



Department
of Energy &
Climate Change

CAPACITY MARKET

Consultation on further reforms to the Capacity Market

16D/027 1 March 2016

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The consultation can be found on DECC's website:

<https://www.gov.uk/government/collections/electricity-market-reform-capacity-market>

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General Information

Purpose of this consultation:

This consultation seeks views on proposed changes to the Electricity Capacity Regulations 2014, the Electricity Capacity (Supplier Payment etc.) Regulations 2014 and the Capacity Market Rules 2014. In addition, this consultation poses questions on wider issues of interest to stakeholders of the Capacity Market.

Issued: 1 March 2016

Respond by: 1 April 2016

Enquiries to:

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Email: helena.forrest@decc.gsi.gov.uk

Consultation reference: URN 16D/027 Consultation on further reforms to the Capacity Market.

Territorial extent:

This consultation mainly applies to Great Britain as the Capacity Market is a GB-wide mechanism.

How to respond:

Your response will most useful if it is framed in direct response to the questions posed, though further comments and evidence are also welcome.

Electronic responses should be enclosed to the email above.

If you disagree with any of the proposals within this document and have alternative suggestions, it would be helpful if you can provide supporting analysis to explain your position.

Stakeholder Engagement:

Government will continue to engage with stakeholders throughout the consultation period. Government will continue to communicate with stakeholders through the EMR stakeholder bulletin and other meetings set up by policy teams.

Additional copies:

You may make copies of this document without seeking permission. An electronic version can be found at <https://www.gov.uk/government/collections/electricity-market-reform-capacity-market>.

Other versions of the document in Braille, large print or audio-cassette are available on request. This includes a Welsh version. Please contact us using the above details to request alternative versions.

Confidentiality and data protection:

Information provided in response to this consultation, including personal information, may be subject to publication or disclosure in accordance with the access to information legislation (primarily the Freedom of Information Act 2000, the Data Protection Act 1998 and the Environmental Information Regulations 2004).

If you want information that you provide to be treated as confidential please say so clearly in writing when you send your response to the consultation. It would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded by us as a confidentiality request.

We will summarise all responses and place this summary on the [GOV.UK website](#). This summary will include a list of names or organisations that responded but not people's personal names, addresses or other contact details.

Quality assurance:

This consultation has been carried out in accordance with the [Government's Consultation Principles](#).

If you have any complaints about the consultation process (as opposed to comments about the issues which are the subject of the consultation) please address them to:

DECC Consultation Co-ordinator
3 Whitehall Place
London SW1A 2AW
Email: consultation.coordinator@decc.gsi.gov.uk

Executive Summary

1. The Capacity Market is an important adjunct to the energy market to ensure that we maintain and bring forward sufficient reliable capacity to secure supply of electricity. This consultation seeks views on proposed changes to the Electricity Capacity Regulations 2014 (“the Regulations”) and the Capacity Market Rules 2014 (“the Rules”).
2. Responses are invited from all interested parties by 5pm on 1 April 2016 to:
Energy Security Team
Department of Energy & Climate Change
4th Floor
3 Whitehall Place
London SW1A 2AW
Or Email: Helena.Forrest@decc.gsi.gov.uk
3. This consultation builds on the October 2015 consultation and further learnings from the second Capacity Market Auction in December 2015. It primarily focuses on a number of further reforms designed to ensure sufficient, reliable capacity is available in 2017/18 and beyond, and make a small number of additional adjustments to the framework in the interests of clarification and simplicity, namely:
 - New build assurance
 - Termination fees
 - Avoiding cumulation of State aid
 - Eligibility for Transitional Arrangements
 - Prequalification timings
 - Review of the Capacity Market Rules
4. Furthermore, recognising that UK energy market conditions have changed considerably since 2014 (when the original capacity market was designed), this consultation also covers proposals to introduce an early capacity auction in 2017 for the delivery year 2017/2018.

5. Following the consultation, the Government will be looking to amend the Regulations and the Rules in time for the opening of the 2016 Capacity Market prequalification period. The outcomes of this consultation will be implemented with the outcomes of the consultation which concluded in December 2015.

Introduction

Security of supply - the context

Delivering energy security is the number one priority for DECC. Maintaining the secure electricity supplies that hard-working families and businesses across the country can rely on is our key objective. We face a legacy of years of underinvestment which has left us more open to the risk of any quickening in the pace of plant closures. To address this we need to start building new capacity now, especially gas, to guarantee our energy security in the 2020s.

At the same time, the huge movement in global commodities prices during 2015 has lowered consumers' energy costs but has made generating power unprofitable for most non-renewable plant. Thermal generators are experiencing lower utilisation levels as a result of increasing renewable capacity and coal plant, in particular, are facing large losses. In consequence, we have seen several closures announced and other plant may be at risk. We therefore need decisive action now to ensure energy security.

Our principal existing security of supply tool is the Capacity Market (CM). Two CM auctions have now been held, for delivery in 2018/19 and 2019/20 respectively. Whilst, given the target levels that were set, the auctions procured relatively little new capacity, both auctions went smoothly and secured capacity at very low prices for consumers.

Capacity Market Review

As a result we have been reviewing the CM mechanism to ensure it remains fit for the purpose of bringing forward the new capacity we need, particularly gas plant, as older plant such as coal come off the system.

The clear message from industry and investors that we have heard as part of the review is that the mechanism retains their confidence; is the best available approach to our long-term security of supply; and that regulatory stability is of crucial importance. At the same time, we

have heard clear concerns that we must do more to protect against delivery risks; that we need to tighten the incentives on those with agreements to honour those agreements; and ensure that the full range of delivery risks are accounted for in our procurement decisions; and that we must avoid the risk of under-buying, or buying too late - which would mean that new plant had insufficient incentive to come forward. The overarching message has been that the volume of capacity procured needs to rise and the clearing price needs to increase as a result in order to provide the appropriate incentives for the market to bring forward new gas capacity.

We have reflected on these messages, and agree with them. We are therefore now proposing a plan of reform for the CM in three important respects:

- **Buying more capacity, and buying it earlier.** We will expect the next CM “T-4” auction in December 2016 to buy materially more capacity than might otherwise have been the case;
- **Tightening delivery incentives** on those who have agreements to deliver against them and to penalise those who renege more severely;
- Tackling how wholesale prices impact in the short term on energy security, **holding a new auction to bring forward the first CM delivery year to 2017/18.** We propose to hold a new one-year ahead auction this coming winter for delivery in winter 2017/18. This consultation is the first step in engaging with stakeholders on this issue.

