

The Capacity Market (Amendment) Rules 2016

1. Citation, commencement and interpretation

1.1 These Rules may be cited as the Capacity Market (Amendment) Rules 2016.

1.2 These Rules come into force on [] 2016.

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; and
- (d) the Capacity Market (Amendment) (No. 2) Rules 2015;

1.3.2 a reference to a Chapter, Rule or numbered Schedule by number alone (or to an Exhibit by letter alone) is a reference to the Chapter, Rule or Schedule so numbered (or the Exhibit so lettered) 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.

3. Transitional provisions

3.1 The following amendments do not apply in respect of any Capacity Agreement that has been awarded as a result of a Capacity Auction held before the commencement of these Rules:

- 3.1.1 the amendments set out in Part 1 of the Schedule, other than the amendments to Chapter 12;
- 3.1.2 the amendments to Rule 6.10 made by paragraph 18.2 of the Schedule, other than the amendment to Rule 6.10.2(f)(ii).

[name]

[Minister of State]

SCHEDULE

PART 1

Requirements for New Build CMUs

1. Amendments to Chapter 1

- 1.1** In Rule 1.2, insert the following definitions in alphabetical order at the appropriate places:

“Large New Build CMU	means a New Build CMU with a Connection Capacity which, when aggregated with the respective Connection Capacities of all other CMUs to which the same Grid Connection Agreement or Distribution Connection Agreement applies, is at least equal to [400 MW]”;
“Manager	means, in relation to an Applicant, any person who takes part or is concerned in the management of the Applicant’s business, to the extent that it relates to the Applicant’s participation in the capacity market or its obligations under the Regulations or the Rules”;
“Minimum Acceptable Auction Bid	has the meaning given in Rule 5.5.14A”;
“New Build Capacity Provider	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) of the Capacity Agreement relating to that CMU has been registered on the Capacity Market Register, the Transferee”;
“Own Group Resources	has the meaning given in Rule 5.5.14B”;
“Responsible Director for Delivery	has the meaning given in Rule 3.7.4”;
“Responsible Director for TEC	has the meaning given in Rule 3.6.3A”.

2. Amendments to Chapter 3

- 2.1** In Rule 3.3:

- 2.1.1** In Rule 3.3.3, omit “or” after paragraph (c) and insert after paragraph (d):

“,

- (e) 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) or 6.10.1(ga) at any time during the preceding two years;

- (f) the Application is for a Generating CMU or an Interconnector CMU and any Manager of the Applicant is a person (“P”) in relation to whom Rule 3.3.3A applies;
- (g) the Application is for a New Build 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(b) or 6.10.1(c) at any time during the preceding two years;

provided that this Rule does not prevent an Application in relation to such CMU as an Existing CMU; or
- (h) the Application is for a New Build CMU, and any Manager of the Applicant is a person (“Q”) in relation to whom Rule 3.3.3B applies”.

2.1.2 After Rule 3.3.3 insert:

“3.3.3A This Rule 3.3.3A applies where:

- (a) at any time (“time T”) during the three years preceding the Application referred to in Rule 3.3.3(f), P was the Responsible Director for TEC in relation to any Generating CMU or Interconnector CMU; and
- (b) a Capacity Agreement in respect of that CMU was terminated in consequence of a Termination Event:
 - (i) within Rule 6.10.1(g) or 6.10.1(ga), and
 - (ii) occurring at time T.

3.3.3B This Rule 3.3.3B applies where:

- (a) at any time (“time T”) during the three years preceding the date of the Application referred to in Rule 3.3.3(h), Q was the Responsible Director for Delivery in relation to any New Build CMU; and
- (b) a Capacity Agreement in respect of that CMU was terminated in consequence of a Termination Event:
 - (i) within Rule 6.10.1(b) or 6.10.1(c), and
 - (ii) occurring at time T.”.

2.2 After Rule 3.6.3 insert:

“3.6.3A Responsible Director for TEC

Each Applicant for an Existing Generating CMU must state in the Application the name and the National Insurance number of a director (or officer in the case of a body other than a company) who has been nominated as having responsibility for securing and maintaining the Transmission Entry Capacity of the CMU (“**Responsible Director for TEC**”).

3.6.3B Declaration concerning Managers

Each Applicant for an Existing Generating CMU must declare in the Application that, in respect of that Application, no Manager of the Applicant is a person in relation to whom Rule 3.3.3A applies.”.

2.3 After Rule 3.6A.2 insert:

“3.6A.2A Responsible Director for TEC

Each Applicant for an Existing Interconnector CMU must state in the Application the name and the National Insurance number of a director (or officer in the case of a body other than a company) who has been nominated as Responsible Director for TEC.

3.6A.2B Declaration concerning Managers

Each Applicant for an Existing Interconnector CMU must declare in the Application that, in respect of that Application, no Manager of the Applicant is a person in relation to whom Rule 3.3.3A applies.”.

2.4 In Rule 3.7:

2.4.1 for Rule 3.7.2(b) substitute:

- “(b) a schedule identifying the earliest and latest dates for achieving 15 key project milestones, of which:
 - (i) at least 7 of must relate to the physical construction of the plant, and include the milestones specified in Rule 3.7.2A; and
 - (ii) the remainder must relate to expenditure on or financing of the plant, and include the Financial Commitment Milestone.”.

2.4.2 After Rule 3.7.2 insert:

“3.7.2A The milestones specified in this Rule 3.7.2A are:

- (a) commencement of construction works;
- (b) the Back-feed Milestone; and
- (c) the Substantial Completion Milestone.

2.4.3 After Rule 3.7.3 insert:

“3.7.4 Responsible Directors for TEC and for Delivery

Each Applicant for a New Build CMU must state in the Application the name and the National Insurance number of a director (or officer in the case of a body other than a company):

- (a) who has been nominated as the Responsible Director for TEC; and
- (b) who has been nominated as having responsibility for the successful delivery of the key project milestones referred to in Rule 3.7.2(b) in respect of that CMU (“**Responsible Director for Delivery**”).

3.7.5 Declarations concerning Managers

Each Applicant for a New Build CMU must declare in the Application that, in respect of that Application, no Manager of the Applicant is a person in relation to whom:

- (a) Rule 3.3.3A applies; or
- (b) Rule 3.3.3B applies.”.

