (b) in paragraph (b), omit “or Rule 6.10.1(k)”;
- (c) in paragraphs (e) and (f), for each occurrence of “Capacity Agreement” substitute “Transferred Part”; and
- (d) in paragraph (g), for “Capacity Agreement” substitute “Transfer Period”.

### 6.10.3 Termination Fees

- (a) Where a Capacity Agreement awarded as a result of a Capacity Auction held before the coming into force of the Capacity Market (Amendment) Rules 2016 is terminated on one of the grounds specified in paragraph (b), (c), (e), (f), (g), (h) or (n) of Rule 6.10.1, the Capacity Provider is liable to pay a termination fee in accordance with Regulation 43.
- (b) The amount of the termination fee payable under Rule 6.10.3(a) is:
  - (i) TF1, as determined in accordance with Regulation 43(3), where the Capacity Agreement is terminated on one of the grounds specified in Rule 6.10.1(b), 6.10.1(e), 6.10.1(f), 6.10.1(h) or 6.10.1(n); and
  - (ii) TF2, as determined in accordance with Regulation 43(3), where the Capacity Agreement is terminated on one of the grounds specified in Rule 6.10.1(c) or 6.10.1(g).
- (c) Where a Capacity Agreement awarded as a result of a Capacity Auction held after the coming into force of the Capacity Market (Amendment) Rules 2016, or a Transferred Part in respect of such a Capacity Agreement, is terminated on one of the grounds specified in paragraph (b), (ba), (c), (e), (ea), (f), (fa), (g), (ga), (h), (l), (n) or (p) of Rule 6.10.1 or Rule 6.10.1A(b)(i), the Capacity Provider is liable to pay a termination fee in accordance with Regulation 43.
- (d) The amount of a termination fee payable under Rule 6.10.3(c) is:
  - (i) TF3, as determined in accordance with Regulation 43(3), where the Capacity Agreement or Transferred Part is terminated on one of the grounds specified in Rule 6.10.1(ba)(i), 6.10.1(h), 6.10.1(l) or 6.10.1(n);
  - (ii) TF4, as determined in accordance with Regulation 43(3), where the Capacity Agreement is terminated on one of the grounds specified in Rule 6.10.1(b), 6.10.1(ba)(ii), 6.10.1(e) or 6.10.1(p); and
  - (iii) TF5, as determined in accordance with Regulation 43(3), where the Capacity Agreement or Transferred Part is terminated on one of the grounds specified in Rule 6.10.1(c), 6.10.1(ea), 6.10.1(fa), 6.10.1(g), 6.10.1(ga), or Rule 6.10.1A(b)(i).
- (e) Where a Capacity Agreement has been awarded as a result of a Capacity Auction held before the coming into force of the Capacity Market (Amendment) Rules 2016 and:
  - (i) either:
    - (aa) that Capacity Agreement is transferred in its entirety under Rule 9.2.4(a) after those Rules came into force; or
    - (bb) a Transferred Part is created from that Capacity Agreement

after those Rules came into force; and

- (ii) the Capacity Agreement or Transferred Part is terminated on one of the grounds specified in paragraph (ga) or (n) of Rule 6.10.1 or Rule 6.10.1A(b)(i),

the Capacity Provider is liable to pay a termination fee in accordance with Regulation 43.

- (f) The amount of the termination fee payable under Rule 6.10.3(e) is:
  - (i) TF1, as determined in accordance with Regulation 43(3), where the Capacity Agreement or Transferred Part is terminated on the grounds specified in Rule 6.10.1(n); and
  - (ii) TF2, as determined in accordance with Regulation 43(3), where the Capacity Agreement or Transferred Part is terminated on one of the grounds specified in Rule 6.10.1(ga) or Rule 6.10.1A(b)(i).
- (g) Where a Capacity Agreement awarded as a result of a Capacity Auction held after the coming into force of the Capacity Market (Amendment) Rules 2017, or a Transferred Part in respect of such a Capacity Agreement, is terminated on one of the grounds specified in paragraph (d) or (ha) of Rule 6.10.1, the Capacity Provider is liable to pay a termination fee in accordance with Regulation 43.
- (h) The amount of a termination fee payable under Rule 6.10.3(g) is TF3, as determined in accordance with Regulation 43(3).
- (i) Where a Capacity Agreement or a Transferred Part in respect of such a Capacity Agreement, is terminated on either or both of the grounds specified in Rule 6.10.1(r) and Rule 6.10.1(s), the Capacity Provider is liable to pay the termination fee specified in paragraph (j) in accordance with Regulation 43.
- (j) The amount of the termination fee payable under Rule 6.10.3(i) is TF4, as determined in accordance with Regulation 43(3).

#### 6.10.3A Repayment of Capacity Payments

- (a) Where a Capacity Agreement or Transferred Part is terminated on one of the grounds specified in paragraphs (a), (d), (g), (h) (in respect of a Capacity Provider failing to provide a Metering Test Certificate in accordance with Rule 8.3.3(e)(i) or Rule 8.3.3(e)(iii)), (i), (k), (l) or (n) of Rule 6.10.1 or following a direction made under Rule 6.10.2(a)(ii), the Capacity Provider is liable to repay Capacity Payments in accordance with Regulation 43B.
- (aa) Where a Capacity Agreement has been awarded as a result of a Capacity Auction held after the coming into force of the Capacity Market (Amendment) Rules 2016, or a Transferred Part in respect of such a Capacity Agreement, is terminated on one of the grounds specified in paragraphs (o), (p) or (q) of Rule 6.10.1 or in Rule 6.10.1A(b)(ii) or following a direction made under Rule 6.10.2(a)(ii), the Capacity Provider is liable to repay Capacity Payments in accordance with Regulation 43B.
- (ab) Where a Capacity Agreement awarded as a result of a Capacity Auction held before the coming into force of the Capacity Market (Amendment) Rules 2016 and:

- (i) either:
    - (aa) that Capacity Agreement is transferred in its entirety under Rule 9.2.4(a) after those Rules came into force; or
    - (bb) a Transferred Part is created from that Capacity Agreement after those Rules came into force; and
  - (ii) the Capacity Agreement or Transferred Part is terminated on one of the grounds specified in Rule 6.10.1(ga) or Rule 6.10.1A(b)(i),
- the Capacity Provider is liable to repay Capacity Payments in accordance with Regulation 43B.

- (b) Capacity Payments are repayable in respect of the period TP1, as defined in Regulation 43B(3)(a), where the Capacity Agreement or Transferred Part is terminated on the grounds specified in paragraphs (a), (d), (k) or (n) of Rule 6.10.1 or following a direction made under Rule 6.10.2(a)(ii).
- (c) Capacity Payments are repayable in respect of the period TP2, as defined in Regulation 43B(3)(b), where the Capacity Agreement or Transferred Part is terminated on the grounds specified in paragraphs (g), (ga) or (l) of Rule 6.10.1 or Rule 6.10.1A(b)(i)..
- (ca) Capacity Payments are repayable in respect of the period TP3, as defined in Regulation 43B(3)(c), where the Capacity Agreement or Transferred Part is terminated on the grounds specified in paragraphs (h) (in respect of a Capacity Provider failing to provide a Metering Test Certificate in accordance with Rule 8.3.3(e)(i) or Rule 8.3.3(e)(iii)), (i), (o), (p) or (q) of Rule 6.10.1 or Rule 6.10.1A(b)(ii).
- (cb) Where a Capacity Agreement, or a Transferred Part in respect of such a Capacity Agreement, is terminated on either or both of the grounds specified in Rule 6.10.1(r) and Rule 6.10.1(s), the Capacity Provider is liable to repay Capacity Payments in accordance with Regulation 43B.
- (cc) Capacity payments are repayable in respect of the period TP4, as defined in Regulation 43B(3)(d), where a Capacity Agreement, or a Transferred Part in respect of such a Capacity Agreement, is terminated on either or both of the grounds specified in Rule 6.10.1(r) and Rule 6.10.1(s).
- (d) Where a Capacity Agreement or Transferred Part is terminated on the grounds specified in Rule 6.10.1(g), Rule 6.10.1(ga), Rule 6.10.1(r) or Rule 6.10.1A(b)(i), the Delivery Body must notify the CM Settlement Body of the date on which the Termination Event occurred.

#### 6.10.4 Voluntary termination for Generating CMUs transferring to CFD or RO

- (a) A Capacity Provider of a Generating CMU may voluntarily request termination of a Capacity Agreement in order to become eligible to participate in a Low Carbon Exclusion.
- (b) In order to have a Capacity Agreement terminated in accordance with Rule 6.10.4(a), the Capacity Provider must send a CFD Transfer Notice or a ROO Conversion Notice (as applicable) to the Delivery Body requesting termination of the Capacity Agreement by no later than 16 months before

the commencement of the relevant Delivery Year.

- (c) Upon receiving a request from a Capacity Provider in accordance with Rule 6.10.4(b), the Delivery Body must, prior to the Prequalification Results Day for the T-1 Auction in respect of the relevant Delivery Year, notify the Capacity Provider, the Secretary of State, the Authority and the CM Settlement Body that the Capacity Agreement is terminated with immediate effect.

## **6.11 Non-completion Fee**

6.11.1 Omitted.

6.11.2 Within 20 Working Days of receipt of a Non-completion Notice under Rule 6.8.2B, a Capacity Provider may make written representations to the Secretary of State in accordance with Regulation 33(4) as applied by Regulation 43A(6):

- (a) applying to have that Non-completion Notice withdrawn; and
- (b) specifying the reasons for requesting the withdrawal of the notice.

6.11.3 The Delivery Body:

- (a) may withdraw a Non-completion Notice in accordance with a Reconsidered Decision pursuant to Part 10 of the Regulations; and
- (b) must immediately withdraw a Non-completion Notice on the instruction of:
  - (i) the Secretary of State in accordance with regulation 33(2) as applied by Regulation 43A(6);
  - (ii) the Authority in accordance with Regulation 71 as so applied; or
  - (iii) a court of competent jurisdiction in accordance with Regulation 72 as so applied.

6.11.4 Where a Non-completion Notice has not been withdrawn in accordance with Rule 6.11.3, the Capacity Provider is liable to pay a Non-completion Fee:

- (a) if no request or appeal has been made under Part 10 of the Regulations, by the end of the period stated in the notice;
- (b) otherwise, if such a request or appeal is unsuccessful or is withdrawn, within five Working Days of the final determination or withdrawal of the request or appeal, with payment due no later than the end of the 5th such day.

6.11.5 The amount of the Non-completion Fee payable is TF4, as determined in accordance with Regulation 43(3), unless the Non-Completion Fee relates to a Capacity Agreement awarded as a result of a Capacity Auction held before the coming into force of the Capacity Market (Amendment) Rules 2016, in which case the amount is TF1 as determined in accordance with Regulation 43(3).<sup>10</sup>

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<sup>10</sup> Regulation 43(3) to (5) applies to the determination of the amount of a Non-completion Fee by virtue of Regulation 43A(4), inserted by the Electricity Capacity (Amendment) Regulations 2015.

## CHAPTER 7: CAPACITY MARKET REGISTER

### 7. Capacity Market Register

#### 7.1 Purpose of this Chapter

- 7.1.1 The Rules govern the establishment and maintenance by the Delivery Body of the Capacity Market Register.

#### 7.2 Establishment, form and maintenance of the Capacity Market Register

- 7.2.1 The Delivery Body must establish and maintain a Capacity Market Register in accordance with the Regulations and the Rules.
- 7.2.2 The Capacity Market Register may be in electronic form.
- 7.2.3 The Capacity Market Register must be established by the time the Prequalification Window for the first Capacity Auction closes.
- 7.2.4 The Delivery Body and the CM Settlement Body will make arrangements for such data transmission facilities as are necessary to give the CM Settlement Body secure access to the Capacity Market Register.
- 7.2.5 The Delivery Body shall retain all data submitted to or stored on the Capacity Market Register (but not the Capacity Market Register itself) for a period of:
- (a) 5 years from the date on which it is received by the Delivery Body, in the case of data referred to in Rule 7.4.1 to Rule 7.4.4; and
  - (b) 5 years from the date of the expiry or earlier termination of the Capacity Agreement, in the case of data referred to in Rule 7.4.5.

#### 7.3 Effect of registration determinative

For the purpose of the Regulations and the Rules, and subject to Rule 4.4.3B and Rule 7.5:

- (a) the Prequalification status and De-rated Capacity of a CMU; and
  - (b) the existence and terms of the Capacity Agreement relating to a Capacity Committed CMU and related right to a Capacity Payment,
- is confirmed at the point at which the particulars of the Prequalification Decision or Capacity Agreement (as relevant) are entered in the Capacity Market Register by the Delivery Body.

#### 7.4 Contents of the Capacity Market Register

With respect to each Capacity Auction, the Delivery Body must ensure that the following entries are made on the Capacity Market Register:

- 7.4.1 On the day on which the Secretary of State is given the notification required by Regulation 23(1):
- (a) in relation to each Mandatory CMU and any CMU that is the subject of an Application:
    - (i) the name of the Applicant;

- (ia) an email address and telephone number that can be used by a person wishing to discuss secondary trading in relation to the CMU;
  - (ib) where the Applicant is a member of a Group, the name of the direct Holding Company for the Applicant;
  - (ii) a description of the CMU including (where applicable) each Generating Unit or DSR CMU Component comprising such CMU and in the case of a Generating CMU, the Primary Fuel Type and Generating Technology Class for the CMU;
  - (iii) the full postal address with postcode, if available, and the two letter prefix and six-figure Ordnance Survey grid reference numbers of the CMU;
  - (iv) the Meter Point Administration Numbers for the relevant Meters relating to the CMU;
  - (v) the Connection Capacity or DSR Capacity (as applicable) of the CMU; and
  - (vi) Not used
  - (vii) the responses submitted in the Metering Assessment (if completed).
- (b) in relation to any Mandatory CMU that has submitted an Opt-out Notification, the basis of the Opt-out pursuant to Rule 3.11.2(f);
- (c) in relation to any CMU that is the subject of an Application, the Prequalification Decision for that CMU;
- (d) in relation to any Prequalified CMU:
- (i) whether the CMU is a Transmission CMU, a CMRS Distribution CMU, a Non-CMRS Distribution CMU, an Interconnector CMU or a DSR CMU;
  - (ii) where the CMU is a Generating CMU or an Interconnector CMU, whether the CMU comprises an Existing CMU, a New Build CMU or a Refurbishing CMU;
  - (iii) whether the CMU has Prequalified to participate in the Capacity Auction or to participate as a Secondary Trading Entrant;
  - (iv) where the CMU is a DSR CMU, whether it is a Proven DSR CMU or an Unproven DSR CMU;
  - (v) where the CMU is a Proven DSR CMU, the Proven DSR Capacity of the CMU;
  - (vi) where the CMU is a Refurbishing CMU, whether the Pre-Refurbishment CMU has also Prequalified as an Existing CMU;
  - (vii) whether Prequalification is conditional on the provision of Applicant Credit Cover in accordance with Rule 4.6 and, if so, whether Applicant Credit Cover is required because the CMU is:
    - (aa) a New Build CMU which has not yet satisfied its Financial Commitment Milestone;
    - (bb) an Unproven DSR CMU;

- (cc) a New Build CMU that is a Distribution CMU which will be directly connected to a Distribution Network and in respect of which the Applicant has made a declaration or provided a letter under Rule 3.7.3(c);
- (dd) in relation to the First Full Capacity Auction and the Second Full Capacity Auction only, an Existing Generating CMU that is a Transmission CMU and in respect of which the Applicant has made a declaration under Rule 3.6.3(b);
- (ee) in relation to a Supplementary Auction only, a CMU that is a Transmission CMU or an Interconnector CMU and in respect of which the Applicant has made a declaration under Rule 3.10A.2; or
- (ff) in relation to a Supplementary Auction only, a CMU that is a Distribution CMU in respect of which the Applicant has made a declaration under Rule 3.10A.3;

- (viii) Not used
- (ix) the De-rated Capacity of the CMU;
- (x) the status of the Applicant as Price-Maker or Price-Taker with respect to the CMU;
- (xi) the results of the Metering Assessment for the CMU;
- (xii) whether the CMU is, or includes, a Storage Facility;
- (xiii) the Maximum Obligation Period of the Capacity Agreement that the Applicant may bid for in the Capacity Auction for that CMU;
- (xiv) whether Prequalification is conditional upon the Applicant satisfying the planning consents required in Rule 4.7;
- (xv) for a DSR CMU, the status of the Components comprising the relevant CMU, which by default shall be listed as "Live" until such times as Rules 8.3.4(k) or 8.3.4(l) apply;
- (xvi) whether the Prequalification of the CMU is conditional upon the Applicant complying with Rule 3.4.10(b).
- (xvii) the amount of credit cover required for the CMU;
- (xvii) whether the CMU has met its Financial Commitment Milestone,

provided that the information set out in (iv) to (vii) is not required in relation to a Secondary Trading Entrant.

7.4.2 By no later than 5 Working Days prior to the commencement of the first Bidding Window for a Capacity Auction, whether or not the Applicant with respect to a Prequalified CMU has submitted (or is deemed to have submitted) a notice to the Delivery Body pursuant to Rule 5.5.14 such that the Prequalified CMU is a Bidding CMU and, if so:

- (a) the duration of Capacity Agreement specified for such Bidding CMU at the

Price Cap; and

- (b) if such Bidding CMU is a Refurbishing CMU, whether or not the Bidder wishes to participate in the Capacity Auction with the associated Pre-Refurbishment CMU.

7.4.3 By no later than 8 Working Days after the Auction Results Day, in relation to each Bidding CMU, whether or not that CMU has been awarded a Capacity Agreement.

7.4.4 By no later than 14 Working Days after the Auction Results Day, a record of any Exit Bid made with respect to a CMU not awarded a Capacity Agreement in the Capacity Auction.

7.4.5 By no later than 5 Working Days after the date of issue of a Capacity Agreement Notice for a Capacity Committed CMU:

- (a) the unique identification number given to the Capacity Agreement Notice by the Delivery Body;
- (b) the name of the Capacity Provider (the "Registered Holder"), being the name of the person to whom the Delivery Body awarded the Capacity Agreement, or, where there has been a subsequent transfer of all or part of that Capacity Agreement, the name of the Transferee;
- (c) BM Unit ID and other identification codes for the relevant Meters (as applicable);
- (d) the date of issue of the Capacity Agreement Notice;
- (e) the term of the Capacity Agreement and the Delivery Year(s) for which it is issued;
- (f) the Auction Acquired Capacity Obligation;
- (g) the Clearing Price;
- (h) the Base Period for the Capacity Auction to which the Capacity Agreement relates;
- (i) Not used
- (j) in relation to each Capacity Committed CMU which is a Prospective CMU:
  - (i) whether the Capacity Provider is subject to a requirement to meet a Financial Commitment Milestone in accordance with Rule 6.6 and, if so, the date by which the Financial Commitment Milestone must be met;
  - (ii) whether the Capacity Provider is subject to a requirement to provide a copy of its connection agreement to the Delivery Body in accordance with Rule 8.3.1(a) and, if so, the date by which it must be provided; and
  - (iii) whether the Capacity Provider is subject to a Minimum Completion Requirement and, if so, the Long-Stop Date in respect of that Minimum Completion Requirement;
- (k) in relation to each Capacity Committed CMU which is an Existing Generating CMU and which has been awarded a Capacity Agreement in the first full capacity auction whether the Capacity Provider is subject to a

requirement to provide a copy of its Grid Connection Agreement in accordance with Rule 8.3.1(b) and, if so, the date by which it must be provided;

- (ka) in relation to each Capacity Committed CMU which has been awarded a Capacity Agreement in a Supplementary Auction:
  - (i) whether the Capacity Provider is subject to a requirement to comply with the terms of its declaration under Rule 3.10A.3 in accordance with Rule 8.3.1(c) and, if so, the date by which it must so comply; or
  - (ii) as the case may be, whether the Capacity Provider is subject to a requirement to provide a copy of its Grid Connection Agreement in accordance with Rule 8.3.1(d) and, if so, the date by which it must be provided;
- (l) in relation to each Capacity Committed CMU which is an Existing CMU or a Proven DSR CMU or an Unproven DSR CMU whether the Capacity Provider is subject to a requirement to complete a Metering Assessment and, if so, the date by which it must be completed;
- (m) for each value of x from x = 1 to x = 5, the  $TF_{x\text{rate}}$  that will apply in the event that any Termination Fee or Non-completion Fee becomes payable;
- (n) not used
- (o) the annual penalty cap and monthly penalty cap applicable in accordance with the Regulations in force at the date of issue of the Capacity Agreement, expressed respectively as percentages of the annual capacity payment and the monthly capacity payments payable under the Capacity Agreement;
- (p) where applicable, the full legal name of any person who has submitted particulars to the Delivery Body of a Security Interest it may have over the rights of a Capacity Committed CMU under a Capacity Agreement, and of the nature of that Security Interest.