Buying more capacity, and buying it earlier

We need to buy more capacity, and buy it earlier, in order to manage the increased risks we face in the next decade as we transition away from coal and as older plant close. The precise target for the next (December 2016) four-year ahead CM auction will not be set until summer, once Government has had the chance to review detailed recommendations from National Grid. But we have been discussing with them, and with our own Panel of Technical Experts (PTE), the range of factors which it is appropriate to take into account. It is clear from these discussions that the incorporation of a new sensitivity to reflect these increased non-delivery risks will be recommended. We would expect this as a minimum to lead to an increase in the target volume of around 1GW, and we will be seeking expert advice on whether it should be higher. We will also consider whether it is appropriate to cover for a more extreme cold winter scenario.

We are also likely to bring forward much of the target procurement to the four year ahead auction, that we might otherwise leave until one year ahead. In previous auctions we have set aside 2.5GW for purchase at the one-year ahead “T-1” stage, but purchasing more of our estimated requirement earlier should help new plant such as gas participate to meet those requirements.

Of course, the *precise* target will be set in the light of all the evidence available at the time, including crucially an updated value for money analysis. There could for example be trade-offs in purchasing capacity early, which may hedge against risk and allow new resources to compete, but which brings with it some risk of over-procurement if demand subsequently shifts.

Nonetheless, taken together, we would expect the next auction to purchase significantly more capacity – perhaps over 3GW more - than would otherwise have been the case.

And, of course, if it becomes clear that plant which already have capacity agreements for the 2020/21 delivery year will fail to make good on their agreements, then we would expect to re-buy that capacity from other sources.

We are confident that a healthy pipeline of robust baseload and peaking gas projects stands ready to take advantage of the opportunities we are creating, and that the revised CM will deliver the new plant we need. Consultation suggests that, provided the CM is reformed in the way described, there are few if any other barriers to these projects coming through to fruition – but the Government will continue discussions with developers and investors to ensure that no unnecessary barriers exist to bringing forward an appropriate mix of plant.

Tightening delivery incentives

It is crucial for our security of supply that, when companies take on an obligation to deliver, they then make good on that commitment. If they do not, it creates shortfalls in capacity that need to be filled, putting our security of supply unacceptably at risk. It is also potentially unfair to other bidders who would have been able to secure agreements. For this reason we need a robust system of checks both on new build projects, to ensure that they are on track to deliver by the delivery year, and on existing plant to ensure that they honour their agreements. At the same time, it is important that our requirements and sanctions regime are not so punitive that legitimate projects are dissuaded from participating in the first place.

We consulted in October on a range of potential new requirements to tighten the assurance regime around new build projects. In the light of responses, we are now

implementing a number of these proposals – including a ban on failed projects from participating in future auctions, increased monitoring and reporting milestones, and potential increases in credit cover for projects who cannot demonstrate sufficient progress by the 11-month stage. Taken together, and on top of the existing requirements, these should materially increase the incentives on projects to have robust delivery plans in place from an early date and, if they are to fail, encourage them to fail early, allowing more time for National Grid to seek alternative sources of supply.

However, we also heard evidence that one of our original proposals, for a system of pre-auction finance tests linked to auction bids, could act as a barrier to entry for robust independent projects. We take these concerns seriously, and are therefore not proposing to implement these proposals now as they stand. Instead, we are now inviting views on an alternative suggestion, that credit cover for all new projects should be increased at the pre-auction stage.

At the same time, we are taking the opportunity to consult on higher termination fees for existing plant who renege on agreements, to ensure that they fulfil their commitments.

Holding a new auction to bring forward the first CM delivery year to 2017/18

The reforms outlined above will mean that the CM can guarantee our security of supply now and in the future. But we also need to take decisive action in the shorter term.

National Grid has a firm plan in place to take the actions needed to maintain our margins this coming winter, and the Contingency Balancing Reserve (CBR) supports them in balancing the system in light of tightening margins. But the price of securing reserves of this sort has been increasing in recent years; and it has always been recognised that a reserve, if allowed to grow too large, can cause distortion in the market.

We therefore propose to bring forward the start of the CM delivery period by a year, by holding an auction this coming winter (likely to be in January 2017) for delivery one year ahead, in 2017/18. This auction would purchase 100 percent of the CM requirement for that year – in other words, while its structure and timings will be similar to the T-1 auction, it will procure our full capacity requirement, not just a top-up. This will provide assurance for the 2017/18 year and enable the CBR to be closed for that year as it is replaced by the CM. Ofgem have said that they expect the need for the CBR to disappear once the CM is in place.

This Government has promised to remove distortion and interventions from the market. We recognise that although the CBR has safeguarded our energy security, it increasingly risks doing so at the cost of distorting investment and plant closure decisions. By introducing the CM early, we allow the market to operate better earlier with less price volatility and uncertainty – a more efficient way of delivering energy security.

Diesel

Finally, we have heard a number of complaints that diesel engines have unfair advantages in the CM due to how they are treated in the main energy market. We think there may be merit in these concerns, and reasons why it could be hoped, but also expected, that diesel will play a smaller role in future.

There are concerns over the potential impact on local air quality. The CM is technology neutral, and as such any type of technology is allowed to participate provided it is otherwise in compliance with relevant legislation – so it would not be appropriate to set specific emission limits within the CM eligibility criteria. However, Government is not complacent, and plans to take swift and appropriate action to avoid any disproportionate impact on air quality from diesel engines via new environmental legislation introducing appropriate emission limit values for air pollutants for new generators, where these could significantly contribute to harmful levels of air pollutants and the exceeding of existing air quality limit values.

Defra will consult later this year on options which will include legislation that would set binding emission limit values on relevant air pollutants from diesel engines, with a view to having legislation in force no later than January 2019, and possibly sooner. These limits would apply to generators or groups of generators with a rated thermal input equal to or greater than 1 MW and less than 50 MW¹ - irrespective of their number of hours of operation during any given year.

Small distribution-connected generators are receiving increasing revenues from “embedded benefits” which include avoided transmission network charges. Some of this is justified because they offer system benefits such as avoided network reinforcement costs. However Ofgem has previously expressed concerns that these arrangements are not fully cost reflective; and hence “embedded benefits” may over-reward distribution-connected generators such as diesel reciprocating engines. Moreover, the proportion of generation connected at

¹ The existing Industrial Emissions Directive applies to 50MW+ generation

distribution level is increasing and so is the impact of flows from the distribution network on the transmission network.

Ofgem is therefore concerned that these charging arrangements could be having an increasing impact on the system, including distorting investment decisions and leading to inefficient outcomes in the CM. Ofgem is therefore reviewing whether it would be in consumers' interests to change the charging arrangements for distribution-connected generators. Ofgem will set out their conclusions and a proposed way forward on this matter, potentially including initiating changes to the charging regime, in the summer. Ofgem will need to consider carefully how and when any changes should be implemented, including whether any transitional arrangements are required, and will aim to provide clarity on their direction of travel before prequalification for the next CM auction.