2.5 In the opening words of Rule 3.8.1, after “Rule 3.7” insert “(except Rule 3.7.4(b) and 3.7.5(b))”.

3. Amendments to Chapter 5

3.1 In Rule 5.5:

3.1.1 Insert after Rule 5.5.14:

“5.5.14A The Applicant for a Prequalified CMU that is a Large New Build CMU must submit the following documents with its notice under Rule 5.5.14:

- (a) declarations in the form set out in Exhibit J and signed on behalf of the Applicant by two directors (or officers in the case of a body other than a company), which include in particular:
 - (i) a declaration of the minimum price in £ per kW at which it would be willing to commit the Bidding Capacity for that CMU (the “**Minimum Acceptable Auction Bid**”); and
 - (ii) where the project is to be financed in whole or part by way of debt rather than by way of the contribution of equity or from Own Group Resources, the amount of debt in pounds that will be taken on for that purpose (the “**Relevant Amount of Debt**”); and
- (b) where a Relevant Amount of Debt is declared in accordance with paragraph (a)(ii), confirmations and declarations from qualifying banks (as defined in Regulation 53(3)) in the form set out in Exhibit K and relating to at least [50%] of that declared amount.

5.5.14B For the purposes of Rule 5.5.14A:

- (a) “**Own Group Resources**” means the existing assets and reserves of the Applicant or of any member of the Applicant’s Group;
- (b) finance is by way of debt when funds are obtained by means of a loan to the Applicant upon terms that the sum advanced, with any stipulated interest, is to be repaid by the Applicant in due course whether or not the loan is secured on one or more of the Applicant’s assets; and
- (b) a loan from a member of the Applicant’s Group is to be treated as finance from Own Group Resources.

5.5.14C The Delivery Body must, within two Working Days of receipt of the documents submitted under Rules 5.5.14 and 5.5.14A, notify the Applicant of whether it has complied with the requirements of Rule 5.5.14A and is accordingly permitted to participate as a Bidder for that Prequalified New Build CMU in the relevant Capacity Auction.”.

3.1.2 In the opening words of Rule 5.5.16, after “DSR CMU” insert “, or the additional documents in accordance with Rule 5.5.14A in the case of a Large New Build CMU,”.

3.2 In Rule 5.8:

3.2.1 In Rule 5.8.3, omit “or” after paragraph (a) and insert after paragraph (b):

“; or

(c) in the case of a Bidder who has received a notice under Rule 5.5.14C that it has complied with the requirements in respect of a Large New Build CMU, be more than £0.01 per kW-year below the Minimum Acceptable Auction Bid declared for that CMU”.

3.2.2 After Rule 5.8.4 insert:

“5.8.5 Where:

- (a) the Minimum Acceptable Auction Bid declared for a Large New Build CMU by a Bidder to whom Rule 5.8.3(c) applies falls within the Bidding Round Price Spread for the Capacity Auction, and
- (b) no Exit Bid for that Capacity Auction has been submitted by the Applicant,

the Delivery Body must enter on behalf of that Bidder an Exit Bid specifying an Exit Price equal to £0.01 per kW-year below the Minimum Acceptable Auction Bid.”.

4. Amendments to Chapter 6

4.1 In Rule 6.6.1, for “18 months” substitute “16 months”.

4.2 After Rule 6.6 insert:

“6.6A Large New Build CMUs: evidence of financing commitments

6.6A.1 The New Build Capacity Provider (“P”) for a Large New Build CMU (“CMU i”) must provide to the Delivery Body:

- (a) the documents specified in Rule 6.6A.2 no later than 5 months after the Auction Results Day; and
- (b) the documents specified in Rule 6.6A.3 no later than 11 months after the Auction Results Day.

6.6A.2 The documents specified in this Rule 6.6A.2 are the following:

- (a) where the Applicant for CMU i declared a Relevant Amount of Debt in accordance with Rule 5.5.14A(a)(ii), confirmations and declarations from qualifying banks (as defined in

Regulation 53(3)) in the form set out in Exhibit L and relating to at least [100%] of that declared amount;

- (b) where paragraph (a) does not apply, or where the Relevant Amount of Debt combined with any amount to be financed from Own Group Resources is less than the Total Project Spend, evidence in the form set out in Exhibit M; and
- (c) declarations in the form set out in Exhibit N and (where any amount of the Total Project Spend is to be financed from Own Group Resources) in Exhibit O, in each case signed on behalf of P (or, where applicable, on behalf of the relevant member of P's Group) by two directors (or officers in the case of a body other than a company).

6.6A.3 The documents specified in this Rule 6.6A.3 are:

- (a) offer letters and term sheets signed by each relevant credit committee or (as the case may be) investment committee, specifically relating to the project and corresponding to at least [100%] of any Relevant Amount of Debt declared under 5.5.14A(a)(ii) and to at least [100%] of any amount of the Total Project Spend not financed from such an amount of debt or from Own Group Resources, such offer letters and term sheets being subject only to the completion of the requisite legal documentation; and
- (b) where any amount of the Total Project Spend is to be financed from Own Group Resources a declaration in the form set out in Exhibit O and signed on behalf of P (or, where applicable, on behalf of the relevant member of P's Group) by two directors (or officers in the case of a body other than a company).

6.6A.4 Within 10 Working Days of the deadline specified in Rule 6.6A.1(a), the Delivery Body must:

- (a) decide whether P has complied with the requirements of Rules 6.6A.1 and 6.6A.2 ("the 5-month requirements"); and
- (b) notify P and the Settlement Body of its decision.

6.6A.5 Within 10 Working Days of the deadline specified in Rule 6.6A.1(b), the Delivery Body must:

- (a) decide whether P has complied with the requirements of Rules 6.6A.1 and 6.6A.3 ("the 11-month requirements"); and
- (b) notify P and the Settlement Body of its decision.

6.6A.6 Where P has been notified by the Delivery Body under Rule 6.6A.4 that it has not complied with the 5-month requirements, P must provide an increased amount of Applicant Credit Cover in accordance with Regulation 59(4)(a) and (5).

6.6A.7 Where P has been notified by the Delivery Body under Rule 6.6A.5 that it has not complied with the 11-month requirements, P must provide an increased amount of Applicant Credit Cover in accordance with Regulation 59(4)(b)(i) and (5).

6.6A.8 Where P has been notified by the Delivery Body:

- (a) under Rule 6.6A.4 that it has not complied with the 5-month requirements, and
- (b) under Rule 6.6A.5 that it has complied with the 11-month requirements,

then the amount of Applicant Credit Cover may be reduced in accordance with Regulation 59(4)(b)(ii).