## **7.5 Delivery Body amendments to the Capacity Market Register**

7.5.1 The Delivery Body must update the Capacity Market Register:

- (a) to record any change to the Maximum Obligation Period for a CMU, within five Working Days of receiving notice from the Secretary of State pursuant to Rule 2.2.4 of any adjustment to the 15 Year Minimum £/kW Threshold or the 3 Year Minimum £/kW Threshold;
- (aa) to record a change made to the Maximum Obligation Period for a CMU where Rule 5.16.2 applies;
- (b) to reflect an Applicant's Price-Maker status, within two Working Days of receiving a receipt for the Price-Maker Memorandum and a Price-Maker Certificate pursuant to Rule 4.8.1;
- (c) as soon as reasonably practicable, following the re-issuing of a Capacity Agreement Notice under Rule 6.3.5 or the issuing of a Capacity Agreement Notice under Rule 6.3.9;
- (d) to record any reduction under Rule 6.7.4(b) in the Capacity Obligation for

which a Capacity Agreement takes effect, within 5 Working Days of the Delivery Body receiving notification under Rule 6.7.5;

- (e) to record any increase in the Operational capacity of a CMU under Rule 6.7.6 or Rule 6.7.6A, or any extension under Rule 6.7.7, within five Working Days of being notified of such increase or extension;
- (f) to record a change in the duration of a Capacity Agreement and in Degraded Capacity in accordance with Rule 6.8.4, within five Working Days of the Delivery Body providing the notification in Rule 6.8.1;
- (g) to record any reduction under Rule 6.8.5 in the Capacity Obligation for which a Capacity Agreement takes effect, within five Working Days after the Long Stop Date;
- (h) to record termination of a Capacity Agreement in accordance with Rule 6.10.4(c), prior to the Prequalification Results Day for the T-1 Auction in respect of the relevant Delivery Year;
- (i) where a Capacity Agreement is terminated prior to expiry, to record such termination, not later than five Working Days after the Delivery Body receives notice of the termination;
- (j) to record the issue of a DSR Test Certificate together with the Proven DSR Capacity evidenced by the DSR Test Certificate and the baseline methodology used to carry out the DSR Test or Joint DSR Test, within five Working Days of receipt of the DSR Test Certificate;
- (k) to record the responses to, and result of, any Metering Assessment within five Working Days of the assessment;
- (l) to record the issue of a Metering Test Certificate for a CMU within five Working Days of receipt of the Metering Test Certificate;
- (m) to record the reduced Capacity Obligation of a Capacity Committed CMU under Rule 8.3.2(c), within five Working Days of the DSR Test Certificate being provided;
- (n) in the circumstances described in Rule 8.3.6(b), within five Working Days of receipt of the certificate from an Independent Technical Expert described in Rule 8.3.6(a);
- (na) within 5 Working Days of any reduction in the duration of a Capacity Agreement in accordance with Rule 8.3.6D(f);
- (o) with the value of  $\beta$  as described in Rule 8.5.2 for each CMU for each Settlement Period which is a System Stress Event, within the earlier of:
  - (i) six Working Days after the end of month in which the System Stress Event occurred, or
  - (ii) five Working Days after it receives the relevant data from the CM Settlement Body, following a System Stress Event;
- (p) where the Delivery Body has received valid requests from both the Registered Holder (“the Transferor”) and the Transferee in accordance with Rule 9.3, to amend the particulars of the Capacity Agreement recorded in the Capacity Market Register, within five Working Days, to show:
  - (i) the Transferee as the new Registered Holder of the Capacity

Agreement or the transferred part of the Capacity Obligation thereof;

- (ii) the CMU which has become subject to a Capacity Obligation as a result of the transfer;
- (iii) in the case of a transfer under Rule 9.2.4(a), the Physically Traded Capacity Obligation (within the meaning given in Rule 8.5.3) of each CMU for the period of the transfer;
- (iv) in the case of a transfer under Rule 9.2.4(a) for a period less than the remaining duration of the Capacity Agreement:
  - (aa) the period for which the Transferee is the new Registered Holder of the Capacity Agreement, or (as the case may be) the transferred part of the Capacity Obligation; and
  - (bb) the period for which the Transferor remains the Registered Holder of the Capacity Agreement or (as the case may be) the transferred part of the Capacity Obligation;
- (q) to record any suspension or repayment of Capacity Payments with regard to a Capacity Committed CMU pursuant to Rule 13.4.1, not later than five Working Days after 1 May in that Delivery Year;
- (r) in respect of a New Build CMU or a DSR CMU, where a Capacity Provider notifies the Delivery Body that the location of a Generating Unit(s) and/or DSR CMU Component(s), or of an Interconnector CMU, is or will be different from the location described in the Application, within ten Working Days of receiving such notification;
- (ra) to record any change in the Primary Fuel Type for a Generating CMU notified to the Delivery Body;
- (s) within five Working Days of receiving from a Capacity Provider an Agent Nomination Form;
- (t) where the Authority notifies the Delivery Body that it has made an enforcement decision against a person and that as a consequence an entry on the Capacity Market Register should be corrected, within five Working Days of receiving such notification;
- (ta) within five Working Days following a notification by the Delivery Body under Rule 4.4.3A, Rule 4.4.3AB, Rule 4.4.3AC or Rule 5.15.1(b) that a CMU is no longer Prequalified or a notification by the Delivery Body under Rule 4.4.3AB that a CMU is now Prequalified as an Existing CMU;
- (u) where the Delivery Body is required by Regulation 73 to amend the Capacity Market Register to give effect to:
  - (i) a decision of the Authority or the court on review or appeal under the Rules or the Regulations; or
  - (ii) a redetermination by the Delivery Body pursuant to a direction by the Authority or the court,within five Working Days of receipt of the decision or instruction amend the Capacity Market Register as required by that decision or instruction;
- (v) to record the reduced Capacity Obligation of a Capacity Committed CMU

under Rule 13A.8.8, within five Working Days of the DSR Test Certificate being provided;

- (w) in a case where the Capacity Provider is the person who was the Applicant for that CMU at Prequalification:
  - (i) to record any change notified to the Delivery Body in the information recorded on the Capacity Market Register pursuant to Rule 7.4.1(a)(ia) as a result of a change in the legal ownership of the Capacity Provider;
  - (ii) to record, where applicable, any change notified to the Delivery Body in the name of the direct Holding Company for the Capacity Provider; and
  - (iii) to record a company becoming the direct Holding Company for the Capacity Provider where that is notified to the Delivery Body, within five Working Days of receiving such notifications.
- (x) to record any change to the De-rated Capacity of a CMU pursuant to Rule 4.5ZA, where the De-rated Capacity of the relevant CMU is recorded on the Capacity Market Register, by no later than thirteen Working Days after the amendments to the Storage Generating Technology Classes;
- (xa) to record, on the date that the Delivery Body gives a notice under Rule 4.7A.1, that the CMU is fully Prequalified;
- (y) to record that an Existing CMU is no longer Prequalified within five Working Days of the Delivery Body receiving a notification pursuant to Rule 4.11.1 or Rule 4.11A.1.
- (z) to record when a Capacity Committed CMU meets its Financial Commitment Milestone, within five Working Days following approval from the Delivery Body; [OF38]
- (aa) to record any changes to the amount of Credit Cover required for the CMU, within five Working Days of receiving such notification;
- (bb) to record any changes to the CMU secondary trading contact details submitted under Rule 3.4.1(c)(ii) within five Working Days of receiving such notification;
- (cc) to record any changes to the Meter Point Administration Numbers, BM Unit IDs and other identification codes for the relevant Meters relating to the CMU within five Working Days following approval from the Delivery Body;
- (dd) to record any changes to the relevant Delivery Year for the CMU, within five Working Days following approval from the Delivery Body;
- (ee) to record any changes to the duration of the Capacity Agreement in accordance with Rule 8.3.6(b) or (c) within five Working Days following approval from the Delivery Body;
- (ff) to record any changes to the duration of the Capacity Agreement in accordance with Rule 8.3.6A(d), (e) or (f) within five Working Days following approval from the Delivery Body; and

(gg) to record any changes to the Connection Capacity and De-rated Capacity of a CMU pursuant to Rule 4.7.3.

7.5.2 Not used

7.5.3 The Capacity Market Register must only be amended in relation to the registration of a Security Interest upon receipt of notice from both the Registered Holder and the beneficiary of the Security Interest and such amendments must be made within five Working Days of receipt and must be notified to the Registered Holder and the beneficiary of the Security Interest.

## **7.6 Capacity Market Register to be publicly available**

7.6.1 Subject to Rule 7.6.3, the contents of the Capacity Market Register must be available for inspection by the public on request at reasonable notice during the Delivery Body's working hours or on-line.

7.6.2 Subject to Rule 7.6.3, at the request of any person the Delivery Body must provide a written statement of any entry on the Capacity Market Register within five Working Days.

7.6.3 Rules 7.6.1 and 7.6.2 do not apply to entries on the Capacity Market Register made pursuant to Rules 7.4.1(d)(viii) and (x) and 7.4.4.

## **7.7 Applications for rectification of the Capacity Market Register and Appeals**

7.7.1 Where any person considers that an entry maintained in respect of it or any Capacity Committed CMU for which they are the Capacity Provider under this Chapter 7 is factually inaccurate, they may request to the Delivery Body that the entry be amended or deleted.

7.7.1A Where any person considers that an entry maintained in respect of it or any Prequalified CMU for which they are the Applicant under this Chapter 7 is factually inaccurate, during the period beginning fifteen working days following the relevant Prequalification Results Day and ending ten working days prior to the first bidding round of the relevant auction only, they may request to the Delivery Body that the entry be amended or deleted.

7.7.2 If the Delivery Body accepts a request received under Rule 7.7.1 or 7.7.1A, the Delivery Body must within five Working Days of receiving the request:

(a) rectify the relevant entry in the Capacity Market Register as set out in the request; and

(b) notify the person who made the request for rectification of the Capacity Market Register that it has been rectified.

7.7.3 If the Delivery Body refuses a request for rectification received under Rule 7.7.1 or 7.7.1A, the Delivery Body must within five Working Days notify the person who made the request that the Delivery Body has refused the request and shall provide reasons for that decision.

7.7.4 A person who receives a notice under Rule 7.7.3 may dispute the decision and request that the Delivery Body reconsider its decisions to refuse the request for rectification of the Capacity Market Register in accordance with Regulation 69.

## **7.8 Replacement Capacity Agreement Notice**

7.8.1 Following any new or amended entry on the Capacity Market Register which affects information contained in a Capacity Agreement Notice for a Capacity

Committed CMU pursuant to this Chapter 7, the Delivery Body must issue a Capacity Agreement Notice to the relevant Capacity Provider recording the new or amended details of the Capacity Agreement for that Capacity Committed CMU.

- 7.8.2 Rules 6.3.3 to 6.3.7 apply in relation to a replacement Capacity Agreement Notice issued to a Capacity Provider under Rule 7.8.1, provided that the Capacity Provider may only comment in writing to the Delivery Body under Rule 6.3.3 on the factual accuracy of details in the replacement Capacity Agreement Notice which are new or amended.

## CHAPTER 8: OBLIGATIONS OF CAPACITY PROVIDERS AND SYSTEM STRESS EVENTS

### 8. Obligations of Capacity Providers

#### 8.1 Purpose of this Chapter

- 8.1.1 The Rules describe the specific obligations to be met by a Capacity Provider, including where a System Stress Event occurs, and the procedures for determining when a System Stress Event has occurred and for issuing a Capacity Market Notice.

#### 8.2 General obligation to maintain eligibility

- 8.2.1 A Capacity Provider must promptly notify the Delivery Body if:
- (a) the relevant CMU ceases to meet the General Eligibility Criteria; or
  - (b) the Capacity Provider reasonably expects the CMU to fail to meet the General Eligibility Criteria at any time prior to the expiry of the Capacity Agreement.

#### 8.3 Specific obligations and consequences

##### 8.3.1 Connection Arrangements

- (a) Where the Capacity Provider has made a declaration or provided a letter in its Application in accordance with Rule 3.7.3(c)
  - (i) the Capacity Provider must provide a copy of its connection offer (with evidence of acceptance), or a letter from the owner of the Private Network, to which the CMU will be connected, that confirms that the owner of that Private Network will have an agreement with the relevant Distribution Network Operator for the connection of the Private Network to, and use of, a Distribution Network, to the Delivery Body by no later than the date falling eighteen months prior to the commencement of the first Delivery Year; and
  - (ii) if it does not comply with Rule 8.3.1(a)(i) then Rule 6.10.1(e) applies.
- (b) Where the Capacity Provider has made a declaration in its Application in accordance with Rule 3.6.3(b):
  - (i) the Capacity Provider must, by no later than the date falling eighteen months prior to the commencement of the relevant first Delivery Year, provide to the Delivery Body a copy of its Grid Connection Agreement evidencing that it has secured Transmission Entry Capacity for all relevant Delivery Years for the Generating Units comprised in the CMU at least equal to the De-rated Capacity of that CMU and any other CMUs to which the Grid Connection Agreement applies; and
  - (ii) if it does not comply with Rule 8.3.1(b) then Rule 6.10.1(f) applies.
- (c) Where the Capacity Provider has made a declaration in accordance with Rule 3.10A.3:

- (i) the Capacity Provider must comply with the terms of that declaration by no later than the date falling six months prior to the commencement of the relevant Delivery Year; and
  - (ii) if it does not comply with Rule 8.3.1(c)(i) then Rule 6.10.1(ea) applies.
- (d) Where the Capacity Provider has made a declaration in its Application in accordance with Rule 3.10A.2:
  - (i) the Capacity Provider must, by no later than the date falling six months prior to the commencement of the relevant Delivery Year, provide to the Delivery Body a copy of its Grid Connection Agreement evidencing that it has secured Transmission Entry Capacity for the relevant Delivery Year for the Generating Units comprised in the CMU (or the Electricity Interconnector comprised in the Interconnector CMU); and
  - (ii) if it does not comply with Rule 8.3.1(d)(i) then Rule 6.10.1(fa) applies.

### 8.3.2 DSR Tests

If an Unproven DSR CMU is awarded a Capacity Agreement:

- (a) the Capacity Provider must provide a DSR Test Certificate evidencing a Proven DSR Capacity greater than 1MW by no later than one month prior to the start of the first Delivery Year (or in the case of a CMU awarded a Capacity Agreement of a duration exceeding one Delivery Year, prior to the date falling one month before the commencement of the second Delivery Year of the Capacity Agreement);
- (b) if the Capacity Provider does not comply with Rule 8.3.2(a), then Rule 6.10.1(i) applies; and
- (c) if the Capacity Provider provides a DSR Test Certificate which evidences a Proven DSR Capacity in an amount less than its Unproven DSR Capacity and greater than 1MW:
  - (i) the Capacity Obligation; and
  - (ii) all payments (whether Capacity Payments or penalties),
 with respect to that CMU will be reduced by the proportion which the Proven DSR Capacity bears to the Unproven DSR Capacity, or, if applicable, in the case of a Joint DSR Test, the proportion which the aggregate Proven DSR Capacity bears to the aggregate Unproven DSR Capacity, in accordance with the calculation under Rule 13.2B.13.
- (d) in the case of a Joint DSR Test, where the Proven DSR Capacity of one or more DSR CMU is less than 1MW, Rule 6.10.1(d) applies.

### 8.3.2A Changes to DSR Components - Validity of DSR Test

Where a Capacity Provider has added and/or removed components from a DSR CMU pursuant to Rule 8.3.4, Rule 8.3.4(n) applies and the new DSR Test Certificate required under Rule 8.3.4(n)(iii) must be obtained subsequent to the final component addition or removal.

### 8.3.3 Metering

- (a) If an Existing Generating CMU, Existing Interconnector CMU, or a Proven DSR CMU is awarded a Capacity Agreement then, where the Capacity Provider made a declaration in the Application for that CMU in accordance with Rule 3.6.4(b), 3.6A.3(aa) or Rule 3.9.4(b) (as applicable), the Capacity Provider must provide detailed line diagrams showing electrical configurations and metering sites at which the Generating Units or DSR CMU Components (as applicable) are located (or in the case of an Existing Interconnector CMU provide detailed line diagrams showing the location at which the Interconnector CMU is metered) and complete a Metering Assessment with respect to that CMU by:
  - (i) no later than the date falling three years prior to the commencement of the Delivery Year in the case of an Existing CMU or a Proven DSR CMU that has been awarded a Capacity Agreement in a T-4 Auction; or
  - (ii) no later than the date falling six months prior to the commencement of the Delivery Year in the case of an Existing CMU or a Proven DSR CMU that has been awarded a Capacity Agreement in any auction other than a T-4 Auction; or
  - (iii) no later than the date falling four months after the auction in the case of the time period between the Delivery Year and the auction is less than eight months.
- (b) If an Unproven DSR CMU is awarded a Capacity Agreement then the Capacity Provider must complete a Metering Assessment with respect to that CMU.
- (ba) If a Prospective CMU is awarded a Capacity Agreement then the Capacity Provider must, as soon as reasonably practicable after the CMU becomes Operational, and in any event not later than the Long Stop Date:
  - (i) provide to the Delivery Body detailed line diagrams showing electrical configurations and metering sites at which the Generating Units are located or the location at which the Interconnector CMU is metered; and
  - (ii) complete a Metering Assessment in relation to the CMU.
- (c) Following the completion of a Metering Assessment pursuant to Rule 8.3.3(a), (b) or (ba), or 8.3.4(h)(i)(bb) (and following the completion of amendments made to a Metering Assessment, pursuant to Rules 3.6.4(d), 3.6A.3(c), 3.9.4(d), or 8.3.3(h) where applicable) the Delivery Body must:
  - (i) notify the relevant Capacity Provider whether or not, based on such Metering Assessment, the metering arrangements for such CMU will be subject to a Metering Test
  - (ii) send a copy of any completed Metering Assessment to the CM Settlement Body.
- (d) If:
  - (i) a Prospective CMU or an Unproven DSR CMU has been awarded a

Capacity Agreement and the Delivery Body notifies the relevant Capacity Provider, pursuant to Rule 8.3.3(c)(i), that such CMU is subject to a Metering Test; or

- (ii) an Existing CMU or a Proven DSR CMU has been awarded a Capacity Agreement and the Delivery Body notifies the relevant Capacity Provider, pursuant to Rule 8.3.3(c)(i), that such CMU is subject to a Metering Test

the Capacity Provider must provide a Metering Test Certificate with respect to that CMU by no later than the relevant date specified in Rule 8.3.3(e).

