

The Capacity Market (Amendment) (No. 4) Rules 2017

Presented to Parliament pursuant to Section 41(9) of the
Energy Act 2013

The Capacity Market (Amendment) (No.4) Rules 2017

1. Citation and commencement

1.1 These Rules may be cited as the Capacity Market (Amendment) (No. 4) Rules 2017.

1.2 These Rules come into force on 21 December 2017.

1.3 In these Rules:

1.3.1 “the Rules” means the Capacity Market Rules 2014 as amended by:

- (a) the Capacity Market (Amendment) Rules 2014;
- (b) the Capacity Market (Amendment) (No. 2) Rules 2014;
- (c) the Capacity Market (Amendment) Rules 2015;
- (d) the Capacity Market (Amendment) (No. 2) Rules 2015;
- (e) the Capacity Market (Amendment) Rules 2016;
- (f) the Capacity Market (Amendment) (No. 2) Rules 2016;
- (g) the Capacity Market (Amendment) (No. 3) Rules 2016;
- (h) the Capacity Market (Amendment) Rules 2017;
- (i) the Capacity Market (Amendment) (No. 2) Rules 2017;
and
- (j) the Capacity Market (Amendment) (No.3) Rules 2017.

1.3.2 a reference to a Chapter, Rule or numbered Schedule by number alone is a reference to the Chapter, Rule or Schedule 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. Application

- 2.1** The amendments made by Parts 1 and 2 of the Schedule to these Rules do not apply in respect of any Capacity Agreement that has been awarded as a result of a Capacity Auction held before these Rules come into force.
- 2.2** The amendments made by paragraph 10.1 of the Schedule to these Rules in respect of items 1 to 5 and 30 to 34 in the table to be substituted for the table in Schedule 3 to the Rules do not apply in respect of any Capacity Agreement awarded as a result of a Capacity Auction held in the Auction Window 1 September 2017 to 31 July 2018.

3. Amendments

- 3.1** The Rules are amended as set out in the Schedule to these Rules.

December 2017

Richard Harrington
Parliamentary Under Secretary of State
Minister for Energy and Industry
Department for Business, Energy & Industrial Strategy

SCHEDULE

PART 1

Satisfactory Performance Days and extended performance

1. Amendments to Chapter 6 (Capacity Agreements) in respect of Satisfactory Performance Days and extended performance

1.1 In Rule 6.10.1:

1.1.1 in Rule 6.10.1(p), omit “or”; and

1.1.2 after Rule 6.10.1(q), insert:

“(r) where the Capacity Committed CMU is subject to, and fails to satisfy, the requirements of Rule 13.4.1ZA(a) (or Rule 13.4.1ZE(b), where applicable) in respect of a Capacity Agreement awarded as a result of a Capacity Auction held after the coming into force of the Capacity Market (Amendment) (No. 4) Rules 2017; and

(s) where the Capacity Committed CMU is subject to, and fails to satisfy, the requirements of Rule 13.4A.7(a) (or Rule 13.4A.11(b), where applicable) in respect of a Capacity Agreement awarded to the CMU as a result of a Capacity Auction held after the coming into force of the Capacity Market (Amendment) (No. 4) Rules 2017.”

1.2 In Rule 6.10.1A:

1.2.1 in Rule 6.10.1A(a)(iv), omit “and”; and

1.2.2 after Rule 6.10.1A(v), insert:

“(vi) paragraph (r) (Satisfactory Performance Days); and

(vii) paragraph (s) (extended performance).”

1.3 In Rule 6.10.2(a), for “Rule 6.10.1(a) to (q)”, substitute “Rule 6.10.1(a) to (s)”.

1.4 After Rule 6.10.3(h), insert:

“(i) Where a Capacity Agreement or a Transferred Part in respect of such a Capacity Agreement, is terminated on

either or both of the grounds specified in Rule 6.10.1(r) and Rule 6.10.1(s), the Capacity Provider is liable to pay the termination fee specified in paragraph (j) in accordance with Regulation 43.