6.6B Large New Build CMUs: certified Capital Expenditure

6.6B.1 For the purposes of sub-paragraph (a) of Regulation 60(4A), the additional requirements in respect of a Large New Build CMU are that:

- (a) Capital Expenditure has been incurred and paid in an amount that equals or exceeds the required amount of Applicant Credit Cover, as defined by Regulation 53(3) ("**the Required Amount**");
- (b) where the Financial Commitment Milestone obligation was met by virtue of the matter set out in Rule 6.6.2(b), that Capital Expenditure was incurred and paid after that obligation was met; and
- (c) the total amount of that Capital Expenditure has been certified in accordance with Rule 6.6B.3.

6.6B.2 For the purposes of sub-paragraph (b) of Regulation 60(4A), the amount of Applicant Credit Cover that must be maintained is equal to the difference between:

- (a) the Required Amount, and
- (b) any amount of Capital Expenditure that has been certified in accordance with Rule 6.6B.3.

6.6B.3 Expenditure is certified in accordance with this Rule 6.6B.3 if the fact that it has been incurred and paid as required by Rule 6.6B.1(a) and (b) has been certified by:

- (a) an assessment of the Independent Technical Expert in a six-monthly progress report delivered under Rule 12.2.1; or
- (b) any such assessment that may accompany an additional progress report delivered under Rule 12.2.1B.”.

4.3 In Rule 6.10:¹

4.3.1 In Rule 6.10.1, after paragraph (b) insert:

¹ Rule 6.10 is also amended by paragraphs 9.1 and 18.2 of this Schedule.

- “(ba) where the Capacity Agreement is in respect of a Large New Build CMU and
 - (i) Rule 6.6A.6 or 6.6A.7 applies, and the New Build Capacity Provider has failed to lodge credit cover in accordance with Regulation 59(4); or
 - (ii) the New Build Capacity Provider has lodged that credit cover, but failed to maintain it in accordance with Regulation 60(1) and (4A);”.

4.3.2 In Rule 6.10.3(b):

- (a) in sub-paragraph (i), omit “6.10.1(b),”;
- (b) omit “and” after sub-paragraph (i);
- (c) in sub-paragraph (ii), for “43(4)” substitute “43(3)”; and
- (d) insert after sub-paragraph (ii):
 - “;
 - (iii) where the Capacity Agreement is terminated on the ground specified in Rule 6.10.1(b):
 - (aa) TF1 where the amount of applicant credit cover required in respect of the New Build CMU has not been increased under Rule 6.6A.6 or 6.6A.7 or was permitted to be reduced under Rule 6.6A.8;
 - (bb) TF3 where the amount of applicant credit cover required in respect of the New Build CMU has been increased under Rule 6.6A.6; and
 - (cc) TF4 where the amount of applicant credit cover required in respect of the New Build CMU has been increased under Rule 6.6A.7; and
 - (iv) where the Capacity Agreement is terminated on the ground specified in Rule 6.10.1(ba):
 - (aa) TF1 where the amount of applicant credit cover required in respect of the New Build CMU has been increased under Rule 6.6A.6 without having been increased under Rule 6.6A.7;
 - (bb) TF1 where the amount of applicant credit cover required in respect of the New Build CMU has been increased under Rule 6.6A.7 without having been increased under Rule 6.6A.6; and
 - (bb) TF3 where the amount of applicant credit cover required in respect of the New Build CMU has been increased under Rule 6.6A.7 after having been increased under Rule 6.6A.6”.

5. Amendments to Chapter 7

5.1 In Rule 7.4.5, insert after sub-paragraph (i):

- “(ia) in relation to each Capacity Committed CMU which is an Existing or Prospective CMU, the name of the person nominated as Responsible Director for TEC;
- (ib) in relation to each Capacity Committed CMU which is a New Build CMU, the name of the person nominated as Responsible Director for Delivery;”.

5.2 In Rule 7.5.1,² insert after paragraph (r):

- “(ra) to record any change to the particulars previously registered under paragraph (ia), within 5 Working Days of receiving notice from the Applicant or the Capacity Provider of a change in the name of the person who is now to be registered as Responsible Director for TEC;
- (rb) to record any change to the particulars previously registered under paragraph (ib), within 5 Working Days of receiving notice from the Applicant or the New Build Capacity Provider of a change in the name of the person who is now to be registered as Responsible Director for Delivery;
- (rc) in respect of each Large New Build CMU, and no later than 5 days [of making a notification to the New Build Capacity Provider under Rule 6.6A.4 or 6.6A.5, to record whether that Capacity Provider has complied with its obligations under Rule 6.6A.1(a) or (b) (as the case may be);”.

6. Amendments to Chapter 12

6.1 In Rule 12.2:

6.1.1 In Rule 12.2.1:

- (a) in paragraph (a):
 - (i) after “achieved,” insert “and in each case the most likely date within the specified range,”; and
 - (ii) insert at the end “(where for that purpose a change in date is “material” when the new date is at least two months earlier or later than the date stated under Rule 3.7.2(b), and an explanation which gives more than one reason for the change must include an estimate of how much of the change is attributable to each reason)”;
- (b) after paragraph (a) insert:
 - “(aa) an overarching non-technical summary of progress in relation to each such Generating Unit or Electricity Interconnector;
 - (ab) the total amount of Capital Expenditure incurred with respect to the CMU between the date which is 77 months prior to the commencement of the first Delivery Year for the Capacity Agreement and the date of the report (but including only

² Rule 7.5.1 is also amended by paragraph 10.1 of this Schedule.

expenditure that has been receipted as paid with funds transferred);

- (ac) where the Financial Commitment Milestone obligation was met by virtue of the matter set out in Rule 6.6.2(b), the amount of that Capital Expenditure that was incurred and paid after that obligation was met; and”.

- (c) in paragraph (c), after “Expert” insert “which includes the matters specified in Rule 12.2.1A”.

6.1.2 Insert after Rule 12.2.1:

“12.2.1A The matters specified in this Rule 12.2.1A are the following:

- (a) details of the scope of the work done by the Independent Technical Expert in making the assessment;
- (b) a description of the experience (both national and international) and technical expertise of all individuals involved in preparing or approving the assessment, including any relevant qualifications obtained by those individuals and their membership of any relevant professional bodies; and
- (c) a declaration that the Independent Technical Expert satisfies the requirements contained in the definition of that term in Rule 1.2.

