



**Capacity Market Launch - Frequently Asked Questions (FAQs)**

**Issue # 5**

**Dated: 09/12/2014**

*These FAQs address queries raised by stakeholders to date. These FAQs are for information only and do not supersede or replace the requirements contained in The Capacity Market Rules 2014 and The Electricity Capacity Regulations 2014. These FAQs do not constitute legal or investment advice and prospects are urged to consult their professional advisors. It is our intention to keep these FAQs under review and to publish revised issues from time-to-time.*

#	Question	DECC response	Rules and Regulations	Date
38	What are DECC's and/or the Delivery Body's plan in respect of announcing the results of the auction?	<p>We have agreed with the Delivery Body that, subject to Ministerial approval, DECC will publish provisional auction results at 7a.m the day after the auction clears, and before final auction results are published. A link to the provisional results will be provided on the Capacity Market collections page <a href="#">here</a> and we will issue a stakeholder bulletin to alert stakeholders when the provisional results are available. To note, the provisional results will only be made available to DECC if the Auction Monitor sanctions their release.</p> <p>These would not be final results as the Secretary of State will commence his review of the auction and will take into consideration the full findings of the Auction Monitor. If the Secretary of State is satisfied that there are no grounds for annulling the auction, in accordance with regulation 27 of the Capacity Market Regulations 2014, the Delivery Body will publish the final auction results at <a href="http://www.emrdeliverybody.com">www.emrdeliverybody.com</a>. Regulation 27 requires the Secretary of State to form a view within 7 working days about whether the auction should be annulled. We have decided that the Secretary of State will take all of this permitted time and for the avoidance of doubt the review will not be concluded any earlier than the allotted time.</p> <p>The earliest the Delivery Body could publish the final auction results is 30<sup>th</sup> December (if the auction clears on the first day) and the latest is 5<sup>th</sup> January (if the auction clears on the last day).</p>		09/12/2014

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39	<p>Some capacity market bidders have issued securities which are traded on regulated markets and accordingly are bound by the Disclosure and Transparency Rules established under the Market Abuse Directive. Notwithstanding, the capacity market confidentiality provisions, certain of these bidders may come to the view that their end-auction position constitutes inside information and accordingly must be immediately disclosed. What is the position regarding this?</p>	<p>DECC officials have consulted the Financial Conduct Authority and have concluded that it is plausible that certain bidders may feel they are obliged to immediately disclose and in several cases the disclosure could be to the public at large, rendering it impossible to protect confidentiality. Concerns were also expressed by bidders as to a lack of a certain date when provisional results become final or are otherwise annulled - meaning new information could arrive in the market on any of the provided days up to the time limit.</p> <p>In the interest of an orderly release of information, we anticipate publishing a provisional set of auction results, see FAQ 38. By doing so, we hope the potential conflict which stakeholders identified between their duties under the Disclosure and Transparency Rules and the confidentiality requirements of the Capacity Market can be avoided.</p>		09/12/2014
40	<p>What does the potential legal challenge to the Capacity Market state aid decision mean for the forthcoming capacity auction?</p>	<p>The Government is aware of potential legal challenges to the European General Court in relation to the state aid approval for the Capacity Market. This will have no impact on the Government's intention to run a capacity auction next week.</p> <p>Following extensive consideration of the issues raised by the potential challengers, the European Commission recently concluded that the Capacity Market is compatible with the requirements of European rules on state aid.</p>		09/12/2014