- (e) The date by which a Capacity Provider must provide a Metering Test Certificate where required to do so under Rule 8.3.3(d) is:
  - (i) in the case of a Unproven DSR CMU, the date falling two weeks prior to the start of the relevant Delivery Year (or, if the Capacity Agreement is of a duration exceeding one Delivery Year, by the date falling two weeks before the commencement of the second Delivery Year of the Capacity Agreement);
  - (ii) in the case of an Existing CMU or a Proven DSR CMU that has been awarded a Capacity Agreement in a T-4 Auction, the date falling 18 months prior to the start of the first Delivery Year;
  - (iii) in the case of an Existing CMU or a Proven DSR CMU that has been awarded a Capacity Agreement in a T-1 Auction or where the time period between the Delivery Year and the auction is less than eight months, the date falling two weeks prior to the start of the first Delivery Year.
  - (iv) in the case of a Prospective CMU, as soon as reasonably practicable after the date on which the Capacity Provider receives notification under Rule 8.3.3 (d)(i), and in any event not later than the Long Stop Date; and
  - (v) In the case of a Proven DSR CMU that is adding components within a Delivery Year pursuant to Rule 8.3.4, within the period specified in accordance with Rule 8.3.4(h).
- (ea) In relation to any CMU for which a Capacity Provider has received a Capacity Agreement and has not made a declaration in accordance with Rule 3.6.4(b), 3.6A.3(aa) or Rule 3.9.4(b), the Capacity Provider must, for each Generating Unit or DSR CMU Component comprised in a CMU, or the Electricity Interconnector comprised in an Interconnector CMU, confirm to the Delivery Body that:
  - (i) it complies with the Metering Configuration Solution requirements set out in the applicable Governing Documents; and
  - (ii) if applicable, the metering arrangements have not changed since the Metering Test was carried out by the CM Settlement Body.
- (f) A Capacity Provider or CMVR Registered Participant must:

- (i) ensure the accurate submission of information to the Delivery Body and the CM Settlement Body in meeting the requirements under Rule 3.6.4(a), Rule 3.6A.3(a) and Rule 13.3.2 as applicable;
  - (ii) notify the Delivery Body and the CM Settlement Body in advance of any proposed change to:
    - (aa) the metering configuration for any Generating Unit or DSR CMU Component, or any Interconnector CMU;
    - (bb) the arrangements specified in the information provided pursuant to Rule 3.4.3; or
    - (cc) the arrangements specified in the information provided pursuant to Rule 8.3.3(ea).
  - (iii) obtain the prior confirmation of the CM Settlement Body that such proposed changes:
    - (aa) will meet the standards required at Prequalification; and
    - (bb) in the case of a DSR CMU or a DSR CMU Component, will not affect its ability to determine the Baseline Demand with accuracy on a Settlement Period basis;
  - (iv) in the case of a proposed change pursuant to paragraph (ii)(aa) above, obtain a Metering Test Certificate for the DSR CMU with the new metering configuration after the change has taken effect;
  - (v) if notified by a third party that the Metering Equipment is faulty and/or the Meter is recording inaccurate data, notify the CM Settlement Body within two Working Days of being notified by the third party and within five Working Days either:
    - (aa) correct the fault; or
    - (bb) submit a rectification plan to the CM Settlement Body setting out how and when the fault will be corrected;
  - (vi) ensure that all replacement Metering Equipment is installed and tested in accordance with the relevant Governing Documents;
  - (vii) ensure that all replacement Metering Equipment complies with the change procedures set out in the relevant Governing Documents and in the event the Delivery Body no longer operates a Relevant Balancing Service, the Capacity Provider or CMVR Registered Participant must amend the metering configuration to one of the other Metering Configuration Solutions; and
  - (viii) ensure the Metering Configuration Solution for each Generating Unit or DSR CMU Component, or for the Interconnector CMU, complies with any changes to the process for submitting meter data as requested by the CM Settlement Body.
- (g) In respect of a CMU that is a subset of a BM Unit, the Capacity Provider

must:

- (i) divide the BM Unit into further BM Units that represent the output of the CMU; or
- (ii) when confirming the Metering Configuration Solution under Rule 8.3.3(ea)(i) select the Bespoke Metering Configuration Solution to identify the output of the CMU.

For the purposes of the definition of the Bespoke Metering Configuration Solution, Schedule 7 has effect

- (h) A Capacity Provider may amend a Metering Assessment completed in compliance with Rules 8.3.3(a), 8.3.3(b), or 8.3.3(ba) provided that:
  - (i) in the case of an Existing Generating CMU, Existing Interconnector CMU, or a Proven DSR CMU awarded a Capacity Agreement in a T-4 Auction, any amendments are made by the earlier of:
    - (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and
    - (bb) the date falling 18 months prior to the start of the first Delivery Year;
  - (ii) in the case of an Existing Generating CMU, Existing Interconnector CMU, or a Proven DSR CMU awarded a Capacity Agreement in a T-1 Auction or where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months, any amendments are made by the earlier of:
    - (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and
    - (bb) the date falling two weeks prior to the start of the first Delivery Year.
  - (iii) in the case of an Unproven DSR CMU any amendments are made by the earlier of:
    - (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and
    - (bb) the date falling two weeks prior to the start of the relevant Delivery Year; and
  - (iv) in the case of a Prospective CMU any amendments are made by the earlier of:
    - (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and
    - (bb) as soon as reasonably practicable after the date on which the Capacity Provider receives a notification under Rule 8.3.3(d)(i), and in any event not later than the Long Stop Date.

### 8.3.3A Notifying DSR Components

- (a) A Capacity Provider in respect of an Unproven DSR CMU must, by no later than the date specified in Rule 8.3.3A(b) below, give a notice to the Delivery Body specifying:
  - (i) each DSR CMU Component which forms part of the Unproven DSR CMU, including a description of, and the full postal address with postcode and the two letter prefix and six-figure Ordnance Survey grid reference numbers of, each such DSR CMU Component;
  - (ia) for each DSR CMU which is comprised of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, whether the Commercial Production Start Date of the Fossil Fuel Component or the Associated Fossil Fuel Component is before or on or after 4 July 2019;
  - (ii) all relevant Meters, and Meter Point Administration Numbers, for those Meters if applicable; and
  - (iii) in the case of a CMU that has been awarded a Capacity Agreement of a duration exceeding one Delivery Year, for each DSR CMU Component comprising the CMU, the Manufacturer Serial Number for the equipment in the component in respect of which the highest Capital Expenditure forming part of the Total Project Spend has been incurred for that component.
- (b) The date referred to in Rule 8.3.3A(a) is the earlier of the dates on which the Capacity Provider:
  - (i) completes a Metering Assessment under Rule 8.3.3(b); or
  - (ii) provides the Delivery Body with the information required in order to carry out a DSR Test under Rule 13.2.5, or a Joint DSR Test under Rule 13.2B.5.
- (c) Where a Capacity Agreement has been awarded to an Unproven DSR CMU:
  - (i) where the Agreement has been awarded in a Capacity Auction held in the 2014/15 or 2015/16 Auction Windows, that Unproven DSR CMU must not include any DSR CMU Component which is or has been part of a CMU in respect of which a Capacity Agreement has been awarded in a Transitional Capacity Auction; and
  - (ii) where the Agreement has been awarded in a Capacity Auction held in the 2016/17 Auction Window, that Unproven DSR CMU must not include any DSR CMU Component which is or has been part of a CMU in respect of which a Capacity Agreement has been awarded in a Transitional Capacity Auction held in the same Auction Window.

#### 8.3.4 Changing DSR Components

- (a) Subject to Rule 8.3.4(b) and Rule 8.3.4(e), a Capacity Provider must not change the DSR Components of:
  - (i) a Proven DSR CMU that is a Prequalified CMU or a Capacity Committed CMU; or
  - (ii) an Unproven DSR CMU in respect of which the Capacity Provider has given a notice under Rule 8.3.3A.
- (b) A Capacity Provider may notify the Delivery Body and the CM Settlement Body that it wishes to remove one or more DSR CMU Component from a DSR CMU that is a Capacity Committed CMU (except if the CMU has been awarded a Capacity Agreement of a duration exceeding one Delivery Year and has not yet met the requirements of Rule 8.3.2 (DSR Test) and Rule 8.3.6 (Evidence of Total Project Spend)).
- (c) With effect from the date falling five Working Days after receipt by the CM Settlement Body of a notice pursuant to Rule 8.3.4(b):
  - (i) the Baseline Demand; and
  - (ii) the Metered Volume in MWh to three decimal places,

of the DSR CMU Component referred to in the notice, must not be included in any determination of the DSR Volume of the DSR CMU in which the DSR CMU Component was comprised.
- (d) A DSR CMU Component that is the subject of a notice pursuant to Rule 8.3.4(b) cannot be reinstated as part of a DSR CMU in the same delivery year.
- (e) A Capacity Provider may notify the Delivery Body and the CM Settlement Body, during the relevant Delivery Year and no later than two months prior to the subsequent Delivery Year, that it wishes to add one or more DSR CMU Component to a DSR CMU that is a Capacity Committed CMU (except if the CMU has been awarded a Capacity Agreement of a duration exceeding one Delivery Year and has not yet met the requirements of Rule 8.3.2 (DSR Test) and Rule 8.3.6 (Evidence of Total Project Spend)).
- (f) When the Capacity Provider has notified Delivery Body and the CM Settlement Body in accordance with Rule 8.3.4(e), the Capacity Provider must provide the Delivery Body with the information for the new component(s), in accordance with Rules 8.3.3A(a)(i) and 8.3.3A(a)(ii).
- (g) With effect from the date falling twenty-one Working Days after receipt by the CM Settlement Body of a notice pursuant to Rule 8.3.4(e), and only where the conditions of Rule 8.3.4(h) have been met:
  - (i) an estimation of Baseline Demand; and
  - (ii) an estimation of Metered Volume in kWh to one decimal place,

of the DSR CMU Component(s) referred to in the notice, shall be included in any determination of the DSR Volume of the DSR CMU in which the DSR

CMU Component(s) is to be comprised. The updated DSR Volume does not impact the Capacity Obligation of the CMU, nor the DSR Capacity of the CMU.

- (h) Where Rule 8.3.4(e) applies, within five Working Days of notification to the Delivery Body and the CM Settlement Body:
    - (i) a Capacity Provider must, for each DSR CMU Component being added to the relevant DSR CMU:
      - (aa) provide detailed line diagrams showing electrical configurations and metering sites at which the DSR CMU Components are located; and
      - (bb) complete a Metering Assessment in relation to that CMU;
      - (cc) if the DSR CMU Component comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, provide an Updating Fossil Fuel Emissions Declaration to the Delivery Body in accordance with Rule 8.3.13.
    - (ii) where a Capacity Provider has been informed a Metering Test is required pursuant to Rule 8.3.3(c)(i) a Capacity Provider must provide a Metering Test Certificate within forty Working Days from the date of notification in accordance with Rule 8.3.3(c)(i)
- during which period the relevant DSR CMU will remain a Proven DSR CMU.
- (i) A Capacity Provider may make notifications pursuant to Rules 8.3.4(b) and 8.3.4(e) jointly or separately for more than one component, and where applicable one or more CMUs, as part of one notification to the Delivery Body and CM Settlement Body.
  - (j) For each CMU, a notification pursuant to Rule 8.3.4(e) can be made no more than ten times within a Delivery Year, and no more than forty new DSR components can be added within one Delivery Year.
  - (k) Following receipt of a notification pursuant to Rule 8.3.4(b) or Rule 8.3.4(e), the Delivery Body must update the Capacity Market Register within two Working Days to reflect the status of the relevant DSR CMU Components, as appropriate, as either:
    - (i) “Notified Addition”; or
    - (ii) “Notified Removal”.
  - (l) If a component is rejected during the process, the Delivery Body must update the Capacity Market Register within two Working Days to reflect the status of the relevant DSR CMU as:

- (i) “Rejected”
- (m) Where the requirements of Rule 8.3.4(c) and Rule 8.3.4(g) have been met, the Delivery Body must update the Capacity Market Register within two Working Days to reflect the status of the relevant DSR CMU Components, as appropriate, as:
  - (i) “Added - Live”; or
  - (ii) “Removed”; or
  - (ii) “Original/Default – Live”.
- (n) Where this rule 8.3.4(n) applies:
  - (i) the DSR Test Certificate for the relevant DSR CMU remains valid for the duration of the Capacity Agreement in respect of which the CMU carried out the DSR Test
  - (ii) the DSR Test Certificate is not valid after the end of that Capacity Agreement; and
  - (iii) the CMU must carry out a new DSR Test in accordance with Rule 13.2 or a new Joint DSR Test in accordance with Rule 13.2B to obtain a new DSR Test Certificate for any subsequent Capacity Agreement no later than one month prior to the start of that Delivery year for that Capacity Agreement.
- (o) Omitted.
- (p) Omitted.

#### 8 A Unproven DSR CMUs – undeclared Storage Facility

The Termination Event specified in Rule 6.10.1(o) will apply to the Capacity Agreement if the Delivery Body identifies that a Storage Facility forms part of a DSR CMU that was awarded a Capacity Agreement of a duration exceeding one Delivery Year and this was not declared under Rule 3.10.1(aa)(iv)(aa) in the Application for the CMU.

#### 8.3.4A Primary Fuel Type

A Capacity Provider must notify the Delivery Body of a change in the Primary Fuel Type for a Generating CMU.

#### 8.3.5 Solvency

If an Administrative Party becomes aware that a Capacity Provider has become Insolvent, it must promptly notify the other Administrative Parties.

#### 8.3.6 Evidence of Total Project Spend

Where a Prospective Generating CMU or an Unproven DSR CMU has been awarded a Capacity Agreement with a duration exceeding one Delivery Year:

- (a) the relevant Capacity Provider must provide the Delivery Body, no later than the date described in Rule 8.3.6(zaa), with a certificate from an Independent Technical Expert stating the Total Project Spend incurred, and confirming that it is satisfied, on the basis of evidence reviewed, that the Total Project Spend incurred divided by the De-Rated Capacity of the CMU is:
  - (i) less than the Three Year Minimum £/kW Threshold; or
  - (ii) equal to or greater than Three Year Minimum £/kW Threshold and less than the Fifteen Year Minimum £/kW Threshold; or
  - (iii) equal to or greater than the Fifteen Year Minimum £/kW Threshold;
- (zaa) the date referred to in Rule 8.3.6(a) is:
  - (i) in respect of a Prospective Generating CMU, the latest applicable date of:
    - (aa) the date that is three months after the start of the first Delivery Year;
    - (bb) the date that the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii); or
    - (cc) the date that the Capacity Agreement takes effect in accordance with Rule 6.8.5; and
  - (ii) in respect of an Unproven DSR CMU, the latest applicable date of:
    - (aa) the date that is three months after the start of the first Delivery Year; or
    - (bb) the date that the Capacity Agreement takes effect in accordance with Rule 6.7A.1(b);
- (aa) if the CMU is a Refurbishing CMU, the relevant Capacity Provider must provide the Delivery Body, no later than three months after the start of the first Delivery Year (or, no later than the date that the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii)), with a certificate from an Independent Technical Expert confirming that it is satisfied, on the basis of evidence reviewed, that the Total Project Spend incurred:
  - (i) was not declared under Rule 3.7.2(c) in respect of any application for prequalification by a CMU which subsequently gained a Capacity Agreement in respect of a Refurbishing CMU, and not the associated Pre-Refurbishment CMU, (of any duration) prior to the current Capacity Agreement;
  - (ii) was previously so declared but which a certificate required by this Rule 8.3.6 demonstrates was not incurred; or
  - (iii) was previously so declared but in respect of a Capacity Agreement which has been terminated in accordance with Rule 6.10.2(e);
- (ab) if the CMU ("CMU A") is an Unproven DSR CMU:

- (i) the certificate from the Independent Technical Expert as to the Total Project Spend must:
  - (aa) identify each DSR CMU Component comprising CMU A and, for each component, list the Manufacturer Serial Number for the equipment in the component in respect of which the highest Capital Expenditure forming part of the Total Project Spend has been incurred for that component;
  - (bb) in respect of each DSR CMU Component, specify the amount of Capital Expenditure incurred by the Capacity Provider (or another person), but specify an amount of zero in respect of a DSR CMU Component if all of the following circumstances apply (noting this as the reason for specifying an amount of zero):
    - (i) the DSR CMU Component formed part of another CMU ("CMU B");
    - (ii) CMU B held a Capacity Agreement of a duration exceeding one Delivery Year; and
    - (iii) CMU B incurred Capital Expenditure in respect of the DSR CMU Component, which was certified under Rule 8.3.6 to be part of the Total Project Spend for CMU;
- (ii) the relevant Capacity Provider must provide the Delivery Body with:
  - (aa) a statement of the amount of Capital Expenditure incurred by the Capacity Provider (or another person) in respect of each DSR CMU Component;
  - (bb) confirmation that the amounts specified in that statement are identical to the amounts specified in the certificate from the Independent Technical Expert under Rule 8.3.6(ab)(i)(bb); and
  - (cc) confirm that the Manufacturer Serial Numbers listed in the certificate from the Independent Technical Expert under Rule 8.3.6(ab)(i)(aa) are identical to the Manufacturer Serial Numbers provided by the Capacity Provider under Rule 8.3.3A(a)(iii); and
- (iii) the Termination Event specified in Rule 6.10.1(o) will apply to the Capacity Agreement if the Delivery Body identifies that the circumstances described in Rule 8.3.6(ab)(i)(bb)(i), (ii) and (iii) apply to any DSR CMU Component in respect of which the certificate from the Independent Technical Expert as to the Total Project Spend specified a positive amount of Capital Expenditure;
- (a) if the Maximum Obligation Period consistent with the amount of Total Project Spend so certified is shorter than the duration of the Capacity Agreement specified in the Capacity Market Register, the Delivery Body must update the Capacity Market Register so that the duration of the Capacity Agreement is equal to the Maximum Obligation Period for such

Total Project Spend; and

- (b) Omitted.
- (d) if the duration of a Capacity Agreement of an Unproven DSR CMU that contains at least one DSR CMU Component which contains a Storage Facility is reduced to one Delivery Year in accordance with Rule 8.3.6(c), the Capacity Provider's Capacity Obligation will continue to be calculated using the De-rating Factor described in Rule 2.3.4(e).