12.2.1B A report under Rule 12.2.1 must also be delivered 3 months and 9 months after the date of the Capacity Auction; but in relation to those additional reports there shall be no requirement for:

- (a) an assessment under Rule 12.2.1(c); or
- (b) a remedial plan under Rule 12.2.4.

12.2.1C The Delivery Body must provide a copy of each report under Rule 12.2.1 to the Secretary of State and the Authority within 5 Working Days of its receipt.”.

7. New Exhibits J to O

7.1 After Exhibit I insert:

“EXHIBIT J: APPLICANT PRE-AUCTION RESOURCES COMMITMENT

The following declarations are made in respect of [APPLICANT] with respect to the following Large New Build CMU:

[Description of Large New Build CMU to be inserted],

(the “**Relevant CMU**”)

a) The [APPLICANT] hereby declares that:

- (i) Its Minimum Acceptable Auction Bid in respect of the full development of the Relevant CMU for the **[insert year] [insert T-4 or T-1]** Auction is **[insert £/kW figure]**.
- (ii) The full development of the Relevant CMU will utilise debt funding of **[insert £k]**, being the Relevant Amount of Debt for the purpose of Rule 5.5.14A. **[DELETE AS APPROPRIATE]**
- (iii) It has obtained financial commitments from qualifying banks, as defined by regulation 53(3) of the Electricity Capacity Regulations 2014 (SI 2014/2043), for at least 50 per cent of the Relevant Amount of Debt on a non-exclusive basis and subject to due diligence – as evidenced by Exhibit K declarations submitted alongside this declaration. These financial commitments are valid for all **[insert T-4 or T-1] [insert year]** Auction Clearing Prices from the Price Cap down to and including the Minimum Acceptable Auction Bid of **[insert £/kW figure]**.**[DELETE AS APPROPRIATE]**
- (iv) It has funding available for the difference between the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, and any Relevant Amount of Debt declared for the purpose of Rule 5.5.14A[, on an equity basis from third party sources and/or funded from its Own Group Resources as defined in Rule 5.5.14B. Funding is available for this full value for all **[insert year] [insert T-4 or T-1]** Auction Clearing Prices from the Price Cap down to and including the Minimum Acceptable Auction Bid of **[insert £/kW figure]**.**[DELETE AS APPROPRIATE]**
- (v) The full development of the Relevant CMU will not utilise debt funding. The full value of the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, will be funded on an equity basis from third party sources and/or funded from its Own Group Resources as defined in Rule 5.5.14B. Funding is available for this full value for all **[insert year] [insert T-4 or T-1]** Auction Clearing Prices from the Price Cap down to and including the Minimum Acceptable Auction Bid of **[insert £/kW figure]**.**[DELETE AS APPROPRIATE]**

Capitalised terms used herein have the same meaning as in the Capacity Market Rules 2014 unless otherwise indicated.

DATED: [*]

Signed

.....
.....

Director

Director

Print name:

Print name:

To be executed by on behalf of the Applicant by the signature of two directors, unless Rule 1.3A (inserted by the Capacity Market (Amendment) Rules 2014) applies

EXHIBIT K: PRE-AUCTION DEBT FINANCING COMMITMENT

[NAME OF FINANCIAL INSTITUTION]
[ADDRESS OF REGISTERED OFFICE]

The following confirmations and declarations are made in respect of **[FINANCIAL INSTITUTION]** with respect to the following Large New Build CMU:

[Description of Large New Build CMU to be inserted],

(the “**Relevant CMU**”)

- a) The **[FINANCIAL INSTITUTION]** hereby confirms that:
- (i) It meets the definition of a qualifying bank under regulation 53(3) of the Electricity Capacity Regulations 2014 (SI 2014/2043)
- b) The **[FINANCIAL INSTITUTION]** hereby declares that:
- (i) It has made an in principle decision to provide debt financing of **[insert £k figure]** to **[APPLICANT]** for the full development of the Relevant CMU, on a non-exclusive basis and subject to full due diligence.
 - (ii) It assessed the business case for the full development of the Relevant CMU in coming to its in principle decision.
 - (iii) It has taken into account its standard lending criteria (including coverage ratios) in coming to its in principle decision.
 - (iv) The in principle decision is valid for all **[insert year] [insert T-4 or T-1]** Auction Clearing Prices from the Price Cap down to and including the Minimum Acceptable Auction Bid of **[insert £/kW figure]**.

Capitalised terms used herein have the same meaning as in the Capacity Market Rules 2014 unless otherwise indicated.

DATED: [*]

Signed for and on behalf of **[FINANCIAL INSTITUTION]**

.....

Print name:

To be completed on the financial institution's headed notepaper

**EXHIBIT L: POST AUCTION DEBT FINANCING COMMITMENT
(SUBMITTED 5 MONTHS AFTER AUCTION RESULTS DAY)**

**[NAME OF FINANCIAL INSTITUTION]
[ADDRESS OF REGISTERED OFFICE]**

The following confirmations and declarations are made in respect of **[FINANCIAL INSTITUTION]** with respect to the following Large New Build CMU:

[Description of Large New Build CMU to be inserted],

(the "Relevant CMU")

a) The **[FINANCIAL INSTITUTION]** hereby confirms that:

- (i) It meets the definition of a qualifying bank under regulation 53(3) of the Electricity Capacity Regulations 2014 (SI 2014/2043)

b) The **[FINANCIAL INSTITUTION]** hereby declares that:

- (i) It has made an in principle decision to provide debt financing of **[insert £k figure]** to **[CAPACITY PROVIDER]** for the full development of the Relevant CMU, subject to due diligence.
- (ii) It (re)assessed the business case for the full development of the Relevant CMU, in the light of the Clearing Price obtained in the **[insert year] [insert T-4 or T-1]** Auction in coming to its in principle decision.
- (iii) It has taken into account its standard lending criteria (including coverage ratios) in coming to its in principle decision.
- (iv) It has taken into account the proposed equity level **[insert £k figure]** for the full development of the Relevant CMU, together with the amount **[insert £k figure]** to be provided from **[CAPACITY PROVIDER]**'s Own Group Resources, in coming to its in principle decision.

- (v) The in principle decision is valid for the **[insert year] [insert T-4 or T-1]** Auction Clearing Price of **[insert £/kW figure]**.
- (vi) It is actively taking forward discussions with **[CAPACITY PROVIDER]** on the basis of the declarations in points i) to v) to conclude the financing for the full development of the Relevant CMU.

