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DRAFT CAPACITY MARKET (AMENDMENT)(NO.2) RULES 2014

1. Citation, commencement and interpretation

1.1 These Rules may be cited as Capacity Market (Amendment)(No.2) Rules 2014.

1.2 These Rules come into force on [date].

1.3 In these Rules:

1.3.1 “the Rules” means the Capacity Market Rules 2014 as amended by the Capacity Market (Amendment) Rules 2014¹;

1.3.2 a reference to a Rule alone is a reference to the Rule 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 to the Rules

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

Name
Minister of State
Department of Energy and Climate Change

[Date]

¹ The Capacity Market (Amendment) Rules 2014 were made on 21 August 2014 and came into force on 22 August 2014.

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SCHEDULE

Amendments to the Rules

1. In Rule 1.2:

1.1 After the definition of “**Boundary Point**” insert:

“**BREF** means the document produced by the European Commission with the title, “Integrated Pollution Prevention and Control, Reference Document on Best Available Techniques for Large Combustion Plants”, dated July 2006.”.

1.2 After the definition of “**Contractual DSR Control**” insert:

“**Core Generating Plant** means any combination of generators, turbines and other machinery or devices which transform energy from a fuel source into mechanical or electrical form (or both) which are connected physically and operated together as part of one Generating Unit.”.

1.3 After the definition of “**Export**” insert:

“**Extended-years Criteria** means:

(a) for each Generating Unit of the CMU (“C”) included in the Application, the Core Generating Plant is:

(i) new plant; or

(ii) a combination of new plant and plant which is rebuilt, where the rebuilt plant has a life expectancy, efficiency and performance standard equivalent to that of new plant of the same type;

(b) C will, when completed, meet the efficiency standards set out in the BREF for new combustion plant of the same type as C (to the extent that there are such standards in the BREF applicable to C);

(c) where C is on the site of another Existing Generating CMU (“D”), the Anticipated De-rated Capacity of C is additional to that of D; and

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(d) where C is an Existing Generating CMU and its Core Generating Plant is intended to be replaced or rebuilt, C would be closed down, decommissioned or otherwise rendered non-operational by the commencement of the first Delivery Year to which the Capacity Auction relates if the intended replacement or rebuilding does not take place.”.

1.4 In the definition of “**Maximum Obligation Period**”, for paragraph (a) substitute:

“(a) fifteen Delivery Years for a Prospective Generating CMU where:

(i) that CMU meets the Extended-years Criteria; and

(ii) in respect of that CMU, the Applicant has stated pursuant to Rule 3.7.2(d) that Qualifying £/kW Capital Expenditure is equal to or greater than the Fifteen Year Minimum £/kW Threshold, including the first Delivery Year for which the Capacity Agreement is awarded;”.

1.5 In Rule 3.7.2, for paragraph (a) substitute:

“(a) a brief description of the nature of the construction, repowering or refurbishment works to be undertaken and, where the Applicant has stated pursuant to Rule 3.7.2(d) that Qualifying £/kW Capital Expenditure is equal to or greater than the Fifteen Year Minimum £/kW Threshold, confirmation that the Extended-years Criteria are met in respect of the CMU and a description of how they are met;”.

1.6 After Rule 8.3.6 insert:

“8.3.6A Satisfying the Extended-years Criteria

(a) This Rule applies where a Prospective Generating CMU has been awarded a Capacity Agreement with a duration of more than three Delivery Years.

(b) The relevant Capacity Provider must provide to the Delivery Body a certificate from the Independent Technical Expert who provides the certificate required by Rule 8.3.6(a) confirming that the Extended-years Criteria have been satisfied in respect of the CMU.

(c) Paragraph (b) must be satisfied by no later than the time by which the certificate is required to be provided which satisfies Rule 8.3.6(a)(iii).

(d) Where paragraph (b) is satisfied and:

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(i) Rule 8.3.6(b) and (c) do not apply, the duration of the Capacity Agreement is not reduced; or

(ii) Rule 8.3.6(b) or (c) applies, the duration of the Capacity Agreement is reduced as applicable.

(e) Where paragraph (b) is not satisfied, the duration of the Capacity Agreement is reduced to:

(i) three years, where a certificate is provided which satisfies Rule 8.3.6(a)(ii) or (iii); or

(ii) one year, where a certificate is provided which satisfies Rule 8.3.6(a)(i) or Rule 8.3.6(c) applies.

(f) Where paragraph (e) applies, the Delivery Body must update as applicable the duration of the Capacity Agreement in the Capacity Market Register.”.