#### 8.3.6A Meeting the Extended Years Criteria

- (a) This Rule 8.3.6A applies where a Prospective Generating CMU has been awarded a Capacity Agreement with a duration of more than three Delivery Years.
- (b) No later than three months after the start of the first Delivery Year or, if applicable, no later than the date the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii) or Rule 6.8.5, the relevant Capacity Provider must provide to the Delivery Body a certificate from an Independent Technical Expert, confirming that the Independent Technical Expert is satisfied that the CMU meets the Extended Years Criteria.
- (c) Omitted.
- (d) Omitted.
- (e) Omitted.
- (f) Omitted.<sup>11</sup>

#### 8.3.6B Definition of Extended Years Criteria

**"Extended Years Criteria"** means the requirements, in respect of a Prospective Generating CMU, that:

- (a) for each Generating Unit of the CMU, the Core Generating Plant consists of:
  - (i) new Apparatus;
  - (ii) both new and rebuilt Apparatus, where at least one complete generator or turbine is new; or
  - (iii) rebuilt and/or previously used Apparatus, provided that the Generating Unit:
    - (aa) has not been used, or been available for use, for the

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<sup>11</sup> Rule 8.3.6A does not apply in respect of any Capacity Agreement that has been awarded as a result of a Capacity Auction held before 3 June 2015

generation and Export of electricity in Great Britain at any time in the three years preceding the Application; and

- (bb) forms part of a CMU which is installed on a site that has not previously been used for that CMU and benefits from a new Grid or Distribution Connection Agreement;
- (b) each Generating Unit of the CMU can, with routine maintenance, be expected to remain capable of operation for at least fifteen years beginning with the first Delivery Year for which the Capacity Agreement is awarded;
- (c) where the CMU is a combustion installation covered by the BREF, the introductory note to a permit issued in respect of that CMU by the Environment Agency, Natural Resources Wales or the Scottish Environment Protection Agency includes the statement prescribed by Rule 8.3.6C(b); and
- (d) if paragraph (c) does not apply, and the Core Generating Plant of any Generating Unit of the CMU does not comprise all new Apparatus:
  - (i) where the CMU is a combustion installation that is not covered by the BREF, the CMU meets the emissions and energy efficiency standards that could be expected of a new plant of the same type, size and energy source installed in Great Britain; or
  - (ii) where the CMU is not a combustion installation, the CMU meets the energy efficiency standards that could be expected of a new plant of the same type, size and energy source installed at that location.<sup>12</sup>

#### 8.3.6C Definition of Extended Years Criteria: supplementary

For the purposes of Rule 8.3.6B:

- (a) “BREF” means the most recent version of the “Best Available Techniques Reference Document for Large Combustion Plants” issued by the European Commission pursuant to the Industrial Emissions Directive 2010 [Directive 2010/75/EU] prior to IP Completion Day, and as implemented by the Environment Agency, Natural Resources Wales, or Scottish Environment Protection Agency (as applicable) after IP Completion Day; and
- (b) the statement referred to in Rule 8.3.6B(c) is a statement to the effect that the CMU will comply with those best available techniques levels, in relation to emissions and energy efficiency, that are:
  - (i) applicable to a new combustion installation of the same type, size and energy source; and
  - (ii) defined by the version of the BREF that has effect at the time of

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<sup>12</sup> Rule 8.3.6B does not apply in respect of any Capacity Agreement that has been awarded as a result of a Capacity Auction held before 3 June 2015.

issue of the permit 13.

#### 8.3.6D Reduction Notice

- (a) If a Capacity Provider:
- (i) fails to provide the Delivery Body with a certificate in accordance with Rule 8.3.6(a) by the date described in Rule 8.3.6(zaa) and, if applicable, a certificate in accordance with Rule 8.3.6(aa) by the date described in Rule 8.3.6(aa), or in accordance with Rule 8.3.6A(b) by the date described in that Rule; or
  - (ii) has provided the Delivery Body with a certificate in accordance with Rule 8.3.6(a) which satisfies any of Rule 8.3.6(a)(i), (ii) or (iii), but fails to provide the Delivery Body with, if applicable a certificate in accordance with Rule 8.3.6(aa), or a certificate in accordance with Rule 8.3.6A(b) by the dates described in those Rules,

the Delivery Body must issue a written notice to the relevant Capacity Provider, the Authority, the CM Settlement Body and the Secretary of State (a "Reduction Notice") stating that the Capacity Provider has failed to meet the requirement specified in the notice and as a result the duration of the Capacity Agreement of the relevant CMU will be reduced with effect from 60 Working Days after the date the Reduction Notice is given.

- (b) The Reduction Notice must:
- (i) specify the provision of the Rules the Capacity Provider has breached (the "Specified Requirement"); and
  - (ii) state the duration to which the relevant Capacity Agreement will be reduced; and
  - (iii) inform the Capacity Provider of its rights under Regulation 33A(4) to apply to the Secretary of State to make a direction to the Delivery Body to have:
    - (aa) the date for compliance with the Specified Requirement extended; or
    - (bb) the Reduction Notice withdrawn.
- (c) The duration referred to in paragraph (b)(ii) is:
- (i) if the relevant Capacity Provider has failed to provide the Delivery Body with a certificate in accordance with Rule 8.3.6(a) by the date described in Rule 8.3.6(zaa) and/or, if applicable, a certificate in accordance with Rule 8.3.6(aa) by the date described in Rule 8.3.6(aa), one Delivery Year (irrespective of whether the relevant Capacity Provider has or has not provided the Delivery Body with a certificate in accordance with Rule 8.3.6A(b));
  - (ii) if the relevant Capacity Provider has failed to provide the Delivery Body with a certificate in accordance with Rule 8.3.6A(b):
    - (aa) three Delivery Years, where a certificate is provided which satisfies Rule 8.3.6(a)(ii) or (iii); or

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13 Rule 8.3.6C does not apply in respect of any Capacity Agreement that has been awarded as a result of a Capacity Auction held before 3 June 2015.

- (bb) one Delivery Year, where a certificate is provided which satisfies Rule 8.3.6(a)(i), or paragraph (i) applies.
- (d) To apply for a direction from the Secretary of State under Regulation 33A(2) a Capacity Provider must make representations in accordance with Regulation 33A(5).
- (e) The Delivery Body must immediately extend or withdraw a Reduction Notice (as the case may be) on receipt of a direction of the Secretary of State in accordance with Regulation 33A(2) and, issue a written notice to the Capacity Provider, the Authority and the CM Settlement Body informing it that the Reduction Notice has been extended or withdrawn as the case may be.
- (f) At the expiry of the notice period referred to in Rule 8.3.6D(a) or, where applicable, any period to which it is extended under Rule 8.3.6D(b)(iii)(aa) the duration of the Capacity Agreement of the relevant CMU is reduced to the period specified in the Reduction Notice, unless the Reduction Notice has been withdrawn.
- (g) Where the duration of a Capacity Agreement is reduced in accordance with Rule 8.3.6D(f), the Delivery Body must:
  - (i) update the Capacity Market Register to reflect the reduction in the duration of that Capacity Agreement; and
  - (ii) notify the CM Settlement Body and the Authority of the reduction in the duration of that Capacity Agreement, and the requirement which the Capacity Provider failed to satisfy.

#### 8.3.7 Notifying change of address

A New Build CMU or DSR CMU notifying the Delivery Body pursuant to Rule 7.5.1(r) that the location of a Generating Unit(s) and/or DSR CMU Component(s) is or will be different from the location described in the Application must provide the Delivery Body with the following as applicable:

- (a) Relevant Planning Consents as required by Rule 3.7.1;
- (b) Connection Arrangements as required by Rule 3.7.3;
- (c) A report confirming they have met the Financial Commitment Milestone;
- (d) An updated Metering Assessment, details of the Metering Configuration Solution and/or new Metering Test Certificate and any Detailed Line Diagrams;
- (e) Confirmation from the CM Settlement Body confirming the change to the Metering Configuration, as set out in Rule 8.3.3;
- (f) Confirmation of the new location and new Ordnance Survey grid reference;
- (g) Omitted
- (h) Low Carbon Exclusion and Low Carbon Grant status as set out in Rule 3.4.7;
- (i) Meter Point Administration Numbers of the relevant Meter(s) at the new location and, where a MPAN is already in use by another CMU, a declaration that explaining the relationship between these CMUs and the metering solutions necessary to identify their individual outputs.

### 8.3.8 Declarations about other funding sources

- (a) Where a Capacity Provider has been required by Rule 6.6.1(b) to make a Funding Declaration (“first Funding Declaration”) in respect of a CMU (“the relevant CMU”), the Capacity Provider must provide the Delivery Body with an updated Funding Declaration (“updated Funding Declaration”) if:
  - (i) the total amount of Relevant Expenditure that has been or will be incurred in respect of the relevant CMU differs or will differ from the amount stated in the first Funding Declaration provided pursuant to Rule 6.6.1(b)(i); or
  - (ii) the total amount of Relevant Expenditure that has been or will be incurred differs or will differ, and the total amount of Relevant Benefit that has been or will be received in respect of the relevant CMU differs or will differ from the amount stated in the first Funding Declaration provided pursuant to Rule 6.6.1(b)(ii).
- (b) The Capacity Provider must provide an additional updated Funding Declaration (“additional updated Funding Declaration”) whenever the total amount of Relevant Benefit that has been or will be received in respect of the relevant CMU differs or will differ from the amount declared in the updated Funding Declaration or any additional updated Funding Declaration.
- (c) An updated Funding Declaration or additional updated Funding Declaration:
  - (i) in the case of an updated Funding Declaration required by Rule 8.3.8(a), must be provided to the Delivery Body by no later than three months after the start of the first Delivery Year for the relevant Capacity Agreement;
  - (ii) in the case of any additional updated Funding Declaration required by Rule 8.3.8(b), must be provided to the Delivery Body as soon as reasonably practicable after the grantor of the Relevant Benefit gives notice to the Capacity Provider that the Capacity Provider will receive a Relevant Benefit (“notice of Relevant Benefit”) and in any event by the date which is 10 Working Days after the date the notice of Relevant Benefit is given; and
  - (iii) must be made by at least two directors of the Capacity Provider.

#### 8.3.8A Determination of Relevant Benefit

Relevant Benefit is the amount of subsidy, or Union Funding that is not Excepted Benefit or Authorised Benefit, and which is:

- (a) granted to a Person;
- (b) granted in any form;
- (c) granted in respect of the CMU; and
- (d) Applied in respect of the costs of the CMU (whether to partly or fully meet those costs).

8.3.8B For the purposes of Rule 8.3.8A:

**“the CMU”** means a Prospective CMU in a non-dispatchable Generating Technology Class;

**“the costs of the CMU”** means:

- (a) Total Project Spend; and
- (b) any other costs incurred during the Delivery Period of the Capacity Agreement in respect of the CMU to enable the Capacity Provider to comply with the relevant Capacity Agreement or benefit from the rights accruing under the relevant Capacity Agreement;

**“Applied”** means to be applied towards (including by way of savings made), to be planned to be applied towards, or to be held;

**“Authorised Benefit”** means State aid or Union Funding which the State aid authority expressly authorised before IP completion day to be Applied in addition to Capacity Payments in respect of the costs of the CMU;

**“Delivery Period”** means the Delivery Year or Delivery Years for which a Capacity Obligation would be awarded in respect of a CMU (“CMU i”) if a bid in respect of CMU i were accepted at the Capacity Auction for which the Applicant is applying for prequalification;

**“Excepted Benefit”** means a subsidy (including, if applicable, State aid granted before IP completion Day) granted by way of:

- (a) Capacity Payments received or due to be received in respect of the CMU;
- (b) a Relevant Investment; or
- (c) a “relevant support” as defined in Regulation 16(4);

**“Person”** includes that person’s Agent, Holding Company, a member of that person’s Group, a director in the case of a company, or equivalent in the case other than a company.

8.3.9 Any Funding Declaration provided in accordance with Rule 8.3.8 must comply with Rule 6.6.7.

8.3.10 In the case of a transfer under Rule 9.2.4(a), the transferor must provide any updated Funding Declaration as required by Rule 8.3.8.

8.3.11 Fossil Fuel Emissions Declaration: New Build, Refurbishing and Unproven DSR CMUs

- (za) This Rule 8.3.11 applies subject to Rule 8.3.13A.
- (a) Subject to Rule 8.3.11(c), a Capacity Provider must provide to the Delivery Body a Fossil Fuel Emissions Declaration by the deadline specified in Rule 8.3.11(b) if the CMU is a New Build CMU, Refurbishing CMU or an Unproven DSR CMU and the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component.
- (b) The deadline referred to in Rule 8.3.11(a) is:

- (i) in respect of a New Build CMU:
  - (aa) the start of the first Delivery Year of the relevant Capacity Agreement (or the date the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii) or Rule 6.8.5); or
  - (bb) the date on which a Notice of Intention to Terminate issued by the Delivery Body to the Capacity Provider in respect of the CMU (in accordance with Rule 6.8.2 or Rule 6.8.2F) states that a Termination Notice will be issued in accordance with Rule 6.10.2(a);
  - (cc) in the case of a CMU in respect of which the Applicant made the declaration under Rule 3.7.4(b) (including where the Applicant also separately made a declaration under Rule 3.7.4(a) and/or (c)), prior to 1 September in the calendar year immediately following a CHPQA Calendar Year; or
  - (dd) in the case of a CMU in respect of which the Applicant made the declaration under Rule 3.7.4(a) and/or the Applicant made the declaration under Rule 3.7.4(c) (but did not make a declaration under Rule 3.7.4(b)), as soon as reasonably practicable, and in any event no later than 14 months after the start of the first Delivery Year (where the Capacity Agreement takes effect at the start of the Delivery Year) or (if applicable) 14 months after the date the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii) or Rule 6.8.5;
- (ii) in respect of a Refurbishing CMU:
  - (aa) where the CMU is Prequalified as an Existing CMU following a notification under Rule 4.4.3AB(a)(ii), and is awarded a Capacity Agreement in respect of that CMU, two months after the Auction Results Day (other than where paragraphs (dd) or (ee) apply in respect of the Pre-Refurbishment CMU);
  - (bb) where, following the submission of a notice under Rule 5.5.14, a Capacity Agreement is awarded to the Pre-Refurbishment CMU in relation to the Refurbishing CMU, two months after the Auction Results Day (other than where paragraphs (dd) or (ee) apply in respect of the Pre-Refurbishment CMU); or
  - (cc) the start of the first Delivery Year of the relevant Capacity Agreement (or if applicable, the date the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii)); or
  - (dd) in the case of a CMU in respect of which the Applicant made the declaration under Rule 3.8.3(b) (including where the Applicant also separately made a declaration under Rule 3.8.3(a) and/or (c)), prior to 1 September in the calendar year immediately following a CHPQA Calendar Year; or
  - (ee) in the case of a CMU in respect of which the Applicant made the declaration under Rule 3.8.3(a) and/or the Applicant made the declaration under Rule 3.8.3(c) (but did not make a declaration under Rule 3.8.3(b)), as soon as reasonably practicable, and in any event no later than the date which is 14 months after the start of the first Delivery Year (where the Capacity Agreement takes effect at the start of the Delivery Year) or (if applicable) 14 months after the date the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii).
- (iii) in respect of an Unproven DSR CMU:

- (aa) other than where paragraphs (bb) or (cc) apply, the date the Capacity Provider provides a DSR Test Certificate under Rule 8.3.2(a) (or if applicable the date the Capacity Agreement takes effect in accordance with Rule 6.7A.1(b)); or
  - (bb) in the case of a CMU in respect of which the Applicant made the declaration under Rule 3.10.4(b) (including where the Applicant also made the declaration under Rule 3.10.4(a) and/or (c)), prior to 1 September in the calendar year immediately following a CHPQA Calendar Year; or
  - (cc) in the case of a CMU in respect of which the Applicant made the declaration under Rule 3.10.4(a) and/or the Applicant made the declaration under Rule 3.10.4(c) (but did not make the declaration under Rule 3.10.4(b)), as soon as reasonably practicable, and in any event no later than the date which is 14 months after the start of the first Delivery Year (where the Capacity Agreement takes effect at the start of the Delivery Year) or if applicable 14 months after the date the Capacity Agreement takes effect in accordance with Rule 6.7A.1(b)).
- (c) A Capacity Provider in respect of a Refurbishing CMU is not required to provide a Fossil Fuel Emissions Declaration under this Rule 8.3.11 if the Capacity Provider confirms to the Delivery Body by the deadline specified in Rule 8.3.11(b) that:
- (i) the associated Pre-Refurbishment CMU is the subject of a Capacity Agreement for a previous Delivery Year;
  - (ii) after the coming into force of the Capacity Market (Amendment) (No. 2) Rules 2020, a Fossil Fuel Emissions Declaration has been provided to the Delivery Body in respect of the Pre-Refurbishment CMU (a “previous Fossil Fuel Emissions Declaration”), and it is not a Fossil Fuel Emissions Declaration specified in Rule 8.3.11(d); and
  - (iii) The previous Fossil Fuel Emissions Declaration remains accurate because:
    - (aa) there has been no Emissions Related Material Change to the CMU or a relevant Fossil Fuel Component since the previous Fossil Fuel Emissions Declaration was provided;
    - (bb) the previous Fossil Fuel Emissions Declaration did not contain values for the Fossil Fuel Yearly Emissions of any relevant Fossil Fuel Component;
    - (cc) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions CCUS Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component;
    - (dd) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions Mixed Fuels Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component;
    - (ee) the previous Fossil Fuel Emissions Declaration did not declare that the Fossil Fuel Emissions Composite Formula was used to determine Fossil Fuel Emissions of any relevant Fossil Fuel Component; and
    - (ff) the previous Fossil Fuel Emissions Declaration did not declare that the Design Efficiency CHPQA Formula was used to determine the Design Efficiency of any relevant Fossil Fuel Component.

- (d) A Fossil Fuel Emissions Declaration specified in this Rule 8.3.11(d) is:
  - (i) a Transitional Fossil Fuel Emissions Declaration; or
  - (ii) where the first scheduled Delivery Year for the Capacity Agreement commences on 1 October 2024 or any subsequent Delivery Year, a Pre-2024 T-1 Fossil Fuel Emissions Declaration.

#### 8.3.12 Fossil Fuel Emissions Declaration: Existing Generating and Proven DSR CMUs

- (za) This Rule 8.3.12 applies subject to Rule 8.3.13A.
- (a) Rule 8.3.12(b) applies to a Capacity Provider for a CMU that Prequalified as an Existing Generating CMU or a Proven DSR CMU if:
  - (i) a Fossil Fuel Emissions Declaration has not previously been provided to the Delivery Body in respect of the CMU (other than where a Fossil Fuel Emissions Declaration was not provided in respect of that CMU during Prequalification under Rule 3.6.5A(b) or Rule 3.9.5A(b) so that Rule 8.3.12A applies); and
  - (ii) after Prequalifying, there has been an Emissions Related Material Change to the CMU and as a result:
    - (aa) the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, which has a Commercial Production Start Date which is on or after 4 July 2019; and/or
    - (bb) where the CMU has its first scheduled Delivery Year on 1 October 2024 or any subsequent Delivery Year, the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, which has a Commercial Production Start Date which is before 4 July 2019.
- (b) where this Rule 8.3.12(b) applies to a Capacity Provider, the Capacity Provider must:
  - (i) confirm to the Delivery Body within two months following the Emissions Related Material Change:
    - (aa) whether the Commercial Production Start Date of each Fossil Fuel Component or Associated Fossil Fuel Component is before or on or after 4 July 2019; and
    - (bb) whether, in respect of a Fossil Fuel Component or Associated Fossil Fuel Component, in order to maintain compliance with the confirmation made with an Application in respect of the CMU under Rule 3.4.11(b), the Capacity Provider will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine its Fossil Fuel Emissions and/or apply the Design Efficiency CHPQA Formula to determine its Design Efficiency;
  - (ii) provide a Fossil Fuel Emissions Declaration to the Delivery Body:
    - (aa) other than where paragraphs (bb) or (cc) apply, as soon as reasonably practicable after, and in any case no later than two months after, the Emissions Related Material Change;

- (bb) in the case of a CMU in respect of which the Capacity Provider will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of a Fossil Fuel Component or Associated Fossil Fuel Component (but does not intend to apply the Design Efficiency CHPQA Formula to determine the Design Efficiency of a component) and the conditions in paragraph (c)(i) or(ii) apply, as soon as reasonably practicable, and in any event no later than the date which is 14 months after the date of the Emissions Related Material Change; or
  - (cc) in the case of a CMU in respect of which the Capacity Provider will apply the Design Efficiency CHPQA Formula to determine the Design Efficiency of a Fossil Fuel Component or Associated Fossil Fuel Component and the condition in paragraph (c)(iii) applies, prior to 1 September in the calendar year immediately following a CHPQA Calendar Year.
- (c) The conditions described in this Rule 8.3.12(c) are:
- (i) it is not possible to determine the CO<sub>2</sub><sup>transferred</sup> or CO<sub>2</sub><sup>generated</sup> (and therefore the TCF) of a Fossil Fuel Component (or, if relevant, Associated Fossil Fuel Component) in respect of which a Capacity Provider intends to apply the Fossil Fuel Emissions CCUS Formula or the Fossil Fuel Emissions Composite Formula to determine Fossil Fuel Emissions because, in the 12 months preceding the Emissions Related Material Change, there has not been a continuous period of 12 months during which the data required is available;
  - (ii) it is not possible to determine the FS of a fuel (and therefore the EFW) of a Fossil Fuel Component (or, if relevant, Associated Fossil Fuel Component) in respect of which a Capacity Provider will apply the Fossil Fuel Emissions Mixed Fuel Formula or intends to apply the Fossil Fuel Emissions Composite Formula to determine Fossil Fuel Emissions because, in the 12 months preceding the Emissions Related Material Change, there has not been a continuous period of 12 months during which the data required is available; or
  - (iii) it is not possible to determine the Design Efficiency of a Fossil Fuel Component (or, if relevant, Associated Fossil Fuel Component) in respect of which a Capacity Provider intends to apply the Design Efficiency CHPQA Formula because a Qualifying CHPQA Certificate has not been issued in respect of that component.