Consultation

Two documents are being published today: the outcome of a consultation which we ran from October to December 2015, and a new consultation following feedback from industry (this document). These documents cover:

- Some changes we are now making to our delivery assurance regime which reflect the outcome of the October consultation. That consultation also discussed a number of other incremental improvements and simplifications to the design and is being published in parallel. It sets out the Government's full position on the outcome of the consultation exercise.
- Some further changes to the delivery assurance regime and other areas and, crucially, the ability for the Secretary of State to hold the proposed additional auction for delivery in 2017/18, are discussed in this document – a formal public consultation. Responses are invited by April 1st by 5pm. See the chapter on general information for details of how to respond.

In addition, changes to auction parameters, including the amount to procure, do not require new regulations. Instead they will be determined as usual by the Secretary of State, in the light of expert advice, in summer, before prequalification starts for the next auction. Specific proposals for the parameters (e.g. precise volume targets) are therefore not discussed in these two documents, but the intention to purchase more capacity, and earlier, in that auction forms an important context when considering the documents as a whole.

Chapter 1 – Investment

1.1 New Build Assurance – further reforms

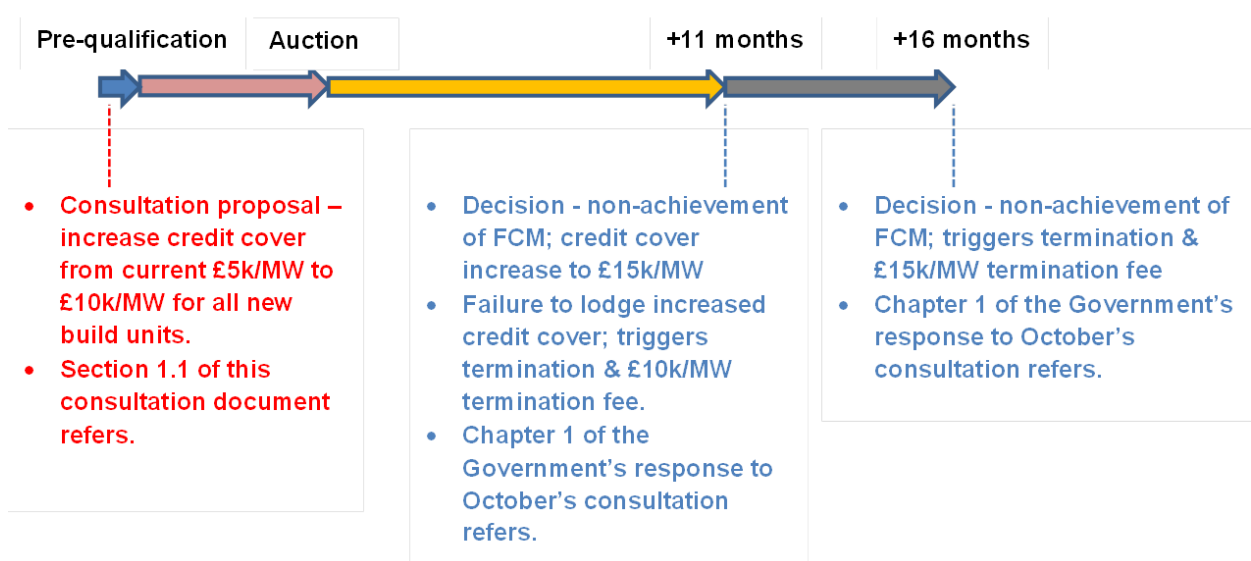
- 1.1.1 In October 2015, the Government consulted on a package of proposals that would strengthen the CM to ensure that:
- the design is, and remains, an effective mechanism for incentivising sufficient investment in new build projects that will be needed to ensure security of supply in future years; and
 - new build projects that do succeed are robust and reliable, and do not carry unacceptable non-delivery risks which would compromise security.
- 1.1.2 The Government has considered the responses we received to this consultation and has responded by putting together a final package of proposals, which we consider strikes a good balance between incentivising new investment and strengthening assurances that new projects will deliver in accordance with their capacity agreements. The final proposals are outlined in the Government's response to the October consultation, which is published alongside this consultation.
- 1.1.3 One of the most significant elements of our original package which we have decided not to take forward, however, is our proposal on a pre-auction finance check, linked to a 'Minimum Acceptable Auction Bid' – or MAAB. The intent of these proposals being to focus bidders on gaining a robust degree of finance support to inform behaviour at the crucial bidding stage, rather than potentially post-auction.
- 1.1.4 We have taken on board the limited stakeholder support for the proposals and have decided not to proceed with the pre-auction financing check linked to a MAAB in this form at this time. Nonetheless, we still consider that it is important that the existing suite of pre-auction checks and balances are reinforced to deter speculative bids which then go on to fail, if this can be done in a less burdensome way than proposed. We would therefore welcome stakeholders' views on the proposal for a 100 per cent increase in the level of credit cover required to be lodged pre-auction (doubling from the current £5k/MW to £10k/MW). This would apply for all new build

projects which had not achieved their Financial Commitment Milestone (FCM) at the point of prequalification.

1.1.5 We propose that this would be a less burdensome way of putting in place greater incentives on projects to be confident of deliverability at pre-auction stage, by sharpening the financial implications of failure. We consider that an increase to £10k/MW presents a proportionate balance between the commitment (e.g. development and planning costs) already demonstrated by an applicant to reach the prequalification stage and the extent to which the financial implications of failure are sharpened in order to provide additional assurances that projects which clear in the auction will go on to deliver on their CM agreements.

1.1.6 As detailed in the accompanying Government Response, we will increase the post-auction credit cover requirements and termination fee liability for all new build units not achieving their Financial Commitment Milestone by 11 months after the auction results day to £15k/MW. Units which trigger this increase (from the potential £10k/MW figure being considered in the previous paragraph) and subsequently fail to lodge the increased credit cover will be exposed to a termination fee based on the level of their pre-auction credit cover. The implication of the proposal in paragraph 1.1.5 is therefore to increase units' pre-auction credit cover requirements and the termination fee liability for units not lodging additional post-auction credit cover should they fail to achieve their FCM 11 months post-auction.

Representation of proposals and decisions regarding new build credit cover and termination fees



Consultation Question

Q1 Do you agree that we should increase requirements on the level of credit cover (and termination fee liability for not lodging increased credit cover if required as a result of not achieving the FCM at the 11-month point) for new build projects at the pre-auction stage?

