



Department  
of Energy &  
Climate Change

# Capacity Market Settlement Body

14 November 2013

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## Aim

Does the group have any concerns, questions or suggestions in relation to the proposed approach?

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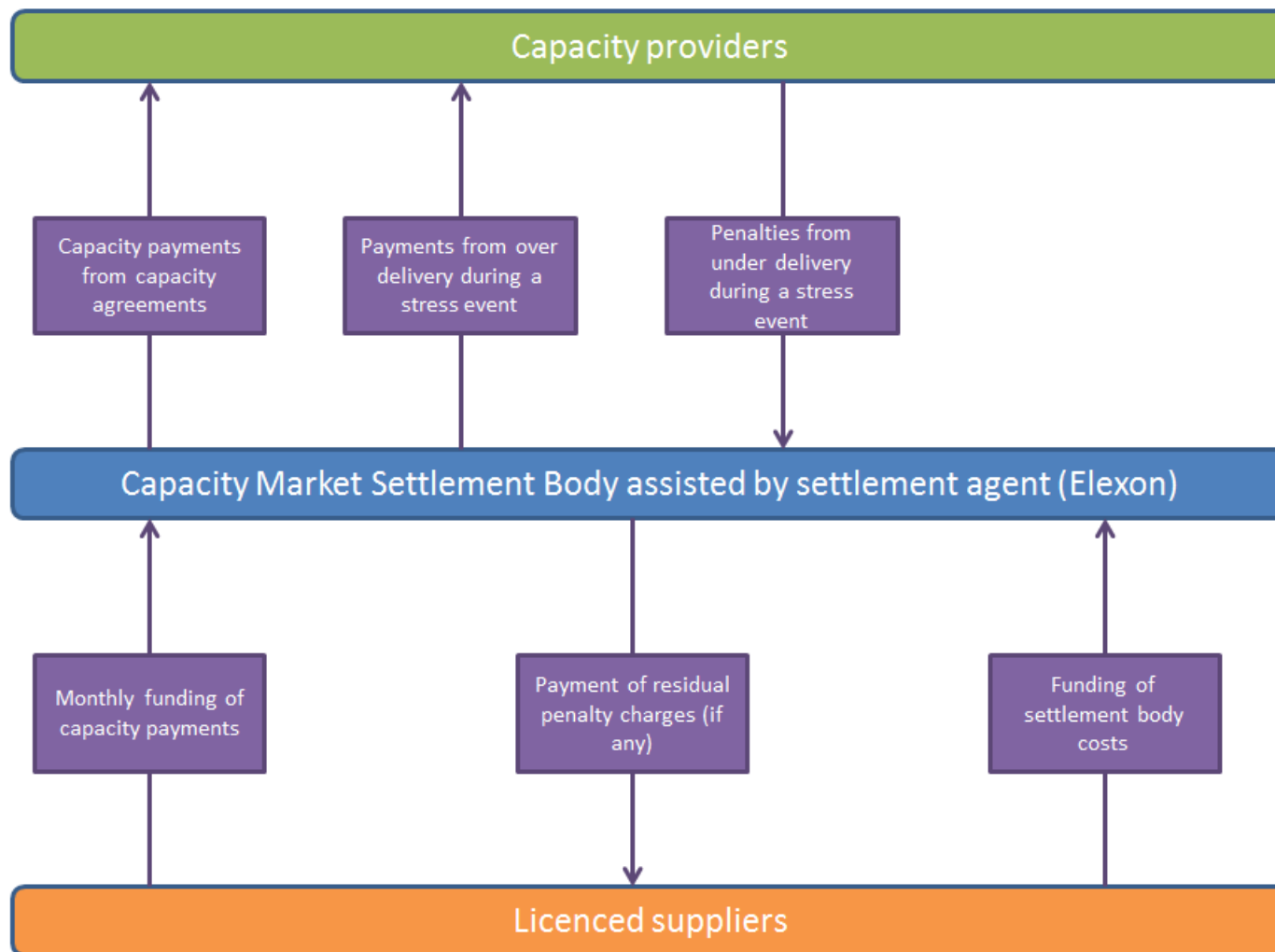
# Why we are setting up a Settlement Body

- Capacity Market requires payments to flow between suppliers and capacity providers
- These payments are likely to be classified as a tax and a public body must be responsible and accountable for collecting the tax
- A new Government company, set up to mirror the CfD counterparty as much as is legally and practically possible is the most efficient option
- It must be legally separate from CfD counterparty to isolate the payment flows of the two bodies