8.3.12A Fossil Fuel Emissions Declaration: Existing Generating and Proven DSR CMUs where a declaration under Rule 3.6.5A or 3.9.5A was made at Prequalification:

- (a) A Capacity Provider for a CMU that Prequalified as an Existing Generating CMU or a Proven DSR CMU must provide a Fossil Fuel Emissions Declaration to the Delivery Body by the deadline specified in Rule 8.3.12A(b) if:
  - (i) a declaration was made under Rule 3.6.5A(b) or Rule 3.9.5A(b) in respect of the CMU and/or one or more Fossil Fuel Components or Associated Fossil Fuel Component (each a “relevant Fossil Fuel Component”) comprised in that CMU.
  - (ii) at least one relevant Fossil Fuel Component:
    - (aa) has a Commercial Production Start Date which is on or after 4 July 2019; and/or
    - (bb) has a Commercial Production Start Date which is before 4 July 2019, where the CMU has its first scheduled Delivery Year in 2024 or any subsequent Delivery Year.

- (b) A Fossil Fuel Emissions Declaration must be provided to the Delivery Body:
  - (i) other than where sub-paragraph (ii) applies, as soon as reasonably practicable after, and in any event no later than 14 months after the start of the first Delivery Year;
  - (ii) in the case of a CMU in respect of which the Applicant made the declaration in Rule 3.6.5A(b)(i)(dd) or Rule 3.9.5A(b)(i)(dd), prior to 1 September in the calendar year immediately following a CHPQA Calendar Year.

### 8.3.13 Updating Fossil Fuel Emissions Declarations

- (za) This Rule 8.3.13 applies subject to Rule 8.3.13A.
- (a) Where a Capacity Provider has previously provided a Fossil Fuel Emissions Declaration (a “previous Fossil Fuel Emissions Declaration”) in respect of a CMU and one or more Fossil Fuel Components or Associated Fossil Fuel Component (each a “relevant Fossil Fuel Component”) comprised in that CMU, the Capacity Provider must comply with paragraph (ba) (in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) Rules 2021) and provide the Delivery Body with a new Fossil Fuel Emissions Declaration (an “Updating Fossil Fuel Emissions Declaration”) by the deadline specified in Rule 8.3.13(c) if Rule 8.3.13(b) applies.
- (b) This Rule 8.3.13(b) applies if there has been an Emissions Related Material Change to the CMU or a relevant Fossil Fuel Component; and
  - (i) the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, which has a Commercial Production Start Date which is on or after 4 July 2019; and/or
  - (ii) the CMU:
    - (aa) has its first scheduled Delivery Year on 1 October 2024 or any subsequent Delivery Year; and
    - (bb) comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, which has a Commercial Production Start Date which is before 4 July 2019.
- (ba) A Capacity Provider must:
  - (i) confirm to the Delivery Body within two months following the Emissions Related Material Change:
    - (aa) whether the Commercial Production Start Date of each Fossil Fuel Component or Associated Fossil Fuel Component is before or on or after 4 July 2019; and
    - (bb) whether, in respect of a Fossil Fuel Component or Associated Fossil Fuel Component, in order to maintain compliance with the confirmation made with an Application in respect of the CMU under Rule 3.4.11(b), the Capacity Provider will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine its Fossil Fuel Emissions and/or apply the Design Efficiency CHPQA Formula to determine its Design Efficiency.

- (c) An Updating Fossil Fuel Emissions Declaration must be provided to the Delivery Body:
  - (i) as soon as reasonably practicable, and in any event no later than the date which is two months after an Emissions Related Material Change;
  - (ii) by the date described in Rule 8.3.4(h) in respect of a DSR CMU which adds one or more DSR CMU Components to the CMU;
  - (iii) no later than 14 months after the date of the Emissions Related Material Change where there has been an Emissions Related Material Change in respect of a relevant Fossil Fuel Component in relation to which the previous Fossil Fuel Emissions Declaration specified Fossil Fuel Yearly Emissions;
  - (iv) as soon as reasonably practicable, and in any event no later than the date which is 14 months after the Emissions Related Material Change in the case of a CMU in respect of which the Capacity Provider will apply the Fossil Fuel Emissions CCUS Formula, Fossil Fuel Emissions Mixed Fuel Formula or Fossil Fuel Emissions Composite Formula to determine the Fossil Fuel Emissions of a Fossil Fuel Component or Associated Fossil Fuel Component (but does not intend to apply the Design Efficiency CHPQA Formula to determine the Design Efficiency of a component); or
  - (v) as soon as reasonably practicable and in any event prior to 1 September in the calendar year immediately following a CHPQA Calendar Year, where there has been an Emissions Related Material Change and the Capacity Provider chooses to apply the Design Efficiency CHPQA Formula to determine the Design Efficiency of a relevant Fossil Fuel Component.

8.3.13A Application of Rule 8.3.11, Rule 8.3.12, Rule 8.3.12A and Rule 8.3.13

- (a) Rule 8.3.11(b) applies in respect of a Capacity Agreement awarded before the coming into force of the Capacity Market (Amendment) Rules 2021 as though the following are omitted:
  - (i) Rule 8.3.11(b)(i)(cc) and Rule 8.3.11(b)(i)(dd);
  - (ii) Rule 8.3.11(b)(ii)(dd) and Rule 8.3.11(b)(ii)(ee); and
  - (iii) Rule 8.3.11(b)(iii)(bb) and Rule 8.3.11(b)(iii)(cc).
- (b) Rule 8.3.12(b) applies in respect of a Capacity Agreement awarded before the coming into force of the Capacity Market (Amendment) Rules 2021 as though the following are omitted:
  - (i) Rule 8.3.12(b)(i)(bb);
  - (ii) Rule 8.3.12(b)(ii)(bb) and Rule 8.3.12(b)(ii)(cc); and
  - (iii) Rule 8.3.12(c).
- (c) Rule 8.3 applies in respect of a Capacity Agreement awarded before the coming into force of the Capacity Market (Amendment) Rules 2021 as though Rule 8.3.12A is omitted.
- (d) Rule 8.3.13 applies in respect of a Capacity Agreement awarded before the coming into force of the Capacity Market (Amendment) Rules 2021 as though the following are omitted:
  - (i) Rule 8.3.13(ba); and

- (ii) Rule 8.3.13(c)(iv) and Rule 8.3.13(c)(v).

#### 8.3.14 Failure to provide a Fossil Fuel Emissions Declaration

The Termination Event specified in Rule 6.10.1(o) will apply to a Capacity Agreement if:

- (a) a Capacity Provider has previously provided a Fossil Fuel Emissions Commitment, a Fossil Fuel Emissions Declaration, or made a declaration under Rule 3.6.5A, Rule 3.6.6, Rule 3.6.7, Rule 3.9.5A, Rule 3.9.6 or Rule 3.9.7; and
- (b) the Capacity Provider:
  - (i) fails to provide a Fossil Fuel Emissions Declaration where required under Rule 8.3.11, Rule 8.3.12, Rule 8.3.12A, and Rule 8.3.13; or
  - (ii) provides a Fossil Fuel Emissions Declaration in which the Applicant declares that in respect of a Fossil Fuel Component or Associated Fossil Fuel Component specified in the declaration (a “relevant Fossil Fuel Component”):
    - (aa) the relevant Fossil Fuel Component exceeds the Fossil Fuel Emissions Limit (and, in the case of a relevant Fossil Fuel Component with a Commercial Production Start Date before 4 July 2019, no value for the Fossil Fuel Yearly Emissions has been provided); or
    - (bb) in the case of a relevant Fossil Fuel Component with a Commercial Production Start Date before 4 July 2019, the relevant Fossil Fuel Component exceeds both the Fossil Fuel Emissions Limit and the Fossil Fuel Yearly Emissions Limit.

#### 8.3.15 Fossil Fuel Removal Declaration

Where, as a result of any change, the CMU no longer comprises of any Fossil Fuel Component or Storage Facility which has its electricity requirements met in part or in full by an Associated Fossil Fuel Component, the Capacity Provider must, as soon as reasonably practicable, provide the Delivery Body with a Fossil Fuel Removal Declaration signed by two Directors (or two officers, in the case of a body other than a company).

#### 8.3.16 Relevant Planning Consents Declaration

where an Applicant has submitted a declaration in accordance with Rule 3.7.1 or Rule 4.7.1, and upon request by the Delivery Body, the Applicant must provide the Delivery Body, as soon as reasonably practicable, evidence to satisfy the requirement that the Relevant Planning Consents has been achieved.

### **8.4 Triggering a Capacity Obligation and System Stress Events**

#### 8.4.1 Definition of a System Stress Event

“System Stress Event” means a Settlement Period in which a System Operator Instigated Demand Control Event occurs where such event lasts at least 15 continuous minutes (whether the event falls within one Settlement Period or across more than one consecutive Settlement Periods, and where the event falls across multiple consecutive Settlement Periods, each of those Settlement Periods will be a “System Stress Event”).

#### 8.4.2 Definition of a System Operator Instigated Demand Control Event

“System Operator Instigated Demand Control Event” means where:

- (a) the System Operator gives a Demand Reduction Instruction and/or an Emergency Manual Disconnection Instruction to one or more DNOs; and/or

- (b) an Automatic Low Frequency Demand Disconnection takes place, except where one or more of the following applies:
  - (i) such action results from one or more faults in the GB Transmission System or a Distribution Network; or
  - (ii) the System Operator issues a Bid-Offer Acceptance(s) to reduce output or an Emergency Instruction(s) to reduce output to the extent that the Volume of that Bid-Offer Acceptance(s) or that Emergency Instruction(s) exceeds the Volume of the Demand Reduction Instruction and/or an Emergency Manual Disconnection Instruction issued or the Automatic Low Frequency Demand Disconnection that took place.
  - (iii) the action has an associated System Management Action Flag attached in accordance with Section Q6 (Submission of Data by the Transmission Company) of the BSC.

#### 8.4.3 Duration of a System Operator Instigated Demand Control Event A

System Operator Instigated Demand Control Event:

- (a) commences at the earlier of the time at which:
  - (i) the Demand Reduction Instruction and/or an Emergency Manual Disconnection Instruction is given by the System Operator; or
  - (ii) the Automatic Low Frequency Demand Disconnection takes place; and
- (b) ends at the time at which the System Operator instructs the last outstanding DNO to:
  - (i) restore Demand in accordance with OC6.5 of the Grid Code; or
  - (ii) reconnect in accordance with OC6.6 of the Grid Code.

#### 8.4.4 Determination of a System Stress Event

- (a) As soon as reasonably practicable after the System Operator:
  - (i) gives a Demand Reduction Instruction to one or more DNOs; or
  - (ii) becomes aware that an Automatic Low Frequency Demand Disconnection has taken place,

the System Operator must:

  - (aa) undertake a root cause analysis to determine whether or not a relevant System Operator Instigated Demand Control Event has occurred; and
  - (bb) if it determines under Rule 8.4.4(a)(ii)(aa) that a relevant System Operator Instigated Demand Control Event has occurred, determine whether the System Operator Instigated Demand Control Event lasted at least 15 continuous minutes and hence whether a System Stress Event has occurred.
- (b) A determination by the System Operator that a System Stress Event or a System Operator Instigated Demand Control Event has occurred may be made in its sole discretion and will be final and binding on all Administrative Parties and Capacity Providers for the purposes of the Rules and the Regulations.

#### 8.4.5 Notification of a System Stress Event

As soon as reasonably practicable after determining that a System Stress Event has occurred, the System Operator must:

- (a) notify the CM Settlement Body, and
- (b) publish details on the website specified by the System Operator from time to time,

of the Settlement Period that has been classified as a System Stress Event, or the Settlement Periods that have been classified as System Stress Events.

#### 8.4.6 Capacity Market Notice

- (a) Other than where 8.4.2(b)(iii) applies, the System Operator must publish a Capacity Market Notice in accordance with Rule 8.4.6(b) at times when either:
  - (i) the System Operator gives a Demand Reduction Instruction and/or an Emergency Manual Disconnection Instruction to one or more Distribution Network Operators;
  - (ii) an Inadequate System Margin, as determined under Rule 8.4.7, is anticipated to occur in a Settlement Period falling at least 4 hours after the expiry of the current Settlement Period or
  - (iii) an Automatic Low Frequency Demand Disconnection takes place, for which a Capacity Market Notice is not already in force.
- (b) A Capacity Market Notice must be published by the System Operator on the website specified by the System Operator from time to time and may be issued by such data transmission facilities for written communications as are in place between the System Operator and the Delivery Body, the CM Settlement Body and Capacity Providers respectively.
- (c) A Capacity Market Notice must contain the following information:
  - (i) the commencement time of the Capacity Market Notice;
  - (ii) information about the circumstances that have triggered the Capacity Market Notice; and
  - (iii) for information purposes only, the System Operator's expectations as to:
    - (aa) Demand; and
    - (bb) the aggregate capacity that BM Units (whether or not Capacity Committed CMUs) are expected to deliver (based on BSC information previously provided); and
    - (cc) any additional capacity that the System Operator expects to be delivered, based on information then available to it,for the Settlement Period(s) for which the warning is applicable.
- (d) A Capacity Market Notice will remain in force from the stated time of commencement until such time as an Inadequate System Margin is no longer forecast to arise, as determined under Rule 8.4.7, at any time within the next four hours.
- (e) The System Operator will give notice of the expiry of a Capacity Market Notice by publishing notice of such expiry on the website specified by the

System Operator from time to time and may circulate the notice by such data transmission facilities for written communications as are in place between the System Operator and the Delivery Body, the CM Settlement Body and Capacity Providers respectively.

#### 8.4.7 Inadequate System Margin

- (a) The System Operator will monitor the total of the Maximum Export Limits received against forecast Demand and the Operating Margin.
- (b) Taking into account the matters described in Rule 8.4.7(a) above, together with the Dynamic Parameters, the System Operator will calculate whether the anticipated level of System Margin for any Settlement Period is less than 500 MW (an "Inadequate System Margin").

### 8.5 Discharging a Capacity Obligation

#### 8.5.1 Response to a Capacity Market Notice

During a System Stress Event, a Capacity Provider must deliver the Adjusted Load Following Capacity Obligation of its Capacity Committed CMU, provided that a Capacity Provider has no obligation, pursuant to this Rule 8.5.1:

- (a) unless a Capacity Market Notice has been issued with respect to the System Stress Event and the System Stress Event falls four or more hours after the expiry of the Settlement Period in which the Capacity Market Notice is published on the website of the System Operator;
- (b) in any Settlement Period during which the Capacity Committed CMU is affected by a suspension under section G (Contingencies) of the Balancing and Settlement Code; or
- (ba) where the Capacity Committed CMU is an Interconnector CMU, in any Settlement Period during which the CMU is affected by a measure taken by the System Operator which has the effect of reducing the Net Output of that CMU to an amount lower than the Interconnector Scheduled Transfer; or
- (c) in any Settlement Period during which the Capacity Committed CMU is affected by a "relevant interruption" pursuant to section 5.10 of the CUSC and in each of the eight Settlement Periods falling after the Settlement Period in which the relevant interruption ceases to affect the Capacity Committed CMU; or
- (d) in any Settlement Period during which the Capacity Committed CMU is bound to comply with a direction issued by the Secretary of State pursuant to section 34 of EA 1989 and in each of the eight Settlement Periods falling after the Settlement Period in which the direction ceases to affect the Capacity Committed CMU.

#### 8.5.2 Adjusted Load Following Capacity Obligation (ALFCO)

The Adjusted Load Following Capacity Obligation of a Capacity Committed CMU "i" in Settlement Period "j" is a Volume in MWh calculated as follows:

- (a) for a Generating CMU or an interconnector CMU comprised of BM Units:

$$ALFCO_{ij} = LFCO_{ij} + \sum_{k \in i} \{ (1 - \beta_{kj}) QBOA_{kj} + (1 - \beta_{kj}) \min(QAS_{kj}, 0) - \beta_{kj} (QBSCCC_{kj}) \}$$

where:

LFCO<sub>ij</sub> has the meaning given in Rule 8.5.3 below;

QBOA<sub>kj</sub> has the meaning given in Rule 8.5.4(a) below;

QAS<sub>kj</sub> has the meaning given in Rule 8.5.4(b) below;

$\beta_{ki} = 1$  where Generating Unit “k” provided a Relevant Balancing Service in Settlement Period “j” and 0 otherwise;

the summation is over all BM Units “k” comprised in CMU “i”; and

$$QBSCCC_{kj} = \max(0, MEL_{kj} - QME_{kj})$$

where:

MEL<sub>kj</sub> is the Maximum Export Limit for BM Unit “k” in Settlement Period “j” (expressed in MWh); and

QME<sub>kj</sub> is the “Period Expected Metered Volume” (as defined in in the BSC) for BM Unit “k” in Settlement Period “j”;

(b) for a CMU which is a DSR CMU or a Generating CMU that is not comprised of BM Units:

$$ALFCO_{ij} = LFCO_{ij} - \sum_{k \in i} (\beta_{kj} (QBSCCC_{kj}))$$

where:

$\beta_{ki} = 1$  where Generating Unit or DSR CMU Component “k” provided a Relevant Balancing Service in Settlement Period j and 0 otherwise;

the summation is over all Generating Units or DSR CMU Components “k” comprised in CMU “i”;

QBSCCC<sub>kj</sub> is the ((Declared\_Availability<sub>kj</sub>) – (Contracted\_Output<sub>kj</sub>)) for Generating Unit or DSR CMU Component “k” in Settlement Period “j”; and

“Declared\_Availability” and “Contracted\_Output” have the meaning given to them in Schedule 4.

(c) in the case of Rule 8.5.2(a) and (b), QSBCCC<sub>kj</sub> must be set to 0 where Rule 8.5.4(c) applies.

### 8.5.3 Load Following Capacity Obligation (LFCO)

The Load Following Capacity Obligation of a Capacity Committed CMU “i” in Settlement Period “j” (“LFCO<sub>ij</sub>”) is a Volume in MWh calculated as follows:

$$LFCO_{ij} = \frac{AA CO_{ij} + PTCO_{ij} - SCO_{ij}}{2} \times \min \left( \frac{\left( \left[ 2 \times \sum_i E_{ij} \right] + \left[ 2 \times ILR_j \right] + RfR \right)}{\sum_i AA CO_{ij} - SCO_{ij}}, 1 \right)$$

Where:

$AACO_{ij}$  is the Auction Acquired Capacity Obligation of that Capacity Committed CMU for Settlement Period “j”, being the value in MW of the Capacity Obligation taken on by that Capacity Committed CMU for the Delivery Year in which Settlement Period “j” falls, accounting for any changes in that Capacity Obligation recorded pursuant to 7.5.1, but not including any changes in that Capacity Obligation effected by way of a transfer under Rule 9.2.4(a), as set out in the Capacity Market Register for that Capacity Committed CMU;

$PTCO_{ij}$  is the Physically Traded Capacity Obligation of that Capacity Committed CMU, being the aggregate value in MW (positive or negative) of any changes in the Capacity Obligation of that Capacity Committed CMU effected by way of a transfer under Rule 9.2.4(a) for the Delivery Year (or part Delivery Year) in which Settlement Period “j” falls, as set out in the Capacity Market Register for that Capacity Committed CMU;

$SCO_{ij}$  is the Suspended Capacity Obligation of that Capacity Committed CMU for Settlement Period “j”, being the aggregate value in MW of any Capacity Obligations in respect of which Capacity Payments have been suspended pursuant to Rule 13.4.1ZA(b) or during that Settlement Period as determined by the CM Settlement Body on the basis of data provided to it by the Delivery Body pursuant to Rule 13.4.7;

$\sum_i$  is the sum over all Capacity Committed CMUs together with any CMU in respect of which an Acceptable Transferee is a CMVR Registered Participant;

$E_{ij}$  has the meaning given in Rule 8.6;

$ILR_j$  is the Involuntary Load Reduction, being the aggregate volume, in Settlement Period “j”, of load shed by Distribution Network Operators in order to meet any Demand Reduction Instruction and/or Emergency Manual Disconnection Instruction, and also load shed as a result of any Automatic Low Frequency Demand Disconnection, as determined by the Delivery Body on the basis of data provided by the Distribution Network Operators; and

$RfR$  is the reserve for response amount (in MW) which shall be published by the Delivery Body in the most recent electricity capacity report prior to the relevant Auction Window for the relevant Delivery Year.