Consultation Question

Q2 Do you have views on the appropriate level for requirements on credit cover for new build projects at the pre-auction stage? Does £10k/MW strike an acceptable balance?

Consultation Question

Q3 Do you have views on whether the proposed increase in credit cover should apply to all new build units, irrespective of their size or broader corporate structure, or only to those meeting a 100MW threshold applied at a unit and broader portfolio level?

Consultation Question

Q4 Should the package of new build delivery assurance measures (increased credit cover as described here and the new build measures described in chapter 1 of the accompanying Government Response document) apply to all new build units or only those in excess of a 100MW threshold applied at a unit and broader portfolio level?

1.2 Termination Fees – all CMU types

- 1.2.1 From a policy perspective we wish to ensure that agreements are only awarded to those entities capable of delivering against their requirements. The structure of termination fees should therefore be sufficient to ensure that both new and existing capacity providers honour their commitments in their delivery year(s). We have consulted on termination fees several times: initially in October 2013, with the final design confirmed in June 2014. We then consulted again in 2015, to review the evidence on whether the arrangements for both monitoring delivery and sanctioning non-delivery were appropriate for future auctions, in light of the experience of the first capacity auction.
- 1.2.2 We now have experience of two years of auctions. Given experience arising from the first auction, the Government also has a renewed focus on ensuring we have the right incentives and penalties in place to support new build plant to deliver on their agreements (as detailed in the previous section). We are therefore again seeking views

on whether the consequences for all Capacity Market Units (CMUs) with Capacity Agreements failing to deliver (primarily for commercial reasons) are sufficiently robust, particularly in respect of ensuring parity for new build, and whether the circumstances in which they are applied are appropriately wide ranging and encompassing.

- 1.2.3 The Government is particularly interested in stakeholders' views as to the termination provisions applying to generating units being awarded a capacity agreement but for primarily commercial reasons do not maintain the requisite level of Transmission Entry Capacity (TEC). The current provisions (Capacity Market Rules 6.10.1(g) and 6.10.3 refer) trigger a termination event and the application of a £25k/MW termination fee for those who fail to meet their obligations in this respect.
- 1.2.4 When we last consulted on the level of termination fees in February 2015, there was a divergence of views on whether the current level of termination fees is sufficient to incentivise timely delivery without presenting barriers to entry. Around half of respondents felt that termination fees need to be strengthened in some way to ensure timely delivery, particularly in respect of new build plant. Of the remaining respondents, some felt that the current level of termination fees was set at an appropriate level; some felt that the termination fees were already too high and presented a barrier to entry, particularly for smaller developers. The remainder felt that it was too early to judge the effectiveness of the termination fees.
- 1.2.5 With the experience of two auctions, we consider that there may be merit to increasing the termination fees for all CMUs and create a greater parity with provisions for new build CMUs.

Consultation Question

Q5 Would there be a benefit in increasing termination fees for all participants with Capacity Agreements? Do you consider the current level of termination fee 2 (£25k/MW) for new build generating units failing to achieve operational status is sufficient? Please provide evidence to support your response.

- 1.2.6 An alternative or additional option could entail restricting any increased fees to certain categories of CMUs. For example, this could be for those who have a track record of failing to deliver, such as those **CMUs** that have been the subject of previous

termination events. The increased termination fees could be triggered if those CMUs are the subject of further termination events for CM agreements from future auctions. A stricter option would be to trigger the increased fees where a **capacity provider** has been the subject of previous termination events (i.e. any CMU for which they are the provider, rather than on a specific CMU basis). There may also be a case for graduated termination fees to take account of different circumstances of failure e.g. termination due to mechanical breakdown, abandon agreement voluntarily etc.

- 1.2.7 A further consideration relates to reflecting, through termination fees, the increasing risk to security of supply presented by terminating a CM agreement closer to the delivery year or when a CMU has a set of rolling agreements. If the Government decides to increase the termination fee, we also need to consider whether and how this should apply to multi-year agreements. This could mean that the penalties for new build units could be disproportionately high (were a 15-year agreement to have 15 times the termination fee liability of a single year agreement), and potentially disincentivise new build capacity from coming forward. One option would be to impose a cap for CMUs with multi-year agreements. We would therefore welcome views on whether to apply increased termination fees to multi-year agreements and if so, if and how to introduce a cap (for example CMU level or capacity provider level).

Consultation Question

Q6 Is there a case for increasing the termination fees for those CMUs that were the subject of a termination event for a previous agreement? Do you have any views on the relative merits and downsides to the alternative options outlined above?

- 1.2.8 Furthermore, it is worth noting that the level of risk to security of supply through late termination of a CM agreement is the same for both new and existing CMUs. Given the period of significant change in the energy mix that is ongoing in GB, we are seeking views on how to ensure that risks of existing plant closing early is effectively captured. This risk could be mitigated for existing CMUs by requiring credit cover to be lodged at a level that will underwrite 100 per cent of their potential termination fee exposure. This would provide a greater degree of insurance for consumers against plant failing to deliver on their CM obligations.

Consultation Question

Q7 Do you agree that we should impose credit cover for existing CMUs to cover for the termination fee? Are there any unintended consequences of such a proposal?

1.2.9 The current legal drafting focuses on ‘delivery incentives’ rather than ‘penalties’. The Government takes a failure to meet Capacity Market obligations very seriously, consistent with the role of the Capacity Market as the principal tool for ensuring security of electricity supply in Great Britain. We are seeking views on whether the current focus on delivery incentives sends an appropriate message about the consequences of failing to meet CM obligations or whether there is a case for refocussing the Regulations and Rules on penalties rather than incentives. The intention would be to strengthen even further the signals around ensuring delivery and discourage speculative bids. Furthermore, it will send a strong message on the importance that Government places on the need to fulfil the obligation to consumers to ensure security of supply.

Consultation Question

Q8 Should we redefine “termination event” to focus on penalties rather than on ‘delivery incentives’? Should we amend the Regulations and Rules to make clear that sanctions are in place for non-delivery?

1.2.10 Robust assurance of delivery of Capacity Market agreements is a key priority of the Government and a key factor in ensuring security of supply. We are seeking views on the implications of disqualifying CMUs that have been subject of a terminated capacity agreement from future auctions in a specified number of years. The interaction with the new build assurance proposals detailed in the accompanying Government Response should be noted.

Consultation Question

Q9 Do you agree that we should disqualify CMUs who have had an agreement terminated from future auctions?