- (j) The amount of the termination fee payable under Rule 6.10.3(i) is TF4, as determined in accordance with Regulation 43(3).”

1.5 After Rule 6.10.3A(ca), insert:

- “(cb) Where a Capacity Agreement, or a Transferred Part in respect of such a Capacity Agreement, is terminated on either or both of the grounds specified in Rule 6.10.1(r) and Rule 6.10.1(s), the Capacity Provider is liable to repay Capacity Payments in accordance with Regulation 43B.

1.6 In Rule 6.10.3A(d), after “Rule 6.10.1(ga)”, insert “, Rule 6.10.1(r)”.

2. Amendments to Chapter 9 (transfers and testing – Satisfactory Performance Days)

2.1 For Rules 9.5.1 and 9.5.2, substitute:

- “9.5.1 A Capacity Committed CMU must satisfy the requirements of Rule 13.4.1 (and will be subject to the consequences set out in Rule 13.4.1) irrespective of whether some or all of the Capacity Obligations to which the testing requirements related have since been transferred pursuant to this Chapter 9, subject to this Rule 9.5.
- 9.5.2 In the case of a Capacity Committed CMU that has transferred part of its Capacity Obligation for the period from 1 January to 30 April (both dates inclusive) of a Delivery Year under Rule 9.2.4(a), in Rule 13.4.1, for the words from “on three separate days” to the end, substitute “on three separate days (each a “Satisfactory Performance Day”) of which at least two Satisfactory Performance Days must occur during the period from 1 October to 31 December (both dates inclusive) and one Satisfactory Performance Day must occur during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year”.
- 9.5.3 In the case of a Capacity Committed CMU that has transferred all of its Capacity Obligation for the period from 1 January to 30 April (both dates inclusive) of a Delivery Year under Rule 9.2.4(a):

- (a) in Rule 13.4.1, for the words “at least one Satisfactory Performance Day occurring during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year”, substitute “at least one Satisfactory Performance Day occurring during the period from 1 May to 31 July (both dates inclusive) of the relevant Delivery Year”; and
- (b) if the Capacity Committed CMU fails to satisfy the requirements of Rule 13.4.1 (as modified) in the relevant Delivery Year:
 - (i) Rule 13.4.1ZA(a) does not apply;
 - (ii) in Rule 13.4.1ZA(b), for the words “1 May in that Delivery Year until the later of 1 June in that Delivery Year”, substitute “1 August in that Delivery Year until the later of 30 September in that Delivery Year”; and
 - (iii) Rule 13.4.1ZB applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule 13.4.1ZA(a).

9.5.4 In the case of a Capacity Committed CMU that has transferred all of its Capacity Obligation for the period from 1 January to 30 September (both dates inclusive) of a Delivery Year under Rule 9.2.4(a):

- (a) in Rule 13.4.1, for the words “three separate days (each a “Satisfactory Performance Day”) during the Winter of the relevant Delivery Year, with at least one Satisfactory Performance Day occurring during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year”, substitute “two separate days (each a “Satisfactory Performance Day”) during the period from 1 October to 31 December (both dates inclusive) of the relevant Delivery Year”;
- (b) if the Capacity Committed CMU fails to satisfy the requirements of Rule 13.4.1 in the relevant Delivery Year:
 - (i) Rule 13.4.1ZA does not apply; and
 - (ii) Rule 13.4.1ZB applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule 13.4.1ZA(a).

9.5.5 In the case of a CMU Transferee to which a Capacity Obligation has been transferred for a period that does not include any days during the period from 1 January to 30 April (both dates inclusive) of a Delivery Year, in Rule 13.4.1, omit

the words “with at least one Satisfactory Performance Day occurring during the period from 1 January to 30 April (both dates inclusive) of the relevant Delivery Year”.

- 9.5.6 In the case of a Capacity Committed CMU that has transferred all of its Capacity Obligation for an entire Delivery Year under Rule 9.2.4(a), Rule 13.4.1 does not apply to that Capacity Committed CMU in that Delivery Year.
- 9.5.7 In the case of a Capacity Committed CMU that has transferred all Capacity Agreements relating to that CMU outright under Rule 9.2.4(b) for a Delivery Year, Rule 13.4.1 does not apply to that Capacity Committed CMU in that Delivery Year.”