8.5.3A Where Rule 8.5.3 applies in respect of the first Transitional Arrangements Delivery Year, the Load Following Capacity Obligation of a Capacity Committed CMU “i” in Settlement Period “j” (“ $LFCO_{ij}$ ”) is a Volume in MWh will instead be calculated as follows:

$$LFCO_{ij} = \frac{AACO_{ij} + PTCO_{ij} - SCO_{ij}}{2} \times \min\left(\frac{SD_{ij}}{PSD}, 1\right)$$

Where:

$AACO_{ij}$ ,  $PTCO_{ij}$ , and  $SCO_{ij}$  are defined under Rule 8.5.3

$SD_j$  is the system demand in MW for Settlement Period “j” as published in the Balancing Mechanism Reporting Service.

$PSD$  is the peak system demand identified during the 12 month period preceding

the start of the Delivery Year in which Settlement Period “j” falls, as published in the Balancing Mechanism Reporting Service.

#### 8.5.4 Adjustments to LFCO to account for Balancing Services

The Load Following Capacity Obligation of that Capacity Committed CMU in a Settlement Period must be reduced to account for the aggregate provision and successful delivery by each Generating Unit or an Interconnector CMU (in its capacity as a BM Unit) of Balancing Services to the System Operator as follows:

(a) Reduced output pursuant to Negative Bid-Offer Acceptances (QBOA)

A Generating Unit “k” or an Interconnector CMU that is operating at reduced output during Settlement Period “j” because it has, in its capacity as a BM Unit, been instructed to operate at such output by the System Operator through a Bid-Offer Acceptance in the Balancing Mechanism must be accounted for by use of the factor  $QBOA_{kj}$  which is calculated as follows:

$$QBOA_{kj} = \sum_{n < 0} (QA0_{kj}^n + QAB_{kj}^n)$$

where:

n has the meaning given to “Bid-Offer Pair Number” in Annex X-2 of the BSC;

$QA0_{kj}^n$  has the meaning given to “Period BM Unit Total Accepted Offer Volume” in Annex X-2 of the BSC; and

$QAB_{kj}^n$  has the meaning given to “Period BM Unit Total Accepted Bid Volume” in Annex X-2 of the BSC.

(b) Reduced output pursuant to the delivery of a Balancing Service (QAS)

A Generating Unit “k” that is operating at reduced output during Settlement Period “j” because it has, in its capacity as a BM Unit, delivered energy reductions through the provision of Balancing Services must be accounted for by the factor  $QAS_{kj}$  which has the meaning give to “BM Unit Applicable Balancing Services Volume” in Annex X-2 of the BSC.

(c) Sterilised capacity pursuant to a Balancing Services agreement (QBSCCC)

If:

(i) the Capacity Provider has not notified the System Operator at the time of entering into such balancing services contract (or, if later, on Prequalification) that a Generating Unit is participating in the Capacity Market; or

(ii) the Lead Party of the BM Unit which corresponds to a Generating Unit has given the System Operator notice in accordance with paragraph 6.4.5 of section Q of the Balancing and Settlement Code that it does not wish any volumes of Active Energy to be submitted for the BM Unit (pursuant to paragraph 6.4.5 of Section Q of the Balancing and Settlement Code),

QBSCCC<sub>kj</sub> for Capacity Committed CMU “i” must be set to zero.

#### 8.5.5 Shortfalls and Excess Volumes

- (a) If a Capacity Committed CMU fails to deliver its Adjusted Load Following Capacity Obligation in any Settlement Period where it is required to do so in accordance with Rule 8.5.1, capacity provider penalty charges will be applied in accordance with Regulation 41.
- (b) If a Capacity Committed CMU delivers more than its Adjusted Load Following Capacity Obligation in any Settlement Period where it is required to deliver such Adjusted Load Following Capacity Obligation in accordance with Rule 8.5.1, the relevant Capacity Provider will be paid for this over-delivery in accordance with Regulation 42.

### 8.6 Determining the output of a Capacity Committed CMU or CMVR Registered CMU (E<sub>ij</sub>)

The capacity delivered by a Capacity Committed CMU (or CMVR Registered CMU) “i” during the occurrence of a Stress Event in Settlement Period “j” is:

- 8.6.1 in the case of a Generating CMU other than a Generating CMU that constitutes a Storage Facility:
  - (a) the aggregate Metered Volume in MWh to three decimal places of each Generating Unit comprised in that Generating CMU; or
  - (b) if the Generating CMU is connected to the GB Transmission System, the lower of:
    - (i) the aggregate Metered Volume in MWh to three decimal places of each Generating Unit “k” comprised in that Generating CMU “i”; and
    - (ii) the aggregate of QME<sub>kj</sub> (as defined in Rule 8.5.2(a)) for each Generating Unit “k” comprised in that Generating CMU “i”;
- 8.6.2 in the case of a Generating CMU that constitutes a Storage Facility, the sum of A + B – C where:

A is the electricity generated by the Generating CMU as determined in accordance with Rule 8.6.1(a) and 8.6.1(b) above;

B is the aggregate, for all Generating Units comprised in the Generating CMU, of the Baseline Demand, as determined under Schedule 2A; and

C is the aggregate of the metered Consumption (in MWh) of each Generating Unit comprised in the Generating CMU in Settlement Period “j”;
- 8.6.2A in the case of an Interconnector CMU, the Interconnector Scheduled Transfer; and
- 8.6.3 in the case of a DSR CMU, the DSR Volume of that DSR CMU;

(herein, “E<sub>ij</sub>”).

- 8.6.4 Where the Metered Volumes provided to the CM Settlement Body have not been adjusted to the Boundary Point on the Transmission Network, the CM Settlement Body will apply appropriate Line Loss Factor values in order to so adjust them. The Line Loss Factor values shall be made in accordance with Section K1.7 of the BSC.

**8.7 Requirement to provide general assistance**

- 8.7.1 A Capacity Provider must provide such other information and assistance as an Administrative Party reasonably requires to determine whether the Capacity Provider is complying with the terms of its Capacity Agreements, the Regulations and the Rules.

## CHAPTER 9: TRANSFER OF CAPACITY OBLIGATIONS

### 9. Transfer of Capacity Obligations

#### 9.1 Purpose of this Chapter

- 9.1.1 This Chapter sets out the eligibility requirements for transferring Capacity Obligations. In conjunction with Chapters 5 and 6 it sets out some of the procedures for effecting, and consequences, of such transfers.

#### 9.2 Restrictions on transfer and eligibility to trade

- 9.2.1 No Capacity Obligation may be transferred other than by way of the transfer, under Regulation 30A and in accordance with this Chapter, of:
- (a) a Capacity Agreement; or
  - (b) a Transferred Part.
- 9.2.2 Rule 9.2.3 applies where a Termination Notice has been issued by the Delivery Body under Rule 6.10.2(a) with respect to the Capacity Agreement or Transferred Part in which the Capacity Obligation to be transferred is comprised.
- 9.2.3 Where this Rule 9.2.3 applies:
- (a) if the request under Rule 9.3.1(a) has been submitted before the Termination Notice is received by the Transferee, and the Transfer Period commences before the expiry of the period specified in Rule 6.10.2(e) (“the relevant period”), the transfer shall have effect for a period ending with the expiry of the relevant period (or if sooner, the Transfer Period);
  - (b) if the request under Rule 9.3.1(a) has been submitted before the Termination Notice is received by the Transferee, but the period for which the Capacity Obligation is to be transferred commences after the expiry of the relevant period, the transfer shall not have effect;
  - (c) subject to paragraph (e), if the request under Rule 9.3.1(a) is submitted after the Termination Notice is received by the Registered Holder or the Transferee, the transfer shall not have effect;
  - (d) if the request under Rule 9.3.1(a) is submitted before the Termination Notice is received by the Registered Holder, the transfer shall have effect for the Transfer Period in accordance with Rule 9.2.4; and
  - (e) without prejudice to Rule 6.10.2, if the request under Rule 9.3.1(a) is submitted after the Termination Notice specifying a Termination Event set out in Rule 6.10.1(a) is received by the Registered Holder, but occurs prior to the expiry of the relevant period, the transfer shall have effect for the Transfer Period in accordance with Rule 9.2.4.
- 9.2.4 A Capacity Provider may transfer a Capacity Agreement by:
- (a) transferring all or part of its Capacity Obligation in respect of a Capacity Committed CMU (the “CMU Transferor”) for all or a

specified number of calendar days in a Delivery Year to an Acceptable Transferee in respect of another CMU (the “CMU Transferee”) provided that:

- (i) the Acceptable Transferee nominates a CMU Transferee to perform the Capacity Obligation;
  - (ii) if the transfer is of part of its Capacity Obligation, the part transferred is at least equal to the Minimum Capacity Threshold; and
  - (iii) following the transfer, the aggregate Capacity Obligation of each of the CMU Transferor and the CMU Transferee is at least equal to the Minimum Capacity Threshold unless the CMU Transferor has transferred all of its Capacity Obligation.
- (b) with respect to a Capacity Committed CMU which is a Generating CMU where the Capacity Provider is the legal owner of each Generating Unit comprised in such CMU, transferring all Capacity Agreements relating to that CMU outright to:
- (i) a person acquiring all such Generating Units (or, if it is a Prospective Generating CMU, all the contractual and other rights and assets then owned by the Capacity Provider and necessary to achieve the Substantial Completion Milestone with respect to such CMU); or
  - (ii) a person that is the Despatch Controller with respect to all such Generating Units,
- provided in each case that such person is an Acceptable Transferee; or
- (c) with respect to a Capacity Committed CMU which is a Generating CMU where the Capacity Provider is the Despatch Controller with respect to each Generating Unit comprised in such CMU, transferring all Capacity Agreements relating to that CMU outright to a person that is the legal owner with respect to all such Generating Units provided that such person is an Acceptable Transferee; or
- (d) with respect to a Capacity Committed CMU which is an Interconnector CMU, transferring all Capacity Agreements relating to that CMU outright to a person acquiring that Electricity Interconnector (or, if it is a Prospective Interconnector CMU, all the contractual and other rights and assets then owned by the Capacity Provider and necessary to achieve the Substantial Completion Milestone with respect to such CMU) provided that such person is an Acceptable Transferee,

in each case such transfer of the Capacity Agreement to be in accordance with the Regulations and the Rules (including the requirements relating to the updating of the Capacity Market Register). An individual transfer under Rule 9.2.4(a) may not relate to more than one Delivery Year.

#### 9.2.5 Transfers of a Capacity Agreement:

- (a) under Rule 9.2.4(a) can only be effected on the Capacity Market Register after the T-1 Auction for the relevant Delivery Year has concluded (or, in the case of an SA Agreement, after 30th May 2017) and provided that:
  - (i) in the case of a Prospective Generating CMU and its second or third Delivery Year, it has achieved the Substantial Completion Milestone

by the Prequalification Results Day for the T-1 Auction for that Delivery Year; and

- (ii) in the case of a Prospective Interconnector CMU in relation to which a Capacity Agreement has been awarded for a Delivery Year (“Y”) as well as for either or both of the two immediately following Delivery Years Y+1 and Y+2, and in respect of either of the latter two Capacity Agreements, it has achieved the Substantial Completion Milestone by the Prequalification Results Day for the T-1 Auction for Delivery Year Y+1 or Y+2 as the case may be; and
  - (iii) in the case of an Unproven DSR CMU that has been awarded a Capacity Agreement of a duration exceeding one Delivery Year, the Delivery Body has issued a DSR Test Certificate to the Applicant or Capacity Provider (as applicable) under Rule 13.2.11 and the Capacity Provider has satisfied the requirements of Rule 8.3.6 (Evidence of Total Project Spend).
- (b) under Rule 9.2.4(a) can only be effected in respect of a CMU Transferor and CMU Transferee:
- (i) for which no amount payable under the Regulations is due and unpaid;
  - (ii) for which no suspension of capacity payments as described in Rule 13.4.1ZA(b) is in effect for failure to demonstrate satisfactory performance days;
  - (iii) in respect of which there is not a breach of Rule 8.3.3(f) (metering changes); and
  - (iv) in respect of which there is not a breach of Rule 14.5.7;
- (c) under Rule 9.2.4(b), 9.2.4(c) and 9.2.4(d) can be effected on the Capacity Market Register at any time.

9.2.6 An Acceptable Transferee in relation to Rule 9.2.4(a), for any Delivery Year, is any of the persons in paragraphs (a) to (d) who meets the conditions in Rule 9.2.6(e)(i) to (xii):

- (a) a Bidder in a Capacity Auction for that Delivery Year (which may include a Bidder in relation to a CMU which Opted-out under Rule 3.11.2(f)(iii) at the T-4 Auction if, and only if, such CMU has since Prequalified in the T-1 Auction) in relation to a Prequalified CMU that does not have a Capacity Agreement for that Delivery Year;
- (b) a Capacity Provider in relation to the De-rated Capacity of a Prequalified Prospective CMU that has achieved the Substantial Completion Milestone prior to the Delivery Year in which its Capacity Obligation commences (provided that the transfer relates only to the period prior to such Delivery Year);
- (c) a Capacity Provider of a CMU that Prequalified for that Delivery Year and that does not have a Capacity Agreement for that Delivery Year equal to the De-rated Capacity of that Prequalified CMU;
- (d) an Eligible Secondary Trading Entrant;
- (e) the conditions in this Rule 9.2.6(e) are that:

- (i) the Capacity Obligation transferred, when aggregated with all other Capacity Obligations in respect of the CMU Transferee for that Delivery Year, will not at any time exceed:
  - (aa) the aggregate De-rated Capacity of the CMU Transferee (as recorded on the Capacity Market Register); or
  - (bb) where there is a Grid Connection Agreement relating to the CMU Transferee, the Transmission Entry Capacity recorded on the TEC Register in respect of that CMU Transferee;
- (ii) the CMU Transferee:
  - (aa) satisfies the criteria set out in Rule 9.2.5(b); and
  - (bb) has delivered a capacity at least equal to its De-rated Capacity in any settlement period falling within the six months prior to the first date in the relevant Delivery Year on which a request was submitted to the Delivery Body under Rule 9.3.1;
- (iii) any such person is not also a Bidder or Capacity Provider of a Defaulting CMU in that Delivery Year;
- (iv) a Capacity Provider for an Existing Interconnector CMU is not an Acceptable Transferee in relation to a Capacity Obligation for a Delivery Year commencing before 2019 (or any part of such a Delivery Year).
- (v) if the CMU Transferee is a New Build CMU in relation to which the Applicant made a declaration or provided a letter in accordance with Rule 3.7.3(c), a person (“P”) is not an Acceptable Transferee in respect of that CMU for the purposes of paragraph (a) or (b) of this Rule 9.2.6 unless P has provided to the Delivery Body a copy of its Distribution Connection Agreement or connection offer;
- (vi) if the CMU Transferee is a CMU in relation to which the Applicant made a declaration in accordance with Rule 3.10A.2 or 3.10A.3, a person (“Q”) is not an Acceptable Transferee in respect of that CMU for the purposes of this Rule 9.2.6 unless Q has provided to the Delivery Body a copy of its Grid Connection Agreement, Distribution Connection Agreement, written confirmation, letter from the Private Network Owner or connection offer;
- (vii) if the CMU Transferee is a Prospective CMU, a person is not an Acceptable Transferee in respect of that CMU for the purposes of paragraph (a) unless that CMU has met its Substantial Completion Milestone;
- (viii) if the CMU Transferee is a DSR CMU, a person (“R”) is not an Acceptable Transferee in respect of that CMU for the purposes of paragraph (a) unless:
  - (aa) a DSR Test Certificate has been issued in relation to that CMU; and
  - (bb) that certificate evidences a Proven DSR Capacity at least equal to the Capacity Obligation that is to be transferred to R,

aggregated with all other Capacity Obligations in respect of that CMU that apply on any day to which the transfer relates”; and

- (ix) the CMU Transferee is not a CMU in respect of which a Capacity Agreement or Transferred Part has been previously terminated in consequence of a Termination Event within Rule 6.10.1(g), Rule 6.10.1(ga) or Rule 6.10.1A(a)(iii) at any time during the preceding two years (subject to Rule 9.2.6A).
- (x) if the Capacity Obligation transferred is for the Delivery Year commencing on 1 October 2021, 1 October 2022, or 1 October 2023, and the CMU Transferee comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, which has a Commercial Production Start Date on or after 4 July 2019, a person is not an Acceptable Transferee in respect of the CMU Transferee unless a Fossil Fuel Emissions Declaration has been provided to the Delivery Body in respect of the CMU Transferee.
- (xi) if the Capacity Obligation transferred is for the Delivery Year commencing on 1 October 2024 or a subsequent Delivery Year, and the CMU comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, a person is not an Acceptable Transferee in respect of the CMU Transferee unless a Fossil Fuel Emissions Declaration (other than a Pre 2024 T-1 Fossil Fuel Emissions Declaration) has been provided to the Delivery Body in respect of the CMU Transferee.
- (xii) if the CMU Transferee comprises of at least one Fossil Fuel Component or at least one Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, a person is not an Acceptable Transferee in respect of that CMU for the purposes of paragraphs (a), (b), and (c) unless the person has confirmed to the Delivery Body whether the Commercial Production Start Date of each Fossil Fuel Component or Associated Fossil Fuel Component is before or on or after 4 July 2019.

#### 9.2.6A

- (a) in respect of a CMU Transferee who held a Conditional Capacity Agreement which was terminated in accordance with Rule 6.10.2(e) prior to the T-1 Termination Trigger Event occurring, Rule 9.2.6 applies with the modifications described in Rule 9.2.6A(b) where the Transfer relates to either of the Delivery Years commencing on 1 October 2020 or 1 October 2021.
- (b) Rule 9.2.6 applies to a person described in Rule 9.2.6A(a) as if the words “the CMU Transferee is not a CMU in respect of which a Capacity Agreement or Transferred Part has been previously terminated in consequence of a Termination Event within Rule 6.10.1(g), Rule 6.10.1(ga) or Rule 6.10.1A(a)(iii) at any time during the preceding two years.” were

omitted.