1.2.11 Respondents to the 2015 consultation questions on termination fees also raised the idea of providing discretion to the Secretary of State to extend or withdraw a termination

notice. Drawing on this, we are seeking views on giving the Secretary of State further powers to penalise, or increase the penalty falling on, those who have failed to take reasonable steps to comply with the terms of their capacity agreement. This would be a further disincentive to speculative bids in the Capacity Market and further strengthen our confidence in the delivery capability of those holding CM agreements.

Consultation Question

Q10 Do you agree that we should introduce a wider discretionary ability for the Secretary of State to penalise (or increase the penalty otherwise falling on) those who have failed to take reasonable steps to comply with the terms of their capacity agreement?

1.2.12 One area of additional consideration is whether the current methodology for calculating unit availability ('de-rating factors') under chapter two of the CM rules appropriately captures potential differences between new and existing CCGT plant. The interaction with Ofgem's current review of CM rules, especially in relation to the calculation of connection capacity, is of material significance to any future proposal to amend the calculation methodology of de-rating factors. In the meantime stakeholder views are welcomed on whether such an approach should be considered further.

Consultation Question

Q11 Do you think separate de-rating factors should be considered in respect of new and existing CCGT units? Should this be restricted to CCGT units or expanded further?

Chapter 2 - Clarification / Simplification

2.1 Avoiding overcompensation of State aid

- 2.1.1 Capacity payments made to all capacity agreement holders in the delivery period are classified as State aid. The EU Commission approved the UK Government to grant this State aid under the Energy and Environmental Aid Guidelines^[1] in July 2014. The competitive bidding process in the capacity auction is deemed to set the proportionate level of aid and anything on top of that would in principle be considered overcompensation.
- 2.1.2 Regulations 15 to 18 of the Electricity Capacity Regulations 2014 set out eligibility criteria to exclude recipients of certain other support schemes from participating in the CM (for example; FiT, RHI, RO and CfDs) unless they provide evidence to demonstrate that they will no longer benefit from such support by the start of the delivery period. This avoids overcompensation.
- 2.1.3 In line with the changes made in the most recent Finance Act 2015, the Government proposes to introduce a new eligibility criterion for future auctions to exclude participants who have raised finance under the Enterprise Investment Scheme (“EIS”) or Venture Capital Trust Scheme (“VCT”) from participating in the CM. To satisfy this new criterion, all participants would have to declare as part of the prequalification process that they have not benefited from tax advantaged investments under the EIS and VCT schemes.
- 2.1.4 Capacity providers will be responsible for ensuring that the declaration remains valid. If at any point the Secretary of State or Ofgem became aware that a capacity provider had submitted a false or misleading declaration then, under existing enforcement provisions, the capacity provider’s capacity agreement would be terminated. If at any point during the delivery period the capacity provider could no longer maintain the declaration

^[1] [http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014XC0628\(01\)](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52014XC0628(01))

because it received tax-advantaged investment through the EIS or VCT schemes, the capacity agreement would be terminated and any CM payments recovered. The Government is also considering whether payment of a termination fee would be appropriate in situations where a declaration becomes invalid.

- 2.1.2 We invite stakeholder views as to the impact of this additional eligibility requirement. Stakeholders' views are also welcomed on whether there are other sources of State aid outside of the CM for which similar arrangements should be made.

Consultation Question

Q12 How likely is it that your company has benefitted or will benefit from aid under the EIS or VCT schemes? Do you have any other comments on the proposed change to the eligibility criteria?

Consultation Question

Q13 Are you aware of any other State aid which Capacity Market recipients could benefit from?

Consultation Question

Q14 Would it be appropriate for a capacity provider that has benefitted under the EIS or VCT schemes and received capacity payments to have their capacity agreement terminated, capacity payments recovered and/or the imposition of a termination fee? If not, are there any other penalties that should be considered?

2.2 Eligibility for Transitional Arrangements

- 2.2.1 The Capacity Market allows all forms of capacity to participate, irrespective of their technology type, or of whether they are an existing or a new resource. However, when developing the Capacity Market the Government recognised that Demand Side Response (DSR), as a broadly defined sector, was relatively small and immature. The Government acknowledged that DSR was in need of further support in order to compete effectively in the Capacity Market, and ultimately realise its potential as part of a flexible and secure system. The Transitional Arrangements (TAs) auctions were developed to

offer targeted support to DSR, to encourage enterprise and increase levels of participation in the energy market in the two years preceding full Capacity Market delivery in 2018/19. This chapter proposes changes to the Transitional Arrangements ahead of the second TA auction in 2017. Questions in this consultation relate specifically to these proposals and not to the wider Capacity Market. The Government understands that stakeholders may wish to raise other issues on DSR in the Capacity Market and there will be an opportunity to provide views on these issues later in 2016.

Supporting 'turn down' DSR and ensuring value for money for consumers

- 2.2.2 The TAs were originally designed as a pilot to support resources covered within the broad definition of DSR by offering them a route to the Capacity Market. Following stakeholder input the eligibility was set broadly recognising the overlap between DSR and small-scale distributed generation. As such, the first TA enabled DSR derived from load-shifting/reducing a customer's electricity demand or through permitted on-site generation to participate, as well as stand-alone distributed generation.
- 2.2.3 There is now convincing evidence from the first TAs auction and the first two T-4 auctions that capacity derived from small generation resources, within the broader definition of DSR, is in fact relatively competitive and mature compared to load-reduction DSR. 2.3GW of small stand-alone distribution network connected generation (non-CMRS) (<50MW), which would be eligible for the TAs, won capacity market agreements in the 2015 T-4 Capacity Market auction. The difference in relative competitiveness may mean that 'turn-down' DSR is being displaced by generation, and funds are instead more likely to go to existing assets that are already viable in the Capacity Market under existing market conditions. This is a concern that has been raised with DECC by some stakeholders. Providing further funding through the TAs for the use of assets that are already established and viable represents poor value for money for the consumers who ultimately pay for the TAs.
- 2.2.4 There is also evidence that generation-derived DSR is relatively well established, compared to 'turn-down' DSR. The 2016 TAs auction secured 803MW of capacity for delivery in 2016/17. The majority of the capacity secured is expected to come from generation, either distribution network connected or within 'Unproven DSR'. Approximately 325MW of distribution connected generation was secured. Although the

extent of generation derived DSR under 'Unproven DSR' is unknown it will likely be a majority of the 475MW secured, given the proportion of generation derived DSR currently operating in the wider market. This is illustrated by the breakdown in participation in Short Term Operating Reserve (STOR). Of the 1958MW of 'Non-BM STOR' contracted in 2015, 93 percent came from a variety of small scale generation resources.

