

The Capacity Market (Amendment) (No. 3) Rules 2019

Presented to Parliament pursuant to Section 41(9) of the
Energy Act 2013

The Capacity Market (Amendment) (No. 3) Rules 2019

1. Citation and commencement

1.1 These Rules may be cited as the Capacity Market (Amendment) (No. 3) Rules 2019.

1.2 These Rules come into force on the day after the day on which they are made.

1.3 In these Rules:

1.3.1 “the Rules” means the Capacity Market Rules 2014 as amended by:

- (a) the Capacity Market (Amendment) Rules 2014;
- (b) the Capacity Market (Amendment) (No. 2) Rules 2014;
- (c) the Capacity Market (Amendment) Rules 2015;
- (d) the Capacity Market (Amendment) (No. 2) Rules 2015;
- (e) the Capacity Market (Amendment) Rules 2016;
- (f) the Capacity Market (Amendment) (No. 2) Rules 2016;
- (g) the Capacity Market (Amendment) (No. 3) Rules 2016;
- (h) the Capacity Market (Amendment) Rules 2017;
- (i) the Capacity Market (Amendment) (No. 2) Rules 2017;
- (j) the Capacity Market (Amendment) (No. 3) Rules 2017;
- (k) the Capacity Market (Amendment) (No. 4) Rules 2017;
- (l) the Capacity Market (Amendment) Rules 2019; and
- (m) the Capacity Market (Amendment) (No. 2) Rules 2019;

1.3.2 a reference to a Chapter, Rule or numbered Schedule by number alone is a reference to the Chapter, Rule or Schedule so numbered in the Rules; and

1.3.3 expressions which are defined in the Rules have the same meaning as in the Rules.

2. Amendments

2.1 The Rules are amended as set out in the Schedule to these Rules.



Chris Skidmore
Minister of State

27 May 2019

Department for Business, Energy & Industrial Strategy

SCHEDULE

Part 1

Non-dispatchable Generating Technology Classes

1. Amendments to Chapter 1 (General Provisions)

1.1 In Rule 1.2 (Definitions):

1.1.1 in Rule 1.2.1:

(a) in the appropriate place insert:

“Expected Energy Unserved the amount of Total System demand for electricity in MWh that may not be met by supply in any given Capacity Year”

“Intermittent Power Source” has the meaning given to that term in the Grid Code”

“Non-dispatchable Generating Technology Class means a Generating Technology Class that is classed as “Onshore Wind”, “Offshore Wind” or “Solar Photovoltaic” in Schedule 3”

(b) in the definition of “Core Generating Plant”:

i. after paragraph (b), omit “or”;

ii. at the end of paragraph (c), insert “or”; and

iii. after paragraph (c), insert:

“(d) transform energy from an Intermittent Power Source into electrical form.”.

2. Amendments to Chapter 2 (Auction Guidelines and De-rating)

2.1 In Rule 2.3 (De-rating of CMUs):

2.1.1 in Rule 2.3.4:

(a) in Rule 2.3.4(a), after “Duration Limited” insert “and CMUs in a Non-dispatchable Generating Technology Class”;

(b) in Rule 2.3.4(d), after “Duration Limited” insert “and for CMUs in a Non-dispatchable Generating Technology Class”;

2.1.2 in Rule 2.3.5B, after “Duration Limited” insert “and a Non-dispatchable Generating Technology Class”; and

2.1.3 in Rule 2.3.9, for the first sentence substitute:

“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 reduction in the level of Expected Energy Unserved.”.

3. Amendments to Schedule 3 (Generating Technology Class)

3.1 In the table in paragraph 1.1 of Schedule 3, insert the following rows at the end of the table:

35	Onshore Wind	<ul style="list-style-type: none">• Wind Turbines generating electricity from wind which are located in Great Britain and not in the Offshore Area.
36	Offshore Wind	<ul style="list-style-type: none">• Wind Turbines generating electricity from wind which are located in the Offshore Area.
37	Solar Photovoltaic	<ul style="list-style-type: none">• Photovoltaic solar cells generating electricity from the direct conversion of sunlight into electricity.

3.2 At the end of paragraph 1.2 of Schedule 3, insert:

““Wind Turbine” means a wind turbine for which the Intermittent Power Source is wind; and

“Photovoltaic solar cell” means a photovoltaic solar cell for which the Intermittent Power Source is solar.”.

4. Amendments to Schedule 3B (Methodology for Determining De-rating Factors)

4.1 For the heading, substitute:

“SCHEDULE 3B: METHODOLOGY FOR DETERMINING THE DERATING FACTORS FOR STORAGE GENERATING TECHNOLOGY CLASSES THAT ARE DURATION LIMITED AND FOR NON-DISPATCHABLE GENERATING TECHNOLOGY CLASSES”.