3. Amendments to Chapter 9 (transfers and testing – extended performance)

3.1 After Rule 9.5.7, insert:

- “9.5.8 A Capacity Committed CMU must satisfy the extended performance requirements in Rule 13.4A.2 (and will be subject to the consequences set out in Rule 13.4A) irrespective of whether some or all of the Capacity Obligations to which the extended performance requirements related have since been transferred pursuant to this Chapter 9, subject to this Rule 9.5.
- 9.5.9 In the case of a Capacity Committed CMU that has transferred part or all of its Capacity Obligation under Rule 9.2.4(a) for the period from 1 January to 30 April (both dates inclusive) of a Delivery Year:
 - (a) Rule 13.4A.2(a) is modified so that the Capacity Committed CMU must demonstrate extended performance:
 - (i) in the period from 1 October to 31 December of the relevant Delivery Year (both dates inclusive);
or
 - (ii) in the period from 1 May to 31 July of the relevant Delivery Year (both dates inclusive);
and
 - (b) if the Capacity Committed CMU fails to satisfy the requirements of 13.4A.2(a) (as modified):
 - (i) Rule 13.4A.7(a) does not apply;
 - (ii) in Rule 13.4A.7(b), for the words “from 1 May” to the end, substitute the words “from 31 July”;
and

- (iii) Rule 13.4A.8 applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule 13.4A.7(a).

9.5.10 In the case of a Capacity Committed CMU that has transferred part or all of its Capacity Obligation under Rule 9.2.4(a) for the Winter of a Delivery Year:

- (a) Rule 13.4A.2 is modified so that the Capacity Committed CMU must demonstrate extended performance in the period from 1 May to 31 July of the relevant Delivery Year (both dates inclusive); and
- (b) If the Capacity Committed CMU fails to satisfy the requirements of 13.4A.2(a) (as modified):
 - (i) Rule 13.4A.7(a) does not apply;
 - (ii) in Rule 13.4A.7(b), for the words “from 1 May” to the end, substitute “from 31 July”; and
 - (iii) Rule 13.4A.8 applies as if the Capacity Committed CMU had been subject to and failed to satisfy the requirements of Rule 13.4A.7(a).

9.5.11 In the case of a Capacity Committed CMU that has transferred all Capacity Agreements relating to that CMU outright under Rule 9.2.4(b) for a Delivery Year, Rule 13.4A.2 does not apply to that Capacity Committed CMU in that Delivery Year.

9.5.12 In the case of a Transferee to which a Capacity Obligation has been transferred for a period that does not include any days during Winter of a Delivery Year, for Rule 13.4A.2(a), substitute:

- “(a) at least once during the period from 1 May to 30 September (both dates inclusive); and”.

4. Amendments to Chapter 13 (testing regime – Satisfactory Performance Days)

4.1 For Rule 13.4.1, substitute:

“13.4.1 Subject to Rules 13.4.1A, 13.4.1B, and the modifications in Chapter 9, a Capacity Committed CMU must demonstrate to the Delivery Body in accordance with Rule 13.4.2 capacity at a level equal to or greater than its Capacity Obligation or aggregate Capacity Obligations for at least one Settlement Period (which Settlement Periods may fall within a System Stress Event) on three separate days (each a “Satisfactory

Performance Day”) during the Winter of the relevant Delivery Year, of which at least one Satisfactory Performance Day must occur during the period from 1 January to 30 April (both dates inclusive) for that Delivery Year.”