A) Removing generation resources from the Transitional Arrangements

- 2.2.5 On the basis of this evidence the Government proposes to refine eligibility for the second TAs so that only DSR that is achieved by reducing a customer's import of electricity is eligible. Any capacity that is intended to be delivered by running a generator, either to reduce demand against a baseline or to export to the grid will not be eligible for the second TAs auction. The Government does recognise that there are conceptual differences between these generation assets, and differences in business models associated with the participation of such assets in the electricity system. However, we are confident that small generation, due its flexible nature, and access to other embedded benefits and relatively lower delivery burdens, is already competitive in the Capacity Market in existing market conditions relative to load-reduction DSR. By limiting participation to load-reduction DSR we will ensure that support is targeted at the least-developed resource. This would create a smaller more focussed TAs auction.
- 2.2.6 The Government wishes to implement this change with minimal amendments to the current regime. As such, it is proposed that applicants will be required to provide a declaration at prequalification confirming that their CMUs will be 100 percent derived from load-reduction DSR. DSR testing would subsequently then need to reflect this.

B) Requiring a minimum percentage of 'load reduction' DSR within Capacity Market Units

- 2.2.7 The Government acknowledges that the above proposal will be challenging for the DSR sector to meet because of the associated shift away from existing business models in a short space of time. An alternative proposal, on which we would welcome views, would be to allow participants in a second TAs auction to aggregate a mix of load-reduction derived DSR and generation derived DSR subject to a minimum percentage of load-reduction DSR within a Capacity Market Unit (CMU). This would ensure that load

reduction DSR is targeted and supported, whilst acknowledging the challenges that the sector would face in the short term in shifting to load-reduction DSR. We propose that this threshold would be set at a minimum of 50 percent load reduction DSR, to ensure that this type of capacity does not represent a minority share of participants.

- 2.2.8 The Government wishes to implement this change with minimal amendments to the current regime. As such, it is proposed that applicants will be required to provide a declaration at prequalification confirming that their CMUs will not be formed by more than 50 percent generation. The Government welcomes thoughts on how this will work operationally.
- 2.2.9 Those that remain eligible for the TAs auction under the proposals above will also have the option to enter the Early Capacity auction for delivery in 2017/18, as well as the 2016 T-4 auction for delivery in 2020/21. Participants will be able to pre-qualify for all three auctions, and then enter the later TAs auction if they have failed to gain capacity agreements. As a consequence, the 2017 TA auction will take place in March.

Lowering the minimum capacity threshold for entry into the TAs

- 2.2.10 The majority of DSR CMU's need to aggregate small amounts of capacity from many components in order to enter the TAs above the 2MW threshold. Lowering the minimum capacity threshold for entry into the TAs will enable a wider range of resources to enter the TAs, especially those that utilise load reduction DSR.
- 2.2.11 Alongside the proposals above, the Government proposes to introduce a provision to lower the minimum capacity threshold for entry into the Transitional Arrangements auction for delivery in 2017/18 from 2MW to 500kW. This amendment can be piloted in the TAs up to full Capacity Market delivery in 2018/19 to find out whether it would be a beneficial amendment to the enduring Capacity Market regime for all participants.

Market Power risks

- 2.2.12 The proposed amendments for the TAs in this consultation document will likely reduce the amount of capacity participating in the next TAs auction, and so there is a potentially higher risk of market power being exerted by a limited number of participants who hold large portfolios. A lower minimum capacity threshold will encourage a greater number of DSR CMUs to come forward from a diverse range of participants leading to a more

competitive and liquid auction. However, this amendment to the TAs may not completely mitigate market power risks. The Government welcomes thoughts on how market power risks can be mitigated in an amended TAs auction.

Consultation Question

Q15 Do you agree that the eligibility for the TAs should be refined to support load reduction DSR?

Consultation Question

Q16 Which option: a) excluding all generation assets or b) requiring a minimum threshold for load reduction with a CMU would better support load reduction DSR?

Consultation Question

Q17 Do you agree that the government should lower the minimum capacity threshold for entry into the Transitional Arrangements auction for delivery in 2017/18? Would 500kW be the appropriate threshold level for eligibility

Consultation Question

Q18 Do you have any suggestions on how market power risks can be mitigated by the Government?

2.3 Prequalification timing and processes

Adjusting the auction parameters

2.3.1 Experience from the first two T-4 capacity auctions has shown a high number of CMUs not prequalifying on prequalification results day. However, the majority of these 'not prequalified' CMUs go on to prequalify following the Tier 1 appeal period. Under Regulation 23, the Delivery Body must advise the Secretary of State whether, in light of the data from prequalification, the demand curve for the capacity auction should be adjusted. In practice, this recommendation is made on estimation as to how many CMUs will go on to prequalify following Tier 1 appeals. Under Regulation 13, the

Secretary of State must decide whether to adjust the auction parameters based on this information within 5 working days (following the original consultation which concluded in December 2015, the Government has decided to increase this period to 10 working days).

- 2.3.2 The Government proposes to further amend the Regulations to require the Delivery Body to advise the Secretary of State whether the demand curve for the capacity auction should be adjusted in light of the data from prequalification following the conclusion of the Tier 1 appeals to remove the uncertainty created by the recommendation involving an estimate of appeal outcomes. This would be a further 10 working days after prequalification results day. The Secretary of State will then have 10 working days in which to decide whether to adjust the auction parameters. The CM register would be published after the Tier 1 appeals have concluded.

Adjusting the TAs auction parameters

- 2.3.3 Under proposals outlined in this consultation the new Early Capacity auction for delivery in 2017/18 will provisionally take place between the 2016 T-4 Capacity Market auction and the TAs auction in 2017. This will offer an opportunity for those eligible for TAs auction to also compete in the Early Capacity auction. Currently, under regulation 23 the Secretary of State must decide whether to adjust auction parameters for the TAs auction following pre-qualification. Participants being able to pre-qualify in the 2016 T-4 auction, the Early Capacity Auction and the TAs auction will lead to uncertainty as to the level of bidding capacity in the TAs auction until after the Early Capacity auction results are finalised. In light of stakeholder feedback the Government recognises that this uncertainty is not beneficial for TAs auction participants.
- 2.3.4 The Government proposes to introduce a provision to the Regulations whereby on the date the final results of the Early Capacity Results are released the Delivery Body will notify the Secretary of State of the aggregate prequalified capacity that remains eligible to participate in the TAs auction. The Secretary of State will then have 5 working days to decide whether to adjust the auction parameters for the TAs auction. A similar provision will be introduced for after the 2016 T-4 Capacity Market auction, if the Government does not proceed with the Early Capacity auction. Additionally, a provision will be introduced to allow TAs auction participants to withdraw 10 working days before the first bidding window of the TAs auction.