Capitalised terms used herein have the same meaning as in the Capacity Market Rules 2016 unless otherwise indicated.

DATED: [*]

Signed for and on behalf of **[FINANCIAL INSTITUTION]**

.....

Print name:

To be completed on the financial institution's headed notepaper

**EXHIBIT M: POST AUCTION EQUITY FINANCING COMMITMENT
(SUBMITTED 5 MONTHS AFTER AUCTION RESULTS DAY)**

**[NAME OF INSTITUTION]
[ADDRESS OF REGISTERED OFFICE]**

The following declarations are made in respect of **[INSTITUTION]** with respect to the following Large New Build CMU:

[Description of Large New Build CMU to be inserted],

(the "**Relevant CMU**")

a) The **[INSTITUTION]** hereby declares that:

- (i) It has made an in principle decision to provide equity financing of **[insert £k figure]** to **[CAPACITY PROVIDER]** for the full development of the Relevant CMU, subject to due diligence.
- (ii) It has taken into account the Relevant Amount of Debt **[insert £k figure]** declared under Rule 5.5.14A for the full

development of the Relevant CMU, together with the amount [insert £k figure] to be provided from [CAPACITY PROVIDER]'s Own Group Resources in coming to its in principle decision.

- (iii) It has taken into account the Clearing Price obtained in the [insert year] [insert T-4 or T-1] Auction in coming to its in principle decision.
- (iv) The in principle decision is valid for the [insert year] [insert T-4 or T-1] Auction Clearing Price of [insert £/kW figure].
- (v) It is actively taking forward discussions with [CAPACITY PROVIDER] on the basis of the declarations in points i) to iv) to conclude the financing for the full development of the Relevant CMU.

Capitalised terms used herein have the same meaning as in the Capacity Market Rules 2014 unless otherwise indicated.

DATED: [*]

Signed for and on behalf of [INSTITUTION]

.....

Print name:

To be completed on the institution's headed notepaper

**EXHIBIT N: CAPACITY PROVIDER POST AUCTION RESOURCES
COMMITMENT (SUBMITTED 5 MONTHS AFTER AUCTION RESULTS
DAY)**

The following declarations are made in respect of [CAPACITY PROVIDER] with respect to the following Large New Build CMU:

[Description of Large New Build CMU to be inserted],

(the "Relevant CMU")

a) The [CAPACITY PROVIDER] hereby declares that:

- (i) It has obtained financial commitments from qualifying banks, as defined under article 53(3) of the Electricity Capacity Regulations 2014 (SI 2014/2043), for at least 100 per cent of the Relevant Amount of Debt **[insert £k figure]** declared pre-auction under Rule 5.5.14A for the full development of the Relevant CMU – as evidenced by Exhibit L declarations submitted alongside this declaration. These financial commitments are valid for the **[insert year] [insert T-4 or T-1]** Auction Clearing Price of **[insert £/kW figure]**. **[DELETE AS APPROPRIATE]**.
- (ii) The difference between the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, and the Relevant Amount of Debt **[insert £k figure]** declared pre-auction under Rule 5.5.14A of the Rules will be entirely financed by third party equity funding from outside its Own Group Resources. Financial commitments for at least 100 per cent of this equity level have been obtained – as evidenced by Exhibit M declarations submitted alongside this declaration. These financial commitments are valid for the **[insert year] [insert T-4 or T-1]** Auction Clearing Price of **[insert £/kW figure]**. **[DELETE AS APPROPRIATE]**.
- (iii) The difference between the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, and the Relevant Amount of Debt **[insert £k figure]** declared pre-auction under Rule 5.5.14A will be financed by a mix of third party equity funding and funding from its Own Group Resources. Financial commitments for at least 100 per cent of the third party equity component have been obtained – as evidenced by Exhibit M declarations submitted alongside this declaration, and Own Group Resources are available for the balance of the funding – as evidenced by an Exhibit O declaration signed by two directors of the relevant member of the Group confirming that a decision has been taken by the board of directors (or under powers properly delegated by that board) that such funding from Own Group Resources is available in principle . These financial commitments, including the Own Group Resources commitment for the balance of the funding, are valid for the **[insert year] [insert T-4 or T-1]** Auction Clearing Price of **[insert £/kW figure]**. **[DELETE AS APPROPRIATE]**.
- (iv) The difference between the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, and the Relevant Amount of Debt **[insert £k figure]** declared pre-auction under Rule 5.5.14A will be entirely financed by Own Group Resources. Own Group Resources are available for this level of funding – as evidenced

by an Exhibit O declaration signed by two directors of the relevant member of the Group confirming that a decision has been taken by the board of directors (or under powers properly delegated by that board) that such funding from Own Group Resources is available in principle. This financial commitment is valid for the **[insert year] [insert T-4 or T-1] Auction Clearing Price of [insert £/kW figure]. [DELETE AS APPROPRIATE].**

- (v) The full development of the Relevant CMU will not utilise debt funding. The full value of the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, will be funded will be entirely financed by third party equity funding from outside **[CAPACITY PROVIDER]'s Group**. Financial commitments for at least 100 per cent of this equity level have been obtained – as evidenced by Exhibit M declarations submitted alongside this declaration. These financial commitments are valid for the **[insert year] [insert T-4 or T-1] Auction Clearing Price of [insert £/kW figure]. [DELETE AS APPROPRIATE].**
- (vi) The full development of the Relevant CMU will not utilise debt funding. The full value of the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, will be funded by a mix of third party equity funding and Own Group Resources. Financial commitments for at least 100 per cent of the third party equity component have been obtained – as evidenced by Exhibit M declarations submitted alongside this declaration, and Own Group Resources are available for the balance of the funding – as evidenced by an Exhibit O declaration signed by two directors of the relevant member of the Group confirming that a decision has been taken by the board of directors (or under powers properly delegated by that board) that such funding from Own Group Resources is available in principle.. These financial commitments, including the Own Group Resources commitment for the balance of the funding, are valid for the **[insert year] [insert T-4 or T-1] Auction Clearing Price of [insert £/kW figure]. [DELETE AS APPROPRIATE].**
- (vii) The full development of the Relevant CMU will not utilise debt funding. The full value of the Total Project Spend, as declared under rule 3.7.2 **[insert £k figure]**, will be entirely financed by Own Group Resources. Own Group Resources are available for this level of funding, as evidenced by an Exhibit O declaration signed by two directors of the relevant member of the Group confirming that a decision has been taken by the board of directors (or under powers properly delegated by that board) that

such funding is available in principle. This financial commitment is valid for the [insert year] [insert T-4 or T-1] Auction Clearing Price of [insert £/kW figure]. [DELETE AS APPROPRIATE].