4.2 In the first paragraph, after “Duration Limited” insert “and for each Non-dispatchable Generating Technology Class”.

4.3 After the second paragraph, insert a new paragraph:

“The Delivery Body shall calculate the EFC for each Non-dispatchable Generating Technology Class using a time-sequential stochastic simulation model where the outputs of the model for each Non-dispatchable Generating Technology Class shall be multiplied by the Technology Class Weighted Average Availability (“TCWAA”) for that Non-dispatchable Generating Technology Class. The TCWAA for a Non-dispatchable Generating Technology Class shall be calculated using the method set out in Rule 2.3.5(a).”.

4.4 In the final paragraph, after “Duration Limited” insert “and for each Non-dispatchable Generating Technology Class”.

Part 2

Interconnector De-rating Factors

5. Substitution of Schedule 3A (methodology for determining the de-rating factor for an Interconnector CMU)

5.1 For Schedule 3A, substitute:

“Schedule 3A: METHODOLOGY FOR DETERMINING THE DE-RATING FACTORS FOR AN INTERCONNECTOR CMU

This Schedule 3A sets out the methodology for determining the Equivalent Firm Interconnector Capacity (“EFIC”) of an Interconnector CMU for the purpose of Rule 2.3.4(c).

The EFIC of an Interconnector CMU (“the relevant Interconnector CMU”) for each calendar year (“Year Y”) is determined by the Secretary of State as follows:

1. The Secretary of State determines a Forecasted De-rating Factor for each Interconnected Country in accordance with the process described in paragraphs 3 to 6.
2. For the purposes of this Schedule 3A, an Interconnected Country is:
 - a. a country or territory in which a Non-GB Part of an Electricity Interconnector of which an Interconnector CMU forms part is located; or
 - b. a country or territory in which the Delivery Body considers a Non-GB Part of an Electricity Interconnector may be located by the time that the auction is to be held in respect of which the EFIC of that Electricity Interconnector would need to be determined.
3. The Delivery Body must use stochastic modelling methodology to produce a range of De-Rating Factors for each Interconnected Country for Year Y.
4. The Delivery Body must provide the range of De-Rating Factors to the Secretary of State with the scenarios on which they are based.
5. The Secretary of State may consult such persons of proven technical expertise as the Secretary of State considers appropriate on the range of De-Rating Factors contained in the Electricity Capacity Report provided by the Delivery Body for Year Y.
6. The Secretary of State must determine the Forecasted De-Rating Factor for each Interconnected Country by:
 - a. taking into consideration any advice provided by such persons of proven technical expertise as the Secretary of State considers appropriate;
 - b. taking into consideration the range of De-Rating Factors provided by the Delivery Body; and
 - c. determining the Forecasted De-Rating Factor within the range of De-Rating Factors provided by the Delivery Body.
7. The Secretary of State must adjust the Forecasted De-Rating Factor to take into consideration the technical reliability of each Interconnector CMU to determine the EFIC of that Interconnector CMU.”.

Part 3

2019 T-1 Agreements: Amendments in respect of Terminations

6. Amendments to Chapter 16 (Modifications in respect of Agreements existing on 15 November 2018 and in respect of the T-1 Auction for the Delivery Year commencing on 1 October 2019)

6.1 For Rule 16.4C.13(b), substitute:

“(b) in Rule 6.10.2(b)(i), for “60 Working Days” there were substituted “12 months after the date on which the termination notice was given”.”.

6.2 In Rule 16.4C.17:

(a) after 16.4C.17(a), insert:

“(aa) in Rule 6.10.3A(a), after “Rule 8.3.3(e)(iii),” there were inserted “(ha) in respect of a 2019 T-1 Agreement,”; and

(b) after 16.4C.17(d), insert:

“(da) in Rule 6.10.3A(ca), after “Rule 8.3.3(e)(iii),” there were inserted “(ha) in respect of a 2019 T-1 Agreement,”.”.

Part 4

Miscellaneous Amendments

7. Amendments to Chapter 6 (Capacity Agreements)

7.1 For Rule 6.10.1(d), substitute:

“(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.”.

8. Amendments to Chapter 9 (Transfer of Capacity Obligations)

8.1 In Rule 9.2.6:

- (a) for “the following” substitute “the persons in paragraphs (a) to (d) who meets the conditions in Rule 9.2.6(e)(i) to (ix)”; and
- (b) after Rule 9.2.6(d), for “provided that:” substitute:
 - “(e) the conditions in this Rule 9.2.6(e) are that:”.