Consultation Question

Q19 Do you have any comments on the proposed changes to prequalification timings in the Regulations?

Consultation Question

Q20 The Government wishes to implement these changes with minimal amendments to the current regime. Do you agree with this approach? How will these changes work operationally for participants?

2.4 Review of Capacity Market Rules

- 2.4.1 The Capacity Market has in-built review requirements that mirror those placed on regulations affecting business. The Small Business, Enterprise and Employment Act 2015 (“SBEEA”) has altered these review requirements, and we propose to align the review requirements for the Capacity Market with this new legislation which had effect from 1 July 2015. In the case of the Capacity Market, the previous review arrangements were implemented by Regulations 81 and 82 of the Electricity Capacity Regulations 2014. Thus Regulation 81 requires the Secretary of State to periodically review the Regulations and the Payment Regulations, as well the functions conferred on Ofgem by the Rules. And Regulation 82 requires Ofgem itself to periodically review the Rules
- 2.4.2 To align with the new SBEEA requirements, the amendments we propose are designed to ensure that:
- (1) the Secretary of State has an obligation to periodically review any rules that were made or amended by the Secretary of State from 1 July 2015, as well as any rules conferring functions on Ofgem or the Secretary of State; and
 - (2) the provisions requiring the Secretary of State to carry out a review are contained in the legislation itself that is subject to review.
- 2.4.3 Accordingly a requirement for the Secretary of State to review the Rules will be inserted in the Rules themselves, as a new Chapter 15. For convenience, Ofgem’s current duty to review the Rules will also be included in that new Chapter. This will consist in a general duty as at present to review the Rules in their entirety.

2.4.4 Furthermore, we intend to amend Regulation 77(3) to clarify that the Authority must not make, *amend or revoke*, any Rules, except with the approval of the Secretary of State, which confer functions on the Secretary of State or functions on the Authority itself, as per the intention of this Regulation.

Consultation Question

Q21 Do you agree that Ofgem's duty to review the Rules should be contained in the Rules themselves, rather than in the Regulations?

Consultation Question

Q22 Do you have any other comments on the indicative drafting for the amendments to Regulations 81 and 82, and for the new Chapter 15 of the Rules, and the amendment to Regulation 77(3)?

Chapter 3 – Security of Electricity Supply in 2017/18

3.1 Early capacity auction for delivery in 2017/18

- 3.1.1 DECC is proposing to bring forward the start of the Capacity Market delivery to 2017/18 by running an early capacity auction. This auction is part of the wider plan to deliver energy security and is expected to be in January 2017 for a delivery year running from October 2017 to September 2018.
- 3.1.2 UK energy market conditions have changed considerably since 2014, when the Capacity Market was established. These changes have resulted in greater operational losses for thermal generating plant, causing plant to consider early closures. Several plant have already announced early closures in 2015 and 2016, reducing capacity in the system sooner than was anticipated in 2014.
- 3.1.3 Running an early capacity auction mitigates any increased risk to security of supply in 2017/18. This will help to ensure that the System Operator remains equipped to meet the Government's reliability standard of 3 hours loss of load expectation (LOLE)². It also enables the capacity margins to be secured through plant in the market. The Contingency Balancing Reserve (CBR) was introduced with the specific aim of supporting the System Operator to balance the system in light of tightening electricity capacity margins ahead of the first Capacity Market delivery year. An early capacity auction is expected to have a less distortive impact and provide greater transparency to market participants than using CBR in 2017/18. Ofgem have said that they expect the need for the CBR to disappear once the capacity market is in place.

² Loss of Load Expectation (LOLE) represents the number of hours per annum in which it is statistically expected that supply will not meet demand. However, it is important to note when interpreting this metric that a certain level of loss of load is not equivalent to the same amount of blackouts; in most cases, loss of load would be managed without significant impacts on consumers via mitigating actions by National Grid.

3.1.4 DECC will publish an impact assessment for the early capacity auction this spring. The auction will also require an extension to our existing State Aid approval, which the Government is pursuing in time for the auction. DECC's current expectation of the timings for capacity auctions in 2016/17 are:

- Any regulatory and rule changes required for all auctions to be in place in July 2016.
- Prequalification for all auctions to run concurrently from August 2016.
- The third T-4 auction would take place in December 2016.
- The early capacity auction would take place in January 2017.
- The second transitional arrangements auction would take place in March 2017.

Consultation Question

Q23 Do you agree with the proposal to run an early capacity auction for delivery from October 2017 to September 2018?

3.2 Early capacity auction – timing and process

3.2.1 The early capacity auction will follow the existing design for T-1 capacity auctions. There are a small number of amendments needed to accommodate the specific circumstances and timing of the early auction. These are described below.

Target capacity

3.2.2 As no T-4 auction was held for 2017/18, the early auction will procure the entire CM requirement for that year (not just a top-up). National Grid will provide a recommendation on the volume to procure in an Annex to its 2016 Electricity Capacity Report. DECC will then follow the established process for confirming the target capacity and other auction parameters ahead of prequalification.

Eligibility

3.2.3 As with the existing T-1 auction design, all types of capacity will be able to participate – including existing and new build generation, storage, DSR and interconnectors. Also reflecting the current T-1 structure, only 1-year agreements will be available for all participants. This is necessary to avoid the risk of over-procurement for delivery years where the majority of capacity has already been secured (i.e. 18/19, 19/20 and 20/21).

3.2.4 Any capacity that is already subject to capacity agreements secured in the first three T-4 auctions will be eligible to participate in the early auction. Capacity that is eligible to participate in the second Transitional Arrangements (TA) auction will be able to prequalify for the 2016 T-4 auction, the early auction and the TA auction. Such capacity will have to be withdrawn from the TA ahead of the auction if successful in either the 2016 T-4 auction or the early auction.

Existing CMUs

3.2.5 For the first two T-4 auctions the requirement for transmission-connected generators to hold Transmission Entry Capacity (TEC) by prequalification was removed. This will also apply to the early auction. This is in recognition that some generators will have surrendered TEC for 2016/17 without having had knowledge of the early capacity auction. Transmission-connected generators will be able to prequalify without TEC, provided they secure the required TEC by a specified date (falling e.g. 3-6 months prior to the commencement of the Delivery Year – exact date to be confirmed). Any capacity that is successful in the auction but fails to obtain TEC by this date will be subject to Termination Fee 2 (noting that a higher level is under consideration for TF2 elsewhere in this document). This will mirror the fee payable to existing plant that hold TEC but subsequently cease to hold it ahead of the delivery year.

Delivery assurance for prospective CMUs

3.2.6 Prospective CMUs will be able to participate in the new auction – including those that have already obtained agreements in any of the first three T-4 auctions.