- 9.2.7 An Acceptable Transferee for the purposes of Rule 9.2.4(b), Rule 9.2.4(c) or Rule 9.2.4(d) may be the same entity as the Capacity Provider transferring its Capacity Obligation to such Acceptable Transferee.
- 9.2.8 An Acceptable Transferee for the purposes of Rule 9.2.4(b), Rule 9.2.4(c) or Rule 9.2.4(d) is a person who has obtained written confirmation from the Delivery Body that it:
- (a) has provided a Prequalification Certificate and a Certificate of Conduct,
  - (b) has provided the information and made the statements described in Rules 3.4.1 and 3.4.2;
  - (c) is not also a Capacity Provider of a Defaulting CMU in that Delivery Year; and
  - (d) will comply with any requirement to provide or maintain Applicant Credit Cover that may be applicable.
- 9.2.9 A Capacity Provider must not transfer, sell or otherwise dispose of any interest in a Capacity Committed CMU such that it ceases to satisfy the necessary Prequalification requirements to be the Applicant of that CMU, unless it transfers the CMU to an Acceptable Transferee that has satisfied the requirements of Rule 9.2.8, and the Capacity Agreement of the CMU must only transfer once these requirements are met.
- 9.2.10 Subject to Rule 9.2.10A, a Generating Unit comprised in a Generating CMU may not be transferred, sold or otherwise disposed of in whole or material part other than together with all other Generating Units comprised in such Generating CMU and, where applicable, together with the Capacity Agreement as contemplated in Rule 9.2.4(b)(i).
- 9.2.10A
- (a) Rule 9.2.10 does not prevent the transfer, sale or disposal of a Generating Unit comprised in a Generating CMU where a Capacity Agreement has been issued in respect of that Generating CMU following the submission of an Application by a Despatch Controller under Rule 3.2.7, provided that:
    - (i) Despatch Control over the whole of the Generating CMU is retained by the Capacity Provider following such transfer, sale or disposal; and
    - (ii) the Capacity Provider submits an Aggregator Transfer Declaration and a Legal Owner Transfer Declaration, in each case signed by two directors (or officers, in the case of a body other than a company), to the Delivery Body as soon as reasonably practicable following the completion of such transfer, sale or disposal.
  - (b) If a Capacity Provider makes such a transfer, sale or disposal without complying with the conditions in paragraph (a), then Rule 6.10.1(n) applies.
- 9.2.11 The restrictions in Rules 9.2.5 and 9.2.10 do not prevent the grant or enforcement of Security over the Capacity Committed CMU and/or the Capacity Agreement for the purpose of securing the payment of any indebtedness to any lender or group of lenders (and whether or not acting through a trustee) provided

that such Security is registered on the Capacity Market Register and any transfer, sale, entry into possession or other disposal that may occur on the enforcement of the Security may only be effected so that both the Capacity Committed CMU and the Capacity Agreement are transferred to the same person, who is an Acceptable Transferee.

### **9.3 Registration of transfers**

9.3.1 Where a Capacity Agreement or Transferred Part is to be transferred in whole or in part from the Registered Holder to another person (the “Transferee”) in accordance with Rule 9.2.4:

(a) the Registered Holder and the Transferee must each submit to the Delivery Body in writing requests which are:

- (i) in the form prescribed by the Delivery Body; and
- (ii) identical in all material respects;

at least five Working Days before the first calendar day to which a Capacity Obligation subject to the transfer relates;

(b) the Delivery Body must inform both the Registered Holder and the Transferee that the requests have been received and, in the event that the requests are not in the prescribed form and/or identical in all material respects, must draw this to their attention and give them the opportunity to correct the requests;

(c) the Delivery Body may refuse to accept an incorrect, ambiguous or incomplete request.

9.3.2 The Delivery Body must notify the Transferee, the previous Registered Holder and the CM Settlement Body once the Capacity Market Register has been amended in accordance with Rule 7.5.1(p).

9.3.3 The Transferee is not the Registered Holder until such time as the particulars of the Capacity Agreement or Transferred Part recorded in the Capacity Market Register identify the Transferee as such.

9.3.4 A transfer of a Capacity Agreement or Transferred Part has effect when it is entered in the Capacity Market Register in accordance with Rule 7.5.1(p).

### **9.4 Effect of transfer**

9.4.1 Any transfer of a Capacity Agreement pursuant to Rule 9.2.4(a) results in the transfer of any obligation to pay penalties and any right to receive payments provided for in the Regulations or the Rules that attaches to the performance or failure to perform the transferred Capacity Obligation from the date of transfer to, in the case of a transfer pursuant to Rule 9.2.4(a), the end of the period of transfer.

9.4.2 To the extent that there are any outstanding amounts accrued or payable to or by the transferor due to its rights or obligations under the Capacity Agreement, the Regulations or the Rules at the date of transfer pursuant to Rule 9.2.4(a), those rights and obligations survive and the amounts are, or will when due be, payable to or by the transferor.

9.4.3 Any transfer of a Capacity Agreement together with the relevant CMU pursuant to Rule 9.2.4(b) transfers all rights and obligations, (including for the period prior to the date of transfer) to the transferee (and such rights and obligations survive).

- 9.4.4 Where a transfer of a CMU for which the Transferor is Insolvent has been effected under Rule 9.2.4(b), the Delivery Body must notify the CM Settlement Body and update the Capacity Market Register accordingly.

## **9.5 Transfers and testing**

- 9.5.1 A Capacity Committed CMU must satisfy the requirements of Rule 13.4.1 (and will be subject to the consequences set out in Rule 13.4.1) irrespective of whether some or all of the Capacity Obligations to which the testing requirements related have since been transferred pursuant to this Chapter 9, subject to this Rule 9.5.
- 9.5.2 In the case of a Capacity Committed CMU that has transferred part of its Capacity Obligation for the period from 1 January to 30 April (both dates inclusive) of a Delivery Year under Rule 9.2.4(a), in Rule 13.4.1, for the words from “on three separate days” to the end, substitute “on three separate days (each a “Satisfactory Performance Day”) of which at least two Satisfactory Performance Days must occur during the period from 1 October to 31 December (both dates inclusive) and one Satisfactory Performance Day must occur during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year”.
- 9.5.3 In the case of a Capacity Committed CMU that has transferred all of its Capacity Obligation for the period from 1 January to 30 April (both dates inclusive) of a Delivery Year under Rule 9.2.4(a):
- (a) in Rule 13.4.1, for the words “at least one Satisfactory Performance Day occurring during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year”, substitute “at least one Satisfactory Performance Day occurring during the period from 1 May to 31 July (both dates inclusive) of the relevant Delivery Year”; and
  - (b) if the Capacity Committed CMU fails to satisfy the requirements of Rule 13.4.1 (as modified) in the relevant Delivery Year:
    - (i) Rule 13.4.1ZA(a) does not apply;
    - (ii) in Rule 13.4.1ZA(b), for the words “1 May in that Delivery Year until the earliest date that applies”, substitute “1 August in that Delivery Year until the later of 30 September in that Delivery Year”; and
    - (iii) Rule 13.4.1ZB applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule 13.4.1ZA(a).
- 9.5.4 In the case of a Capacity Committed CMU that has transferred all of its Capacity Obligation for the period from 1 January to 30 September (both dates inclusive) of a Delivery Year under Rule 9.2.4(a):
- (a) in Rule 13.4.1, for the words “three separate days (each a “Satisfactory Performance Day”) during the Winter of the relevant Delivery Year, with at least one Satisfactory Performance Day occurring during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year”, substitute “two separate days (each a “Satisfactory Performance Day”) during the period from 1 October to 31 December (both dates inclusive) of the relevant Delivery Year”;
  - (b) if the Capacity Committed CMU fails to satisfy the requirements of Rule 13.4.1 in the relevant Delivery Year:
    - (i) Rule 13.4.1ZA does not apply; and
    - (ii) Rule 13.4.1ZB applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule

13.4.1ZA(a).

- 9.5.5 In the case of a CMU Transferee to which a Capacity Obligation has been transferred for a period that does not include any days during the period from 1 January to 30 April (both dates inclusive) of a Delivery Year, in Rule 13.4.1, omit the words “with at least one Satisfactory Performance Day occurring during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year.
- 9.5.6 In the case of a Capacity Committed CMU that has transferred all of its Capacity Obligation for an entire Delivery Year under Rule 9.2.4(a), Rule 13.4.1 does not apply to that Capacity Committed CMU in that Delivery Year.
- 9.5.7 In the case of a Capacity Committed CMU that has transferred all Capacity Agreements relating to that CMU outright under Rule 9.2.4(b) for a Delivery Year, Rule 13.4.1 does not apply to that Capacity Committed CMU in that Delivery Year.
- 9.5.8 A Capacity Committed CMU must satisfy the extended performance requirements in Rule 13.4A.2 (and will be subject to the consequences set out in Rule 13.4A) irrespective of whether some or all of the Capacity Obligations to which the extended performance requirements related have since been transferred pursuant to this Chapter 9, subject to this Rule 9.5.
- 9.5.9 In the case of a Capacity Committed CMU that has transferred part or all of its Capacity Obligation under Rule 9.2.4(a) for the period from 1 January to 30 April (both dates inclusive) of a Delivery Year:
- (a) Rule 13.4A.2(a) is modified so that the Capacity Committed CMU must demonstrate extended performance:
    - (i) in the period from 1 October to 31 December of the relevant Delivery Year (both dates inclusive); or
    - (ii) in the period from 1 May to 31 July of the relevant Delivery Year (both dates inclusive); and
  - (b) if the Capacity Committed CMU fails to satisfy the requirements of 13.4A.2(a) (as modified):
    - (i) Rule 13.4A.7(a) does not apply;
    - (ii) in Rule 13.4A.7(b), for the words “from 1 May” to the end, substitute the words “from 31 July”; and
    - (iii) Rule 13.4A.8 applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule 13.4A.7(a).
- 9.5.10 In the case of a Capacity Committed CMU that has transferred part or all of its Capacity Obligation under Rule 9.2.4(a) for the Winter of a Delivery Year:
- (a) Rule 13.4A.2 is modified so that the Capacity Committed CMU must demonstrate extended performance in the period from 1 May to 31 July of the relevant Delivery Year (both dates inclusive); and
  - (b) If the Capacity Committed CMU fails to satisfy the requirements of 13.4A.2(a) (as modified):
    - (i) Rule 13.4A.7(a) does not apply;
    - (ii) in Rule 13.4A.7(b), for the words “from 1 May” to the end, substitute “from 31 July”; and
    - (iii) Rule 13.4A.8 applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule 13.4A.7(a).
- 9.5.11 In the case of a Capacity Committed CMU that has transferred all Capacity Agreements relating to that CMU outright under Rule 9.2.4(b) for a Delivery Year, Rule 13.4A.2 does not apply to that Capacity Committed CMU in that Delivery Year.
- 9.5.12 In the case of a Transferee to which a Capacity Obligation has been transferred for a period that does not include any days during Winter of a Delivery Year, for

Rule 13.4A.2(a), substitute:

“(a) at least once during the period from 1 May to 30 September (both dates inclusive); and”.

## CHAPTER 10: VOLUME REALLOCATION

### 10. Volume Reallocation

#### 10.1 Purpose of this Chapter and Interpretation

- 10.1.1 This Chapter sets out the basis on which Capacity Providers or CMVR Registered Participants may allocate Traded Capacity Market Volume from one CMU to another CMU by submitting CMVRNs to the CM Settlement Body.
- 10.1.2 In this Chapter, “WD” followed by a number means:
- (a) in relation to a calendar month, the Working Day falling that number of Working Days after the end of the calendar month; and
  - (b) in relation to a CMVRN, the Working Day falling that number of Working Days after the end of the calendar month in which the Settlement Period to which the CMVRN relates occurred.
- 10.1.3 In this Chapter a “Contract Trading Party” is a Capacity Provider or CMVR Registered Participant who participates in volume reallocation under this Chapter.

#### 10.1A CMVR Registered Participant

- 10.1A.1 A person (“P”) who is an Acceptable Transferee in respect of a CMU within the meaning of Rule 9.2.6, 9.2.7 or 9.2.8 may apply to be registered as a “CMVR Registered Participant” for a Delivery Year or, if it has commenced, so much of the Delivery Year that remains, by giving notice to the Delivery Body:
- (a) stating that P wishes to participate in volume reallocation under this Chapter;
  - (b) specifying the Delivery Year for which P wishes to be so registered; and
  - (c) specifying the CMU in respect of which the application is made.
- 10.1A.2 If the Delivery Body is satisfied that the application satisfies the conditions in Rule 10.1A.1:
- (a) P’s registration as a CMVR Registered Participant is to take effect five Working Days after the notice under Rule 10.1A.1 is given to the Delivery Body; and
  - (b) the Delivery Body must as soon as possible and in any event no later than 9 working days after the end of the month in which the application was made:
    - (i) notify the Settlement Body of the application; and
    - (ii) publish the following information:
      - (aa) that P is a CMVR Registered Participant for the Delivery Year specified in the application,
      - (bb) the effective date of P’s registration; and
      - (cc) details of the CMU in respect of which P is so registered (the “CMVR Registered CMU”).

## 10.2 Capacity Market Volume Reallocation Notification

- 10.2.1 Subject to the provisions of this Chapter, a Capacity Provider or CMVR Registered Participant may, in respect of a CMU (“the CMVR Transferor”), allocate any or all of the Volume Eij of that CMU to another CMU (the “CMVR Transferee”) by way of a CMVRN.
- 10.2.2 A CMVRN may only be submitted by a Capacity Provider or CMVR Registered Participant, or its Agent, in accordance with this Chapter 10.
- 10.2.3 A CMVRN must specify:
- (a) The Capacity Provider, or CMVR Registered Participant, and its CMVR Transferor to which the CMVRN relates;
  - (b) the Capacity Provider, or CMVR Registered Participant, and its CMVR Transferee to which the CMVRN relates;
  - (c) one or more Settlement Period to which the CMVRN relates;
  - (d) the Traded Capacity Market Volume in accordance with Rule 10.4.1; and
  - (e) a CMVRN identifier provided by the Contract Trading Party in accordance with guidance to be produced by the CM Settlement Body from time to time.
- 10.2.4 A CMVRN is valid if and only if:
- (a) it is submitted on a Working Day which falls on or between WD11 and WD19;
  - (b) the Settlement Period or Periods specified in accordance with Rule 10.2.3(c) was or were a System Stress Event;
  - (c) the Traded Capacity Market Volume specified in the CMVRN is not in breach of Rule 10.4.1; and
  - (d) it is made in accordance with Rules 10.2.5 and 10.2.6.
- 10.2.5 A CMVRN must be submitted by:
- (a) the Capacity Provider which is party to the Capacity Agreement relating to that CMU, or the Agent of such Capacity Provider;
  - (b) the CMVR Registered Participant who is an Acceptable Transferee within the meaning of Rule 9.2.6, 9.2.7 or 9.2.8 in respect of that CMU or the Agent of such CMVR Registered Participant.
- 10.2.6 A CMVRN must:
- (a) be submitted in the form prescribed by the CM Settlement Body set out in guidance to be produced by the CM Settlement Body from time to time; and
  - (b) be duly completed and contain all information requested on the form, including the information described at Rule 10.2.3.
- 10.2.7 A valid CMVRN received in accordance with this Chapter 10 comes into force when it is Matched.
- 10.2.8 The CM Settlement Body must:
- (a) validate (as to compliance with the requirements in Rule 10.2.4) each CMVRN submitted to it); and

(b) match Settlement Periods where the requirements of Rule 10.3 are met.

10.2.9 The CM Settlement Body must inform the person (being an Agent or Contract Trading Party) who submitted a CMVRN if it does not validate a CMVRN submitted to it pursuant to Rule 10.2.8.

### **10.3 Matching**

10.3.1 For the purposes of this Rule 10.3:

(a) in relation to a CMVRN, the “corresponding” CMVRN is the CMVRN submitted by the other Contract Trading Party relating to the same CMUs and using the same CMVRN identifier; and

(b) a “matched” Settlement Period is a Settlement Period in relation to which the requirements of Rule 10.3.2 are satisfied.

10.3.2 In relation to a CMVRN, a Settlement Period will be matched if and only if:

(a) the CMVRN is valid;

(b) the corresponding CMVRN is valid; and

(c) the Traded Capacity Market Volume for the Settlement Period specified in the CMVRN and the corresponding CMVRN are the same.

10.3.3 The CM Settlement Body must issue a notification report for a Matched CMVRN to the person who submitted that CMVRN as soon as practicable after it is Matched.

### **10.4 Traded Capacity Market Volume**

10.4.1 A CMVRN must specify, for each Settlement Period, a MWh value which:

(a) in the case of the CMVR Transferee, is a positive number and in the case of a CMVR Transferor, is a negative number;

(b) in the case of a CMVR Transferor in respect of which there was an Initial Under-Delivery Volume, when reflected in Adjusted  $E_{ij}$  of the CMVR Transferor in respect of the Settlement Period to which that CMVRN relates at the time that the CMVRN becomes effective, does not result in:

(i) a Remaining Under-Delivery Volume which exceeds the Initial Under-Delivery Volume of that CMVR Transferor; and

(ii) a Remaining Over-Delivery Volume;

(c) in the case of a CMVR Transferor in respect of which there was an Initial Over-Delivery Volume, when reflected in Adjusted  $E_{ij}$  of the CMVR Transferor in respect of the Settlement Period to which that CMVRN relates at the time that the CMVRN becomes effective, does not result in:

(i) a Remaining Over-Delivery Volume which exceeds the Initial Over-Delivery Volume of that CMVR Transferor; or

(ii) a Remaining Under-Delivery Volume;

(d) in the case of a CMVR Transferee in respect of which there was an initial Over-Delivery Volume, when reflected in Adjusted  $E_{ij}$  of the CMVR Transferee in respect of the Settlement Period to which that CMVRN relates at the time that the CMVRN becomes effective, does not result in:

(i) a Remaining Over-Delivery Volume which exceeds the Initial Over-

Delivery Volume of that CMVR Transferee;

- (e) in the case of a CMVR Transferee in respect of which there was an initial Under-Delivery Volume, when reflected in Adjusted  $E_{ij}$  of the CMVR Transferee in respect of the Settlement Period to which that CMVRN relates at the time that the CMVRN becomes effective, does not result in:
  - (i) a Remaining Over-Delivery Volume.

- 10.4.2 For each CMU  $i$ , and Settlement Period  $j$ , the Aggregate Traded Capacity Market Volume ( $ACMV_{ij}$ ) from time to time will be determined as follows:

$$ACMV_{ij} = \sum_z CMV_{zij}$$

where the summation on  $z$  extends to all CMVRNs in force at that time.

## 10.5 Information

- 10.5.1 By 5pm on WD10, the CM Settlement Body must publish on the Capacity Volume Register, for each Settlement Period in the previous calendar month which was a System Stress Event and in respect of each CMU, using the most recent data provided to it under Regulation 35:

- (a)  $E_{ij}$ ;
- (b) the ALFCO;
- (c) (if any) the Initial Over-Delivery Volume; and
- (d) (if any) the Initial Under-Delivery Volume.

- 10.5.2 The CM Settlement Body must determine the Aggregate Traded Capacity Market Volume and Adjusted  $E_{ij}$  for each CMU and submit this data to the Capacity Volume Register no later than 5pm on each Settlement Day from WD11 to WD19 inclusive.

- 10.5.3 If the CM Settlement Body receives updated data for  $E_{ij}$  during the period from WD11 to WD19 inclusive under Regulation 35, it must take account of this updated data in determining the Aggregated Trading Capacity Market Volume and Adjusted  $E_{ij}$  for each CMU under Rule 10.5.2.

## 10.6 Failures of the CM Settlement Body System

- 10.6.1 For the purposes of this Rule 10.6, a "CM Settlement Body System Failure" means a failure or breakdown of the system used by the CM Settlement Body to receive and process CMVRNs and update the Capacity Volume Register which has the effect that the CM Settlement Body is unable to receive CMVRNs submitted to it by all or any Capacity Providers and/or (as the case may be) to send the notification report in Rule 10.3.3 within 24 hours after a CMVRN is Matched or to update the Capacity Volume Register in accordance with Rule 10.5.2.