Capitalised terms used herein have the same meaning as in the Capacity Market Rules 2014 unless otherwise indicated.

DATED: [*]

Signed

.....
.....

Director

Director

Print name:

Print name:

To be executed by on behalf of the Applicant by the signature of two directors, unless Rule 1.3A (inserted by the Capacity Market (Amendment) Rules 2014) applies”.

**EXHIBIT O: CAPACITY PROVIDER POST AUCTION COMMITMENT –
OWN GROUP RESOURCES (SUBMITTED 5 & 11 MONTHS AFTER
AUCTION RESULTS DAY)**

The following declarations are made with respect to the following Large New Build CMU:

[Description of Large New Build CMU to be inserted],

(the “**Relevant CMU**”)

We, being directors of [insert name of company] (the “Company”) make the following declarations on behalf of the Company:

- (a) The Company is a member of the same Group as **[CAPACITY PROVIDER]**/The Company is the Capacity Provider for the purposes of this Exhibit **[delete as appropriate]**.
- (b) A decision has been made in principle by the Company's board of directors [(or under powers properly delegated by that board) **delete for a submission after 11 months**] to provide **[CAPACITY PROVIDER]** with **[insert £/k figure]** of funding meeting the definition of Own Group Resources, for the purposes of the full development of the Relevant CMU.
- (c) The in principle decision referred to paragraph (b) is valid for **the [insert year] [insert T-4 or T-1] Auction Clearing Price of [insert £/kW figure]**.

Capitalised terms used herein have the same meaning as in the Capacity Market Rules 2014 unless otherwise indicated.

DATED: [*]

Signed

.....

Director

Director

Print name:

Print name:

To be executed by on behalf of the Applicant by the signature of two directors, unless Rule 1.3A (inserted by the Capacity Market (Amendment) Rules 2014) applies".

PART 2

Obligation trading and volume reallocation

8. Amendments of Chapter 1

8.1 In Rule 1.2:

8.1.1 After the definition of “CMU” insert the definitions:

“CMU has the meaning given in Rule 9.2.4

Transferee

CMVR has the meaning given in Rule 10.1A.2

Registered

CMU

CMVR means a person who has been registered under Rule 10.1A.2”.

Registered

Participant

8.1.2 After the definition of “System Stress Event” insert the definition:

“TEC Register means the Transmission Entry Capacity Register and the Interconnector Register maintained by the national system operator”.³

8.1.1 In the definition of “Termination Event” insert at the end “or Rule 6.10.1A.

8.1.2 After the definition of “Traded Capacity Market Volume” insert the definitions:

“Transfer has the meaning given in Regulation 30A(1)

Period

Transferred has the meaning given in Regulation 30A(3)”.

Part

9. Amendments of Chapter 6

9.1 In Rule 6.10:⁴

9.1.1 In Rule 6.10.1, after “with respect to a Capacity Agreement” insert (other than a Capacity Agreement that has been transferred under Rule 9.2.4(a))”.

9.1.2 After Rule 6.10.1(g) insert:

“(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:

³ See <http://www2.nationalgrid.com/UK/Services/Electricity-connections/Industry-products/TEC-Register/>

⁴ Rule 6.10 is also amended by paragraph 4.3 and 18.2 of this Schedule.

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

9.1.3 After Rule 6.10.1 insert:

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

- (a) 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);
- (iii) paragraph (j) (providing electricity after an Opt-out Notification); and
- (iv) paragraph (n) (transfer etc. of a Generating Unit);

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)⁵ 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 during the

⁵ Paragraph (o) is inserted by paragraph 18.2 of this Schedule, subject to the transitional provisions of these Rules.

period in which the transferred Capacity Obligation applies to the CMU Transferee.

9.1.4 In Rule 6.10.2(a)(i), after “Rule 6.10.1” insert “or as the case may be Rule 6.10.1A”.

9.1.5 After Rule 6.10.2(f) insert:

“(g) Paragraph (f) applies notwithstanding that the period mentioned in paragraph (e) expires after the expiry of the Capacity Agreement.

9.1.6 After Rule 6.10.2 insert:

“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”.

9.1.7 In Rule 6.10.3 and in paragraphs (a) to (d) of Rule 6.10.3A, after each occurrence of “Capacity Agreement” insert “or Transferred Part”.

9.1.8 In Rule 6.10.3(a), after “Rule 6.10.1” insert “(including those grounds as applied by Rule 6.10.1A)”.

9.1.9 In Rule 6.10.3(b)(ii), for “or 6.10.1(g)” substitute “, 6.10.1(g), 6.10.1(ga) or 6.10.1(o), or in Rule 6.10.1A(b)”.

9.1.10 In Rule 6.10.3A:

- (a) in paragraph (a), for “(g), (k), (l) or (n)” substitute “(g), (ga), (k), (l), (n) or (o)” and after “Rule 6.10.1” insert “, paragraph (b) of Rule 6.10.1A”;
- (b) in paragraph (c), for “(g) or (l)” substitute “(g), (ga), (l) or (o)” and insert at the end “or paragraph (b) of Rule 6.10.1A”; and
- (c) in paragraph (d), after “Rule 6.10.1(g)” insert “, Rule 6.10.1(ga) or Rule 6.10.1A(b)(i)”.

10. Amendments of Chapter 7

10.1 In Rule 7.5:⁶

10.1.1 In Rule 7.5.1(p)(i), after “transferred part” insert “of the Capacity Obligation”.

10.1.2 In Rule 7.5.1(p)(iv)(aa) and (bb), after “transferred part” insert “of the Capacity Obligation”.

11. Amendments of Chapter 8

11.1 In Rule 8.3.3(f),⁷ after “Capacity Provider” insert “or CMVR Registered Participant”.

11.2 In Rule 8.5.3, in the definition of “ Σ_i ”, insert at the end “together with any CMU in respect of which an Acceptable Transferee is a CMVR Registered Participant”.

11.3 In Rule 8.6:

11.3.1 for the heading substitute “Determining the output of a Capacity Committed CMU or CMVR Registered CMU (E_{ij})”; and

11.3.2 after “delivered by a Capacity Committed CMU” insert “(or CMVR Registered CMU)”.