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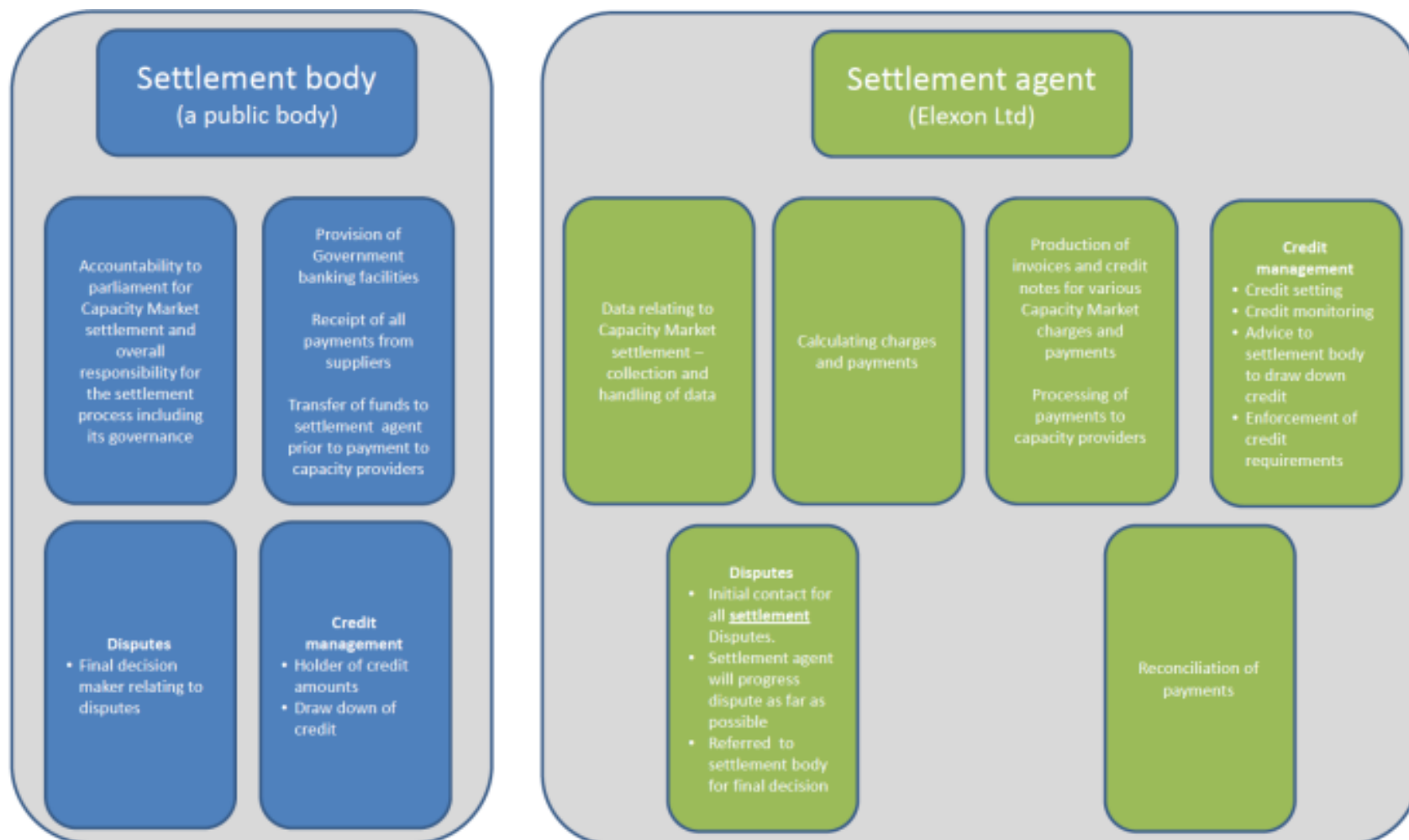


# Payment Flows - Summary



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# Settlement Body & Agent roles



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# Synergies with the CfD counterparty

- Board
- Staff
- Services and systems
- Infrastructure
- Governance arrangements
- But it must be legally separate and operated as a genuinely separate entity

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## Timeline

September/ Oct 2014	Bid bonds & collateral for CM auction (possible role for CMSB)
Summer 2015	Bid bonds and collateral for CM auction & DSR transitional auction to be held by CMSB
October 2016	First DSR transitional payments start
October 2018	Full payments begin

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