4.2 After Rule 13.4.1, insert:

“13.4.1ZA If the Capacity Committed CMU fails to satisfy the requirements of Rule 13.4.1 in the relevant Delivery Year:

- (a) the Capacity Committed CMU must demonstrate three additional Satisfactory Performance Days:
 - (i) during the period from 1 May to 31 July (both dates inclusive); or
 - (ii) if Rule 13.4.1ZE applies, the period specified in Rule 13.4.1ZE(b); and
- (b) the Capacity Committed CMU’s entitlement to Capacity Payments is suspended in accordance with the Regulations from 1 May in that Delivery Year until the earliest date that applies:
 - (i) if the third Satisfactory Performance Day required by Rule 13.4.1ZA(a) is demonstrated on or before 1 June in that Delivery Year, 1 June in that Delivery Year;
 - (ii) if the third Satisfactory Performance Day required by Rule 13.4.1ZA(a) is demonstrated on or before 31 July in that Delivery Year, the date of the third Satisfactory Performance Day;
 - (iii) if Rule 13.4.1ZC(a) applies, the date specified in Rule 13.4.1ZC(c);
 - (iv) if Rule 13.4.1ZD(a) applies, the date specified in Rule 13.4.1ZD(c); and
 - (v) if Rule 13.4.1ZE(a) applies, the date specified in Rule 13.4.1ZE(c).

- 13.4.1ZB If the Capacity Committed CMU is subject to, and fails to satisfy the requirements of, Rule 13.4.1ZA(a), the Capacity Agreement of the Capacity Committed CMU will be terminated in accordance with Rule 6.10.1(r).
- 13.4.1ZC
- (a) Paragraphs (b) and (c) apply if a Capacity Committed CMU has received a Termination Notice in relation to termination on the ground specified in Rule 6.10.1(r) and, after reconsideration under Regulation 69 by the Delivery Body or an appeal to the Authority under Part 10 of the Regulations, the Delivery Body does not terminate the Capacity Agreement.
 - (b) The Capacity Committed CMU will not be required to perform any further Satisfactory Performance Days in the relevant Delivery Year.
 - (c) If a decision of the Delivery Body has resulted in the incorrect suspension of one or more Capacity Payments under Rule 13.4.1ZA(b), those Capacity Payments should be paid to the Capacity Committed CMU as soon as practicable after the Reconsidered Decision or the appeal to the Authority is determined.
- 13.4.1ZD
- (a) Paragraphs (b) and (c) apply if a Capacity Committed CMU has received a Termination Notice in relation to termination on the ground specified in Rule 6.10.1(r) and the Secretary of State has directed the Delivery Body to withdraw the Termination Notice under Regulation 33(2)(a).
 - (b) The Capacity Committed CMU will not be required to perform any further Satisfactory Performance Days in the relevant Delivery Year.
 - (c) The Capacity Committed CMU's entitlement to Capacity Payments is suspended under Rule 13.4.1ZA(b) from 1 May in the relevant Delivery Year until the earlier of:
 - (i) the date of the direction to withdraw the Termination Notice; and

(ii) the end of that Delivery Year.

- 13.4.1ZE (a) Paragraphs (b) and (c) apply if a Capacity Committed CMU has received a Termination Notice in relation to termination on the ground specified in Rule 6.10.1(r) and the Secretary of State has, under Regulation 33(2)(b), extended the date by which the Capacity Committed CMU must have demonstrated the three additional Satisfactory Performance Days required by Rule 13.4.1ZA(a).
- (b) The Capacity Committed CMU must demonstrate three Satisfactory Performance Days during the period from 1 May in the relevant Delivery Year to the extended date (both dates inclusive).
- (c) The Capacity Committed CMU's entitlement to Capacity Payments is suspended under Rule 13.4.1ZA(b) from 1 May in the relevant Delivery Year until the Capacity Committed CMU has complied with paragraph (b) or the end of that Delivery Year (whichever is earlier).

13.4.1ZF In the case of a Capacity Committed CMU that was a New Build CMU, Rule 13.4.1ZB applies from the start of its first full Delivery Year as a Capacity Committed CMU."

4.3 In Rule 13.4.1A, after "Rule 13.4.1," insert "13.4.1ZA and 13.4.1ZE(b),".

4.4 In Rule 13.4.1B:

4.4.1 after "in Rule 13.4.1," insert " 13.4.1ZA and 13.4.1ZE(b),";

4.4.2 for "instead of Rule 13.4.1", substitute "to meet the requirements of Rule 13.4.1, 13.4.1ZA or 13.4.1ZE(b)"; and

4.4.3 omit the words "(subject to Rule 9.5.1)".