12. Amendments of Chapter 9

12.1 In Rule 9.2:⁸

12.1.1 For Rules 9.2.1 to 9.2.3 substitute:

“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 Registered Holder or 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 Registered Holder

⁶ Rule 7.5.1 is also amended by paragraph 5.2 of this Schedule

⁷ Rule 8.3.3(f) is also amended by paragraph 19.1 of this Schedule.

⁸ Rule 9.2 is also amended by paragraph 20.1 of this Schedule

or 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; and

- (c) 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”.]

12.1.2 In Rule 9.2.4(a):

- (a) omit “and” after sub-paragraph (ii); and
- (b) in sub-paragraph (iii), omit “of each”.

12.1.3 In Rule 9.2.5(a), for the words from “provided that” to the end substitute:

“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”.

12.1.4 In Rule 9.2.5(b)(iii) and (iv), for “which are not in” substitute “in respect of which there is not a”.

12.1.5 In Rule 9.2.5(c), for “and 9.2.4(c)” substitute “, 9.2.4(c) and 9.2.4(d).

12.1.6 After Rule 9.2.5 insert:

“9.2.5A This Rule 9.2.5A applies where the transfer of a Capacity Agreement under Rule 9.2.4(a) satisfies the following conditions:

- (a) the requests under Rule 9.3.1 are submitted to the Delivery Body at least five and at most ten Working Days before the first calendar day to which the Capacity Obligation to be transferred relates;
- (b) that Capacity Obligation is transferred for, or for periods falling within, a period of no more than 35 consecutive calendar days;
- (c) the CMU Transferee is not an Interconnector CMU; and
- (d) 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:
 - (i) where the CMU Transferee is a Transmission CMU, the lesser of that CMU’s:

- (aa) Transmission Entry Capacity, and
- (bb) Connection Capacity;
- (ii) where the CMU Transferee is a Distribution CMU, its Connection Capacity; or
- (iii) where the CMU Transferee is a DSR CMU, its Proven DSR Capacity,

as recorded in each case on the Capacity Market Register (or, in the case of Transmission Entry Capacity, the TEC Register).

Rule 9.2.5B Where Transmission Entry Capacity is shared by the Transferee CMU and one or more other Transmission CMUs (together the “TEC Sharers”):

- (a) the reference in Rule 9.2.5A(d) to all other Capacity Obligations in respect of the CMU Transferee is to be construed as including a reference to the Capacity Obligations of the other TEC Sharers; and
- (b) the references in Rule 9.2.5A(d)(i) to Transmission Entry Capacity and Connection Capacity are to be construed as references, respectively, to the shared Transmission Entry Capacity and Connection Capacity of the TEC Sharers.”.

12.1.7 In Rule 9.2.6:

- (a) in proviso (i) insert at the beginning “except where Rule 9.2.5A applies,”;
- (b) for paragraph (bb) of proviso (ii) substitute:
 - “(bb) has delivered a capacity at least equal to its De-rated Capacity or DSR Bidding 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;”.
- (c) omit “and” after proviso (iii); and
- (d) insert after proviso (iv):
 - “(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 the Distribution Connection Agreement or connection offer;
 - (vi) 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; and

- (vii) if the CMU Transferee is a DSR CMU, a person (“Q”) 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 Q, aggregated with all other Capacity Obligations in respect of that CMU that apply in any calendar day to which the transfer relates”.

12.1.1 In Rule 9.2.8, after “a person who” insert “satisfies the condition in Rule 9.2.8A and who.”

12.1.2 After Rule 9.2.8 insert:

“9.2.8A The condition referred to in Rule 9.2.8(e) is that , at the time of the request under Rule 9.3.1, the aggregate of the Capacity Obligations comprised in the Capacity Agreements transferred does not exceed the Transmission Entry Capacity recorded on the TEC Register in respect of the Capacity Committed CMU to which they relate.”.

12.2 In Rules 9.3.1, 9.3.3 and 9.3.4, after each occurrence of “Capacity Agreement” insert “or Transferred Part”.

12.3 Omit Rule 9.4.4.

13. Amendments of Chapter 10

13.1 In Rule 10:1:

13.1.1 In Rule 10.1.1, after “Capacity Providers” insert “, or CMVR Registered Participants”.

13.1.2 After Rule 10.1.2 insert:

“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.”.

13.2 After Rule 10.1 insert:

“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”, by giving notice to the Delivery Body:

- (a) stating that P wishes to participate in volume reallocation under this Chapter;

- (b) specifying the period for which P wishes to be so registered (which must consist of a whole number of calendar days and commence no earlier than 5 working days after the date of the application); 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, it 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:

- (a) notify the Settlement Body of the application; and
- (b) enter on the Capacity Market Register:
 - (i) that P is a CMVR Registered Participant for the period stated in the application, and
 - (ii) details of the CMU in respect of which P is so registered (the "CMVR Registered CMU").

13.3 In Rule 10.2:

13.3.1 In Rule 10.2.1, for the words from "Capacity" to the end, substitute "Capacity Provider or CMVR Registered Participant may, in respect of a CMU ("the CMVR Transferor"), allocate any or all of the Volume E_{ij} of that CMU to another CMU (the "CMVR Transferee") by way of a CMVRN."

13.3.2 In Rule 10.2.2, for "Capacity Provider or its Agent" substitute "Capacity Provider or CMVR Registered Participant, or its Agent,".

13.3.3 In Rule 10.2.3(a) for "CMVR Transferor and its CMU" substitute "Capacity Provider, or CMVR Registered Participant, and its CMVR Transferor".

13.3.4 In Rule 10.2.3(b), for "CMVR Transferee and its CMU" substitute "Capacity Provider, or CMVR Registered Participant, and its CMVR Transferee".

13.3.5 For Rule 10.2.3(c) substitute:

- "(c) one or more Settlement Periods to which the CMVRN relates (which may not be in a Delivery Year that falls within the Transition Period)".

13.3.6 For Rule 10.2.5 substitute:

"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.

14. Amendment of Chapter 14

14.1 Insert after Rule 14.3.1:

“14.3.1A The obligation of the BSCCo under Rule 14.3.1 applies in relation to a CMVR Registered CMU as it applies in relation to a Capacity Committed CMU, provided that the Settlement Body has received notification under Rule 10.1A.2(a) within the timescale referred to in Rule 14.3.3.”.

