

PWC summary notes of EMR Capacity Market Collaborative Development workshops – 20 & 21 August

Please find below a short summary of the key topics which were discussed at the EMR Collaborative Development workshops on 20 and 21 August.

This summary will be in addition to the more detailed record of discussions which will be made available in due course.

20 August

We began discussions regarding the role of the workshops in determining policy. Fergal McNamara explained that the Capacity Market Expert Group has covered a number of key issues, and the outputs of those workshops are available here: <https://www.gov.uk/government/policy-advisory-groups/capacity-market-emr-expert-group>. Fergal also stated that the next version of the document for consultation will be published in early October, setting out key policy decisions. Types of issues that have been agreed to date (and will be set out for consultation in the October document) include the following:

Handle a capacity provider

- Forfeiture of payments until operational
- Milestone Monitoring
- Application of termination fees

Handle a capacity obligation

- Details and content of agreement, checkpoints and consequences.

Handle a novation

- Scope, timescales and eligibility for physical trading.

Handle a capability test

- Criteria for test, details of test and consequences of test failure.

Discussions then focused on two areas processes: "handle capacity provider", and "handle a capacity obligation".

In the context of "handle capacity provider", the discussion touched on:

- the milestones during the new generation lifecycle required for CMUs prior to and during the first delivery year
- progress reporting that would be required
- the level of financial commitment at each stage, and termination points
- Point 14 and 16 on the diagram need to be updated to reflect updated policy thinking

In the context of "handle a capacity obligation", the discussion touched on:

- The 4 separate sub-processes set out on the process map
- Setting out notification of milestones and the process once all the milestones have been completed
- Set out the process where milestones reports are insufficient or late
- The role of the Settlement Agency regarding payments and penalties

21 August

Discussions focused on two processes: Handle a novation and Handle a capability test

In the context of "handle a novation", the discussion touched on:

- We discussed the extent to which this process actually relates to physical trades, and could be renamed as such
- We set out the notification process and whether trading parties could submit applications together to National Grid
- We discussed the trading and notification windows
- National Grid set out the trade-off between manual or automated systems given the extent to which parties would like to trade physically under short term durations.

There was also a short discussion before lunch relating to financial trading.

In the context of "handle a capability test", the discussion touched on:

- The testing regime and the conditions under which a test would be required
- The capacity at which the test would be conducted
- The process for test results to be determined by the settlement body, and the decision to suspend or resume payments