3.2.7 It is vital that there is a high level of assurance that any prospective CMUs will be operational in time for the start of the delivery year - as there will be no subsequent opportunity to replace delayed/unavailable capacity. As such, there will be a set of delivery milestones mirroring the existing milestones for prospective CMUs with T-4 agreements - but brought forward and condensed.

3.2.8 CMUs that fail to deliver by winter 2017 will be subject to Termination Fee 2 (again noting that a higher level is under consideration for TF2 elsewhere in this document), as well as lose their capacity payments.

3.2.9 The proposed key milestones are set out in the following table:

Milestone	Date
Financial Commitment Milestone; failure equals termination at Termination Fee 1 (TF1) rate	3 months <u>after</u> auction
Secure TEC (transmission connected CMU) or Distribution Connection Agreement (distribution connected CMU) if they were not in place at prequalification; failure – TF2 applies	3-6 months <u>before</u> start of delivery year
Start of delivery year - 1st October 2017	
<p>Unit is >90% operational ('Substantial Completion Milestone') by start of delivery year (DY), agreement & payments start on 1st day of DY.</p> <p>Long stop date (<u>LSD</u>) is brought forward to <u>1st October</u>.</p> <p>Unit is <90% but >50% operational by LSD, agreement & payments take effect from LSD at % of operational status.</p>	<u>By start</u> of delivery year
<p>Minimum completion requirement (>50% operational); failure – Termination Fee 2 (TF2)</p> <p>Units <50% operational by LSD issued with 'Notice of intent to terminate' (rule 6.8.2) & given <u>1 month</u> cure period to achieve >50% status.</p> <p>Units <50% operational after expiry of 1 months cure period – termination notice issued (will terminate in 3 months).</p> <p>Applications for an extension will not be permitted.</p>	<u>By start</u> of delivery year
End of cure period, Termination notice issued	1 months <u>after start</u> of delivery year (1 st November)
End of appeal period	4 months <u>after start</u> of delivery year.

Secondary trading

3.2.10 Volume reallocation trading will be permitted for delivery year 2017/18 as per the existing rules and regulations subject to amendments from the October 2015

consultation. Obligation trading will also be permitted as above with the exception of an amendment to the timings. Rule 9.2.5 allows obligation trading following T-1 for the relevant delivery year. For the early auction obligation trading will be available 4 months ahead of the start of the delivery year. Financial trading will remain outside of the rules and regulations and will therefore be available between CMUs as required.

Bidding round information

3.2.11 Under rule 5.5.18 (c) the auctioneer must announce and publish the excess capacity as at the start of the bidding round. In case of T-1 auctions this is rounded to the nearest 100MW. It is proposed that the early auction follows the rules for T-4 auction where the spare capacity is rounded to the nearest 1 GW.

Consultation Question

Q24 Are there any further issues or interactions that DECC should consider without which the early capacity auction could not be implemented?

Catalogue of consultation questions

Chapter 1 - Investment	
Q1	Do you agree that we should increase requirements on the level of credit cover (and termination fee liability for not lodging increased credit cover if required as a result of not achieving the FCM at the 11-month point) for new build projects at the pre-auction stage?
Q2	Do you have views on the appropriate level for requirements on credit cover for new build projects at the pre-auction stage? Does £10k/MW strike an acceptable balance?
Q3	Do you have views on whether the proposed increase in credit cover should apply to all new build units, irrespective of their size or broader corporate structure, or only to those meeting the 100MW threshold applied at a unit and broader portfolio level?
Q4	Should the package of new build delivery assurance measures (increased credit cover as described here and the new build measures described in chapter 1 of the accompanying Government Response document) apply to all new build units or only those in excess of a 100MW threshold applied at a unit and broader portfolio level?
Q5	Would there be a benefit in increasing termination fees for all participants with Capacity Agreements? Do you consider the current level of termination fee 2 (£25k/MW) for new build generating units failing to achieve operational status is sufficient?
Q6	Is there a case for increasing the termination fees for those CMUs that were the subject of a termination event for a previous agreement? Do you have any views on

	the relative merits and downsides to the alternative options outlined above?
Q7	Do you agree that we should impose credit cover for existing CMUs to cover for the termination fee? Are there any unintended consequences of such a proposal?
Q8	Should we redefine “termination event” to focus on penalties rather than on ‘delivery incentives’? Should we amend the Regulations and Rules to make clear that sanctions are in place for non-delivery?
Q9	Do you agree that we should disqualify capacity providers or CMUs who have had an agreement terminated from future auctions?
Q10	Do you agree that we should introduce a wider discretionary ability for the Secretary of State to penalise (or increase the penalty otherwise falling on) those who have failed to take reasonable steps to comply with the terms of their capacity agreement?
Q11	Do you think separate de-rating factors should be considered in respect of new and existing CCGT units? Should this be restricted to CCGT units or expanded further?

Chapter 2 – Clarification / Simplification

Q12	How likely is it that your company has benefitted or will benefit from aid under the EIS or VCT schemes? Do you have any other comments on the proposed change to the eligibility criteria?
Q13	Are you aware of any other State aid which Capacity Market recipients could benefit from?
Q14	Would it be appropriate for a capacity provider that has benefitted under the EIS or VCT schemes and received capacity payments to have their capacity agreement terminated, capacity payments recovered and/or the imposition of a termination fee? If not, are there any other penalties that should be considered?
Q15	Do you agree that the eligibility for the TAs should be refined to support load

	reduction DSR?
Q16	Which option: a) excluding all generation assets or b) requiring a minimum threshold for load reduction with a CMU would better support load reduction DSR?
Q17	Do you agree that the government should lower the minimum capacity threshold for entry into the Transitional Arrangements auction for delivery in 2017/18? Would 500kW be the appropriate threshold level for eligibility?
Q18	Do you have any suggestions on how market power risks can be mitigated by the Government?
Q19	Do you have any comments on the proposed changes to prequalification timings in the Regulations?
Q20	The Government wishes to implement these changes with minimal amendments to the current regime. Do you agree with this approach? How will these changes work operationally for participants?
Q21	Do you agree that Ofgem's duty to review the Rules should be contained in the Rules themselves, rather than in the Regulations?
Q22	Do you have any other comments on the indicative drafting for the amendments to Regulations 81 and 82, and for the new Chapter 15 of the Rules, and the amendment to Regulation 77(3)?

Chapter 3 – Security of Electricity Supply in 2017/18

Q23	Do you agree with the proposal to run an early capacity auction for delivery from October 2017 to September 2018?
Q24	Are there any further issues or interactions that DECC should consider without which the early capacity auction could not be implemented?

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