14.2 Insert after Rule 14.5.7:

“14.5.8 This Rule 14.5 applies to a CMVR Registered Participant as it applies to a Capacity Provider, and for that purpose any reference to “Capacity Committed CMU” is to be construed as reference to a CMVR Registered CMU.”.

PART 3

Miscellaneous and minor amendments

15. Amendments of Chapter 1

- 15.1** In Rule 1.2, in the definition of “Metering Assessment”, for the words from “an Existing CMU” to “Unproven DSR CMU” substitute “a CMU”.

16. Amendments of Chapter 3

- 16.1** In Rule 3.2:

16.1.1 In Rule 3.2.6(a), for “an Existing” substitute “a”.

16.1.2 In Rule 3.2.6(b), after “is” insert “or, in the case of a Prospective CMU, will be”.

16.1.3 In Rule 3.2.6(c):

- (a) omit “Existing” in both places it appears; and
- (b) after “rests” insert “or, in the case of a Prospective CMU, will rest”.

16.1.4 In Rule 3.2.7:

- (a) for the words before paragraph (a) substitute:

“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”;
- (b) in paragraphs (a) and (b), omit “Existing”.

- 16.2** After Rule 3.6B insert:

“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
 - (iii) that the Applicant Credit Cover previously provided has not been drawn down under Regulation 61.”.

17. Amendments of Chapter 4

- 17.1** In Rule 4.5.1(b)(ii), after “DSR CMU,” insert “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),”.
- 17.2** In Rule 4.5A:
- 17.2.1 In the heading, insert at the beginning “New Build Interconnector CMU and”.
- 17.2.2 In Rule 4.5A.1, after “Rule 3.10.3 applies” insert “or an Applicant for a New Build Interconnector CMU to whom Rule 3.6C.1 applies”.
- 17.2.3 In Rule 4.5A.2, after “Regulation 61 or” insert “(in the case of an Unproven DSR CMU)”.
- 17.3** In Rule 4.5B:
- 17.3.1 In the heading, insert at the beginning “New Build Interconnector CMU and”.
- 17.3.2 In Rule 4.5B.1(b), for “to whom Rule 3.10.1 applied” substitute “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)”.
- 17.3.3 In Rule 4.5B.2, after “Regulation 61 or” insert “(in the case of an Unproven DSR CMU)”.
- 17.3.4 In Rule 4.5B.6, omit “from a Capacity Provider of an Unproven DSR CMU”.
- 17.4** In Rule 4.5C, after “DSR CMU” insert “or a New Build Interconnector CMU”, and after “Regulation 61 or” insert “(in the case of an Unproven DSR CMU)”.

18. Amendments of Chapter 6

- 18.1** In Rule 6.8.2B, for “within” substitute “by the end of the last day of”.
- 18.2** In Rule 6.10:⁹
- 18.2.1 In Rule 6.10.1, after paragraph (m) omit “or” and after paragraph (n) insert:
- “; or
- (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”.
- 18.2.2 In Rule 6.10.2(a), for “Rule 6.10.1(a) to (n)” substitute “Rule 6.10.1(a) to (o)”.
- 18.2.3 In Rule 6.10.2(f)(ii), after “CM Settlement Body” insert “and the Authority”.
- 18.2.4 In Rule 6.10.3(a), for “or (n)” substitute “, (n) or (o)”.
- 18.2.5 In Rule 6.10.3A:
- (a) in paragraph (a), for “or (n)” substitute “, (n) or (o)”;
- (b) after paragraph (d), insert:

⁹ Rule 6.10 is also amended by paragraph 9.1 of this Schedule.

- “(e) Capacity Payments are repayable in respect of the period TP3, as defined in Regulation 43B(3)(c)¹⁰, where the Capacity Agreement is terminated on the ground specified in paragraph (o) of Rule 6.10.1.”.

18.3 At the end of Rule 6.11.4(b), insert “, with payment due no later than the end of the 5th such day”.

19. Amendments of Chapter 8

19.1 In Rule 8.3.3(f)(i),¹¹ after “Rule 3.6.4(a)” insert “, Rule 3.6A.3(a)”.

20. Amendment of Chapter 9

20.1 In Rule 9.2.10A(a):¹²

20.1.1 omit “Existing” in each place it appears; and

20.1.2 for “an” in the first place it appears, substitute “a”.

20.2 Omit Rule 9.5.1.

21. Amendment of Chapter 13

21.1 In Rule 13.4:

21.1.1 In the introductory words to Rule 13.4.1:

(a) omit “or Rule 13.4.3 as applicable”; and

(b) for “(subject to Rule 9.5.1)” substitute “or aggregate Capacity Obligations”.

21.1.2 In Rule 13.4.1(c), for “Settlement Period Penalties paid” substitute “capacity provider penalty charges paid under Regulation 41”.

21.1.3 In Rule 13.4.2, after “Generating CMU” insert “, a DSR CMU”.

21.1.4 Omit Rule 13.4.3.

21.1.5 In Rule 13.4.4 for “Rules 13.4.2 or 13.4.3” substitute “Rule 13.4.2”.

21.1.6 For Rule 13.4.6 substitute:

“13.4.6 If, in two or more months in which System Stress Events occur in a Delivery Year, a Capacity Committed CMU fails to achieve a calculation of E_{ij} of 1kWh in relation to at least one System Stress Event in each such month, then each obligation pursuant to Rule 13.4.1 that requires the demonstration of three Satisfactory Performance Days during a period shall instead be a requirement to demonstrate six Satisfactory Performance Days in the same such period.”

¹⁰ [Paragraph (c) of Regulation 43B(3) is inserted by the Electricity Capacity (Amendment) Regulations 2016.]

¹¹ Rule 8.3.3(f) is also amended by paragraph 11.1 of this Schedule

¹² Rule 9.2 is also amended by paragraph 12.1 of this Schedule

22. Amendment of Schedule 7

22.1 In Section F (Meters), after paragraph 15 insert:

“15A For Metering Systems that use a Meter that measures on a half hourly basis and is of Metering Type 1, 2 or 3, a Main Meter and a Check Meter shall be supplied by the Capacity Provider for each circuit.”

23. Amendment of Exhibits

23.1 In the following paragraphs, after “has” insert “or, in the case of a Prospective CMU, will have”:

paragraph (a)(ii) of Exhibit F;

paragraph (a)(ii) of Exhibit G;

paragraph (c) of Exhibit H; and

paragraph (b) of Exhibit I.