



**Capacity Market - Frequently Asked Questions (FAQs) 2015 Issue # 1**

**Dated: 29/06/2015**

*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 and The Electricity Capacity Regulations. 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
1	Regulation 59(2)(b) of the Electricity Capacity Regulations 2014 states that the amount of credit cover to be provided in a transitional auction is an amount equal to £500/MW. However, if an applicant for a Prequalified DSR CMU subsequently nominates a lower bidding capacity ahead of the auction (in accordance with rule 5.5.11), under regulation 60(2) it is required to maintain credit cover at an increased level of £5,000/MW. Is this intentional, and will this requirement be enforced?	The policy intent is that credit cover for DSR CMUs participating in the transitional auctions should be maintained at the level of £500/MW, as set out under regulation 59(2)(b). As long as applicants for the transitional auctions maintain credit cover at £500/MW this will be accepted by the Electricity Settlements Company. See here for a link to Ofgem's statement on this issue: <a href="http://www.ofgem.gov.uk/publications-and-updates/open-letter-requirements-credit-cover-demand-side-response-capacity-market-units-prequalified-capacity-market-transitional-auction">www.ofgem.gov.uk/publications-and-updates/open-letter-requirements-credit-cover-demand-side-response-capacity-market-units-prequalified-capacity-market-transitional-auction</a>	regulation 59(2)(b) and 60(2)	29.06.15
2	What support functions should I include as part of my auxiliary load?	The volume of the auxiliary load is determined by the applicant, as set out in the capacity market regulations it is the load used by that generating unit for purposes directly related to its operation. We acknowledge that sites vary and can have other demand connected. Therefore we have provided the following guidance:	regulation 2(1) definition of "auxiliary load"	29.06.15

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		<ul style="list-style-type: none"> <li>• <b>CMUs that are BMUs</b> – continue determining metered volume as specified under the BSC for each applicable BMU and where the auxiliary loads are separately metered under a separate BMU, i.e. a generation BMU and a demand BMU, the applicant should identify the relevant demand BMU and account for it in their Capacity Obligation.</li> <li>• <b>CMUs that are partial BMUs, non-CMRS CMUs and sites where the Station/Unit Transformers are supplying multiple CMUs</b> - the applicant must decide what functions are included within their auxiliary load and how their auxiliary load should be proportioned between generators where a transformer is shared. Applicants are required to reflect all load and generation on site in their line diagrams as required under Rule 3.6.4.</li> </ul>		