4.5 In Rule 13.4.1C, after "Rule 13.4.1" insert ", 13.4.1ZA and 13.4.1ZE(b)".

4.6 For Rule 13.4.2, substitute:

"13.4.2 The Capacity Provider of a Generating CMU, a DSR CMU or an Interconnector CMU must notify the Delivery

Body by the following dates (if applicable) of the occurrence of the requisite number of Satisfactory Performance Days it has demonstrated:

- (a) by the end of Winter;
- (b) if Rule 13.4.1ZA applies, by 1 August of the Delivery Year;
- (c) if Rule 13.4.1ZE applies, by the extended date given by the Secretary of State under Regulation 33(2)(b); and
- (d) where the Satisfactory Performance Days have been demonstrated in accordance with Rule 13.4.1B, must specify in the notification that this is the case and the DSR CMUs and Non-CMRS Distribution CMUs to which this applies.”

4.7 In Rule 13.4.4:

4.7.1 for “and”, substitute “or”; and

4.7.2 for “Rule 13.4.1(a)”, substitute “Rule 13.4.1ZA(a) or Rule 13.4.1ZE(b)”.

4.8 For Rule 13.4.6 substitute:

“13.4.6 The Delivery Body must notify the CM Settlement Body of:

- (a) any failure by a Capacity Committed CMU to satisfy its obligations under Rule 13.4.1 that suspends the Capacity Committed CMU’s entitlement to Capacity Payments;
- (b) if any suspended Capacity Payments should be paid to the Capacity Committed CMU under Rule 13.4.1ZC(c) and from which date; and
- (c) the date on which a Capacity Committed CMU’s entitlement to Capacity Payments resumes, as determined by Rule 13.4.1ZA(b).”

5. Amendments to Chapter 13 (testing regime – Capacity Committed CMUs in a Storage Generating Technology Class – extended performance)

5.1 After Rule 13.1.3, insert:

“13.1.3A the demonstration of extended performance by Capacity Committed CMUs in a Storage Generating Technology Class; and”

5.2 After Rule 13.4, insert –

13.4A Demonstrating extended performance

13.4A.1 This Rule 13.4A applies to a Capacity Committed CMU in a Storage Generating Technology Class in its capacity as a Registered Holder, a Transferor or a Transferee (as the case may be).

13.4A.2 A Capacity Committed CMU must demonstrate extended performance:

- (a) during at least one Satisfactory Performance Day in the Winter of the first Delivery Year in which this Rule 13.4A applies to the Capacity Committed CMU (or, in the case of a New Build CMU, by the date on which it achieves the Substantial Completion Milestone, if that date is later than 30 April in that Delivery Year); and
- (b) subsequently, subject to Rule 13.4A.5, no less frequently than during at least one Satisfactory Performance Day in the Winter of every third Capacity Year following the Delivery Year in which extended performance was last demonstrated.

13.4A.3 In this Rule 13.4A, “extended performance” means:

- (a) for a Capacity Committed CMU in a Storage Generating Technology Class that is Duration Limited, a performance of capacity at a level equal to or greater than its Adjusted Connection Capacity for the number of consecutive Settlement Periods that is equivalent in duration to the specified minimum duration for that Storage Generating Technology Class; and
- (b) for a Capacity Committed CMU in a Storage Generating Technology Class that is not

Duration Limited, a performance of capacity at a level equal to or greater than its Adjusted Connection Capacity for the number of consecutive Settlement Periods that is equivalent in duration to the specified minimum duration for the shortest-duration Storage Generating Technology Class that is not Duration Limited.

13.4A.4 In Rule 13.4A.3, “Adjusted Connection Capacity” means:

- (a) the product of the Connection Capacity for that Capacity Committed CMU and the Technology Class Weighted Average Availability of the Storage Generating Technology Class to which the Capacity Committed CMU belongs, where the Technology Class Weighted Average Availability is calculated using the method set out in Rule 2.3.5(a); or
- (b) if a Capacity Committed CMU is delivering a proportion of its Capacity Obligation under Rule 6.7.4(b), Rule 6.7.6 or Rule 6.8.5, the capacity given by paragraph (a) decreased by the same proportion as that Capacity Obligation has been decreased at the date on which the extended performance is demonstrated.

