

PWC summary notes of EMR Capacity Market Collaborative Development workshops – 13 & 14 August

Please find below a short summary of the key topics which were discussed at the EMR Collaborative Development workshops on 13 and 14 August.

This summary will be in addition to the more detailed record of discussions which will be made available in due course.

13 August

The morning session of the first day was devoted to the "handle a demand curve" process, and focused on:

- whether there will be a transparent "rule book" used by NG to determine a demand curve
- the process for de-rating plant
- the need for a clear time line of key process events
- whether there should be more industry involvement after the initial data gathering
- the way in which the volume of capacity for the year-ahead auction would be determined.

The afternoon session considered the "manage pre-qualifications" process and focused on:

- the definition of responsible party
- the scope for a "shadow" process, in advance of legislation, which would allow participants to spread the work of submitting data
- the scope to use the Balancing Mechanism Unit (BMU) as a starting point for the definition of CMUs.
- the information that will be published through the "pre-qualification" process

14 August

We began discussions by considering "timelines" and then focused on two processes: "handle a pre-qualification", and "handle an auction".

In the context of "timelines", views were sought on how much time might be required to get Board sign-off prior to pre-qualification and participation in the auction process. Views were also canvassed on the extent to which participants could rely on a version of the demand curve which was not adjusted for opt-outs or de-rated.

In the context of "handle a pre-qualification", the discussion touched on:

- the extent to which the de-rating methodology will be prescribed
- whether National Grid could pre-populate forms
- the nature and timing of appeals
- the definition of a Capacity Market Unit (CMU)
- who would be responsible for the pre-qualification of a CMU, and
- the information required through the pre-qualification process.

In the context of the "handle an auction" process, the discussion focused on:

- the way in which Demand Side Reduction would be handled
- whether it will be feasible to complete the auction process within a day (or, whether a week-long process might be more realistic, at least initially)
- whether the size of price detriments ("tick size") should be fixed or determined dynamically, reflecting the particular circumstances of an auction

- National Grid's proposal to make available a "sand pit" to allow participants to test systems
- the role of the auction trustee, monitor and auditor
- the information that will be published following an auction
- the extent to which auction participants should be able choose between options, and whether to hold a "mock auction".