- 10.6.2 Where a CM Settlement Body System Failure occurs the CM Settlement Body must each use all reasonable efforts as soon as practicable to notify all Agents and all Capacity Providers that have no Agent:

- (a) of the failure and the time at which it started; and
- (b) after the end of the CM Settlement Body System Failure, that the failure has ended.

- 10.6.3 The CM Settlement Body must resume its functions under this Chapter 10 as soon as practicable after the end of a CM Settlement Body System Failure.































































- (a) all references to Rule 13.3.6(b) should be read as 13.5.8(b);
- (b) all references to Rule 13.3.9(b) should be read as 13.5.12(b); and
- (c) all references to Rule 13.3.9(d) should be read as Rule 13.5.12(d).

13.5.14 The CM Settlement Body shall notify the Delivery Body of the outcome of any Site Audit carried out pursuant to this Rule 13.5.













































































































## CHAPTER 18: MODIFICATIONS IN RESPECT OF THE EFFECTS OF CORONAVIRUS

### 18 Modifications in respect of the effects of Coronavirus

#### 18.1 Purpose of this Chapter

18.1.1 The Rules in this Chapter modify the application of the Rules to take into account the effects of Coronavirus on Capacity Providers' ability to comply with certain requirements in the Rules.

#### 18.2 Application

18.2.1 The modifications made by this Chapter apply on and from the date the Capacity Market (Amendment) (No. 2) Rules 2020 come into force, except for Rules 18.9 and 18.11.

18.2.2 The modifications made by Rules 18.9 and 18.11 apply on and from the coming into force of the Electricity Capacity (Amendment etc.) (Coronavirus) Regulations 2020.

#### 18.3 Definitions

18.3.1 In this Chapter:

"Coronavirus" means severe acute respiratory syndrome coronavirus 2.

#### 18.4 Modifications to Rule 1.2.1 (Definitions)

18.4.1 Rule 1.2.1 (Definitions) applies as if:

(a) after the definition of "Core Winter Period" there were inserted:

**"Coronavirus"** means severe acute respiratory syndrome coronavirus 2";

(b) after the definition of "Export" there were inserted:

**"Extended Long-Stop Date"** means 30 September 2022"; and

(c) in the definition of "Long-Stop Date":

(i) at the end of paragraph (a), there were inserted ", or, if the CMU meets the eligibility requirements in Rule 6.7.4A, the Extended Long-Stop Date";

(ii) in paragraph (b), after "(c)" there were inserted "or (d)";

(iii) at the end of paragraph (b), the "and" were omitted.

(iv) in paragraph (c), at the beginning, there were inserted "subject to paragraph (d)"; and

(v) at the end of paragraph (c), there were inserted "; and"; and

(vi) after paragraph (c), there were inserted:

"(d) in the case of a New Build CMU or Refurbishing CMU which meets the eligibility requirements in Rule 6.7.4A, the Extended Long-Stop Date."; and

(d) in the definition of "Total Project Spend":

(i) in the first paragraph, after "and the commencement of the first Delivery Year to which the Application relates" there were inserted "(or on the date that the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii) or Rule 6.8.5)"; and

(ii) in the second paragraph, after "and the commencement of the first

Delivery Year to which the Application relates” there were inserted “(or on the date that the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii))”.

## **18.5 Modifications in respect of the Long Stop Date**

18.5.1 Rule 6.7 (Achieving the Substantial Completion Milestone) applies as if:

(a) in Rule 6.7.4(a)(ii):

(i) from “in the case” to “T-1 Agreement)” there were substituted “in the case of a New Build CMU (other than in the case of a T-1 Agreement, unless the CMU meets the eligibility requirements in Rule 6.7.4A) or a Refurbishing CMU that meets the eligibility requirements in Rule 6.7.4A”

(ii) Omitted.

(b) after Rule 6.7.4, there were inserted:

“6.7.4A Extended Long-Stop Date – eligibility requirements

A CMU meets the eligibility requirements in this Rule 6.7.4A if:

(a) the CMU is:

(i) a New Build CMU that has a T-4 Agreement for which the CMU's first scheduled Delivery Year started on 1 October 2019 or 1 October 2020, or a T-1 Agreement for the Delivery Year starting on 1 October 2020; or

(ii) a Refurbishing CMU that has a T-4 Agreement for which the CMU's first scheduled Delivery Year starts on 1 October 2020 or a T-1 Agreement for the Delivery Year starting on 1 October 2020; and

(b) the CMU has, by the deadline in Rule 6.7.4B, provided the Delivery Body with a report by an Independent Technical Expert which:

(i) explains the progress made by the CMU against the Construction Plan provided in accordance with Rule 3.7 (in the case of a New Build CMU) or Rule 3.8.1 (in the case of a Refurbishing CMU) or any remedial plan provided in accordance with Rule 12.2.4 and confirms that, as of 12 March 2020, the CMU had made the expected progress against the Construction Plan and any remedial plan; and

(ii) explains how the effects of Coronavirus caused delays in the CMU achieving the Substantial Completion Milestone.”.

6.7.4B The deadline in this Rule 6.7.4B is:

(a) 30 September 2020, in the case of a New Build CMU that has a T-4 Agreement for which the CMU's first scheduled Delivery Year starts on 1 October 2019 or a T-1 Agreement for the Delivery Year commencing on 1 October 2020, or a Refurbishing CMU that has a T-4 Agreement for which the CMU's first scheduled Delivery Year starts on 1 October 2020 or a T-1 Agreement for the Delivery Year commencing on 1 October 2020; or

(b) 30 September 2021, in the case of a New Build CMU that has a T-4 Agreement for which the CMU's first scheduled Delivery Year starts on 1 October 2020.



the CMU acquiring, and/or acquiring Contractual DSR Control over, DSR CMU Components to form the DSR CMU;

- (c) the deadline in this paragraph (c) is met:
  - (i) prior to 31 August 2020, for an Unproven DSR CMU that has a Capacity Agreement for the Delivery Year starting on 1 October 2020; or
  - (ii) prior to 31 August 2021, for an Unproven DSR CMU that has a T-4 Agreement for the Delivery Year starting on 1 October 2021.

8.3.2ZB Where Rule 8.3.2ZA applies to a CMU, and the CMU has satisfied the requirements of Rule 8.3.2(a) (DSR Test):

- (a) on or prior to 1 October 2020, in the case of an Unproven DSR CMU that has a Capacity Agreement for the Delivery Year starting on 1 October 2020, the Capacity Agreement will take effect on 1 October 2020; or
- (b) on or prior to 1 October 2021, in the case of an Unproven DSR CMU that has a T-4 Agreement for the Delivery Year starting on 1 October 2021, the Capacity Agreement will take effect on 1 October 2021; or
- (c) in any other case, the Capacity Agreement in respect of the CMU will take effect on the date on which the CMU has satisfied the requirements of Rule 8.3.2(a) (DSR Test), Rule 8.3.3(b) (Metering Assessment) and, if applicable, Rule 8.3.3(d) (Metering Test).

8.3.2ZC A Capacity Provider is not liable for, or entitled to, any payments in respect of a particular Unproven DSR CMU if the relevant System Stress Event precedes the date on which the CMU satisfies the requirements of Rule 8.3.2(a) (DSR Test), Rule 8.3.3(b) (Metering Assessment) and, if applicable, Rule 8.3.3(d) (Metering Test).”; and

- (c) in Rule 8.3.3(e)(i), at the end, there were inserted “(or, if Rule 8.3.2ZA applies to the CMU, no later than 17 September 2022).

18.3.2 Chapter 13 (Testing Regime) applies as if:

- (a) in Rule 13.2.2(d) (DSR Test), at the end, for “.” there were substituted “; or”;
- (b) after Rule 13.2.2(d) (DSR Test) there were inserted:
  - “(e) where Rule 8.3.2ZA applies to the CMU, no later than 31 August 2022.”;
  - and
- (c) in Rule 13.3.2A(a) (Metering Test), after “relates” there were inserted “(or, if Rule 8.3.2ZA applies to the CMU, no later than 30 May 2022)”.

## **18.8 Modifications in respect of requirements for Independent Technical Expert reports for monitoring of construction progress of Prospective CMUs**

18.4.1 Chapter 12 (Monitoring), applies as if:

- (a) in Rule 12.2.1 (Monitoring of construction progress of Prospective CMUs), at the beginning, there were inserted “Subject to Rule 12.2A,”;
- (b) in Rule 12.2.4, at the beginning, there were inserted “Subject to Rule 12.2A,”; and





Obligation.

- (b) Where this Rule 6.10.1AB applies, the Secretary of State may direct the Delivery Body in accordance with Regulation 33(2)(c) (as modified by paragraph 2 of Schedule 2 to the Electricity Capacity (Amendment etc.) (Coronavirus) Regulations 2020) to withdraw a Termination Notice in respect of a Capacity Agreement and instead terminate the Capacity Agreement on the ground that the Capacity Provider failed to meet a requirement in the Rules owing to the exceptional circumstances of the Capacity Provider's particular case arising from the effects of Coronavirus.
- (c) If the Capacity Agreement is terminated on the ground specified in Rule 6.10.1AB(b), the Capacity Provider:
  - (i) is not liable to pay a Termination Fee; and
  - (ii) must repay any Capacity Payments paid to the Capacity Provider in respect of the period TP3 as defined in Regulation 43B(3)(c).;
- (c) in Rule 6.10.2(b) (Procedure for automatic termination):
  - (i) after "20 Working Days" there were inserted "(or, if Rule 6.10.2(cd) applies, 30 Working Days)"; and
  - (ii) in Rule 6.10.2(b)(i), after "60 Working Days" there were inserted "or, if Rule 6.10.2(cc) applies, 12 months after the date on which the Termination Notice was given";
- (d) in Rule 6.10.2(c), after "20 Working Days" there were inserted "(or, if Rule 6.10.2(cd) applies, 30 Working Days)";
- (e) after Rule 6.10.2(c) there were inserted:
  - "(cc) This Rule 6.10.2(cc) applies where:
    - (i) the Delivery Body has given a Termination Notice in respect of a Capacity Agreement that existed on 1 April 2020;
    - (ii) the Capacity Provider has made representations to the Secretary of State under Rule 6.10.2(b) applying to have the Termination Notice extended; and
    - (iii) those representations were made before the end of—
      - (aa) the Delivery Year for which the Capacity Provider has the Capacity Agreement in the case of a Capacity Agreement for a one year Capacity Obligation; or
      - (bb) the first Delivery Year for which the Capacity Provider has the Capacity agreement in the case of a Capacity Agreement for a multi-year Capacity Obligation.
  - (cd) This Rule 6.10.2(cd) applies where:
    - (i) the Delivery Body has given a Termination Notice in respect of a Capacity Agreement that existed on 1 April 2020; and
    - (ii) the Delivery Body gave that Termination Notice before 1

May 2021.”.

(f) after Rule 6.10.2(d), there were inserted:

“(db) The Delivery Body must, if directed by the Secretary of State in accordance with Regulation 33(2), withdraw the Termination Notice it has issued in respect of a Capacity Agreement and instead terminate the Capacity Agreement solely on the ground specified in Rule 6.10.1AB(b) with immediate effect.”;

(g) after Rule 6.10.3(j) (Termination Fees), there were inserted:

“(n) Where a Capacity Agreement or a Transferred Part in respect of such an agreement is terminated on the ground specified in Rule 6.10.1AB(b), the Capacity Provider is not liable to pay a Termination Fee.”; and

(h) in Rule 6.10.3A (Repayment of Capacity Payments), after Rule 6.10.3A(d), there were inserted—

“(f) Capacity Payments are repayable in respect of the period TP3, as defined in Regulation 43B(3)(c), where the Capacity Agreement or Transferred Part is terminated on the ground specified in Rule 6.10.1AB(b).”.

## SCHEDULE 1: TEMPLATE CAPACITY AGREEMENT NOTICE

### CAPACITY AGREEMENT NOTICE

*This Capacity Agreement Notice is issued pursuant to the Capacity Market Rules (the "Rules"). Terms have the meaning prescribed to them in the Rules unless otherwise indicated.*

*The Registered Holder of the Capacity Agreement to which this Capacity Agreement Notice relates has the rights and obligations of a Capacity Provider pursuant to the Regulations and the Rules.*

*Neither the registration of a Capacity Committed CMU (or its Capacity Provider) nor the issuance of a Capacity Agreement Notice is intended to create contractual relations and does not give rise to contractual rights for the benefit of a Capacity Provider or any Administrative Party. Where there is an inconsistency between a Capacity Agreement or a Capacity Agreement Notice and the terms of the Capacity Market Register, the terms of the Capacity Market Register prevail.*

#### **Part A: Capacity Obligation**

##### Capacity Obligation

In accordance with Rule 8.5, the Registered Holder must deliver electrical energy or reduce demand at the Capacity Committed CMU to which this Capacity Agreement Notice relates in accordance with Rule 8.5.1.

##### Capacity Payment

The Registered Holder is entitled to a Capacity Payment for the Capacity Committed CMU to which this Capacity Agreement relates in accordance with the Regulations.

#### **Part B: Capacity Agreement Details**

(i)	Identification number	
(ii)	Relevant Delivery Year(s)	
(iii)	Auction (T-4 or T-1)	
(iv)	Date of Auction Results Day	
(v)	Clearing Price to be used to determine Capacity Payment	
(vi)	the Auction Acquired Capacity Obligation	
(vii)	Base period for indexation (if applicable)	
(viii)	Date(s) of amendment to or transfer of Capacity Agreement (if any) and details	

### Part C: Capacity Provider Details

(i)	Registered Holder	
(ii)	Corporate registration number (if applicable)	
(iii)	Registered address	
(iv)	Name and contact details of authorised contact person or any Agent appointed	
(v)	Not used	
(vi)	Names of previous Registered Holders, if any, and dates of transfer	

### Part D: CMU Details

(i)	Description and the full postal address with postcode, if available, and the two letter prefix and six-figure Ordnance Survey grid reference numbers of Generating Unit(s) and/or DSR CMU Component(s) or the Electricity Interconnector	
(ii)	Meter Point Administration Numbers for relevant Meter(s) or details of metering and communications arrangements	
(iii)	BM Unit ID (if applicable)	
(iv)	Type of CMU (Transmission, CMRS Distribution, Non-CMRS Distribution or DSR, Interconnector)	
(v)	Classification (for Generating or Interconnector CMUs only – Existing, Prospective and, if applicable Refurbishing)	
(vi)	Construction Milestone Dates (for Prospective CMUs only)	





in each case for the purposes of a balancing service defined as such pursuant to Standard Condition C16 of the Transmission Licence and provided by the DSR CMU Component during the period to which it relates (each an "Adjusted Demand Sample").

**3.2** The mean average of the Adjusted Demand Samples for a DSR CMU Component in a Settlement Period or DSR Alternative Delivery Period will be the Provisional Baseline Demand for that DSR CMU Component during that period.

**3.3** In the event of a Capacity Market Notice, the Provisional Baseline Demand for a DSR CMU Component must be determined for each of the 6 Settlement Periods or DSR Alternative Delivery Periods where applicable, prior to the Settlement Period in which the Capacity Market Notice is issued and compared to the actual Demand of such DSR CMU Component in each such period with excess actual Demand over Provisional Baseline Demand being expressed as a positive number and excess Provisional Baseline Demand over actual Demand being expressed as a negative number (each such comparison determination being a "Pre-CMN Adjustment").

**3.4** The Baseline Demand for a DSR CMU Component during any Settlement Period or DSR Alternative Delivery Period to which a Capacity Market Notice relates will be the Provisional Baseline Demand for that DSR CMU Component during such Settlement Period or DSR Alternative Delivery Period, as appropriate, adjusted by the average of the Pre-CMN Adjustments relating to that Capacity Market Notice.

#### **4. Monitoring**

4.1 The CM Settlement Body must monitor for any manipulation of Demand at any DSR CMU Component intended to give a false indication of the baseline Demand at such DSR CMU Component ("Baseline Manipulation"). Such monitoring may include (without limitation):

4.1.1 checking Demand in periods other than the Demand Samples; and

4.1.2 examining any data available from meters other than the meter through which DSR with respect to the DSR CMU Component is being measured to determine whether a genuine DSR has been delivered.

4.2 If the CM Settlement Body suspects any Baseline Manipulation, it must notify the Authority providing details of its suspicions.

## SCHEDULE 2A: BASELINE METHODOLOGY FOR STORAGE FACILITIES

### 1. Purpose of the methodology

- 1.1 The purpose of this methodology is to establish the baseline Demand (in MW) for a Generating Unit which comprises part of a Storage Facility. This baseline can be compared against actual demand during a System Stress Event in order to determine the volume of capacity provided through reduction in demand by that Generating Unit.
- 1.2 The baseline Demand will be determined for each Settlement Period based on the relevant data points for that period.

### 2. Relevant baseline data points

- 2.1 The relevant data points for determining the baseline Demand for a Generating Unit that constitutes a storage facility with respect to a Settlement Period must be the Demand at that Generating Unit that constitutes a storage facility in the equivalent Settlement Period, as appropriate:
  - 2.1.1 in the same day of the week for each of the last 6 weeks (provided that where the period for which the baseline is being calculated is on a Working Day and the same day of the week in the last 6 weeks is a non-Working Day that these equivalent periods are disregarded); and
  - 2.1.2 where the Settlement Period for which the baseline is being calculated is on a Working Day, on the last 10 Working Days; and
  - 2.1.3 where the Settlement Period for which the baseline is being calculated is not on a Working Day, on the last ten days that are not a Working Day, as evidenced to the CM Settlement Body and ignoring:
  - 2.1.4 any such equivalent Settlement Period for which there is no data available; and
  - 2.1.5 any such Settlement Period which falls while a Capacity Market Notice is in force; (each such data point in a Settlement Period being a "Demand Sample").

### 3. Baseline calculation

- 3.1 Each Demand Sample must be amended by:

- 3.1.1** adding any energy being provided by the reduction of consumption or increase in generation; and
- 3.1.2** subtracting any energy being consumed or generation not being provided, in each case for the purposes of a balancing service defined as such pursuant to Standard Condition C16 of the Transmission Licence and provided by the Generating Unit that constitutes a storage facility during the period to which it relates (each an “Adjusted Demand Sample”).

**3.2** The mean average of the Adjusted Demand Samples for a Generating Unit that constitutes a storage facility in a Settlement Period will be the Provisional Baseline Demand for that Generating Unit that constitutes a storage facility during that period.

**3.3** In the event of a Capacity Market Notice, the Provisional Baseline Demand for a Generating Unit that constitutes a storage facility must be determined for each of the 6 Settlement Periods prior to the Settlement Period in which the Capacity Market Notice is issued and compared to the actual Demand of such Generating Unit that constitutes a storage facility in each such period with excess actual Demand over Provisional Baseline Demand being expressed as a positive number and excess Provisional Baseline Demand over actual Demand being expressed as a negative number (each such comparison determination being a “Pre-CMN Adjustment”).

**3.4** The Baseline Demand for a Generating Unit that constitutes a storage facility during any Settlement Period to which a Capacity Market Notice relates will be the Provisional Baseline Demand for that Generating Unit that constitutes a storage

facility during such Settlement Period adjusted by the average of the Pre-CMN Adjustments relating to that Capacity Market Notice.

#### **4. Monitoring**

**4.1** The CM Settlement Body must monitor for any manipulation of Demand at any Generating Unit that constitutes a storage facility intended to give a false indication of the baseline Demand at such Generating Unit that constitutes a storage facility (“Baseline Manipulation”). Such monitoring may include (without limitation):

4.1.1 checking Demand in periods other than the Demand Samples; and

**4.2** If the CM Settlement Body suspects any Baseline Manipulation, it must notify the Authority providing details of its suspicions.





























































latest metering requirements.

78. To prevent having to maintain inadequate legacy data transfer systems, there will be no grandfathering provisions for the process of submitting metered data to the CM Settlement Body.

















































