13.4A.5 (a) The timing for extended performance under Rule 13.4A.2 is subject to paragraphs (b) and (c).

- (b) if extended performance is due to be demonstrated by a CMU in a Capacity Year in which the CMU is not subject to a Capacity Obligation or has transferred all of its Capacity Obligation for an entire Delivery Year, the CMU must demonstrate extended performance in the next Delivery Year in which the CMU is a Capacity Committed CMU (if any), and subsequently no less frequently than during at least one Satisfactory Performance Day in every third Capacity Year following that Delivery Year; and
- (c) if extended performance is due to be demonstrated by a Capacity Committed CMU in

the same Delivery Year in which the Capacity Committed CMU is also required to demonstrate remedial extended performance under Rule 13.4A.7, the date of the remedial extended performance is to be disregarded when calculating the Capacity Year in which the Capacity Committed CMU must next demonstrate extended performance.

13.4A.6 The requirements of this Rule 13.4A apply to a Capacity Committed CMU irrespective of whether the Capacity Committed CMU has or has not been subject to a Capacity Obligation since it last demonstrated extended performance.

13.4A.7 If the Capacity Committed CMU fails to satisfy the requirements of Rule 13.4A.2:

- (a) the Capacity Committed CMU must demonstrate extended performance during the period from 1 May to 31 July in the relevant Delivery Year (both dates inclusive) (“remedial extended performance”), whether or not during an additional Satisfactory Performance Day under Rule 13.4.1ZA(a); and
- (b) the Capacity Committed CMU’s entitlement to Capacity Payments will be suspended in accordance with the Regulations from 1 May in that Delivery Year until the earliest applicable date:
 - (i) if remedial extended performance is demonstrated on or before 1 June in that Delivery Year, 1 June in that Delivery Year;
 - (ii) if remedial extended performance is demonstrated on or before 1 July in that Delivery Year, the date of remedial extended performance;
 - (iii) if Rule 13.4A.10 applies, the date specified in Rule 13.4A.10(c); and
 - (iv) if Rule 13.4A.11 applies, the date specified in Rule 13.4A.11(c).

- 13.4A.8 If the Capacity Committed CMU is subject to, and fails to satisfy the requirements of 13.4A.7(a), the Capacity Agreement of the Capacity Committed CMU will be terminated in accordance with Rule 6.10.1(s).
- 13.4A.9
- (a) Paragraphs (b) and (c) apply if a Capacity Committed CMU has received a Termination Notice in relation to termination on the ground specified in Rule 6.10.1(s) and, after reconsideration under Regulation 69 by the Delivery Body or an appeal to the Authority under Part 10 of the Regulations, the Delivery Body does not terminate the Capacity Agreement.
 - (b) The Capacity Committed CMU will be treated as having satisfied the requirements of 13.4A.2 in the relevant Delivery Year and will not be required to perform remedial extended performance in the relevant Delivery Year.
 - (c) If a decision of the Delivery Body has resulted in the incorrect suspension of one or more Capacity Payments under Rule 13.4A.7(b), those Capacity Payments should be paid to the Capacity Committed CMU as soon as practicable after the reconsidered decision or the appeal to the Authority is determined.
- 13.4A.10
- (a) Paragraphs (b) and (c) apply if a Capacity Committed CMU has received a Termination Notice in relation to termination on the ground specified in Rule 6.10.1(s) and the Secretary of State has directed the Delivery Body to withdraw the termination notice under Regulation 33(2)(a).
 - (b) The Capacity Committed CMU will be treated as having satisfied the requirements of 13.4A.2 in the relevant Delivery Year and will not be required to perform remedial extended performance in the relevant Delivery Year..
 - (c) The Capacity Committed CMU's entitlement to Capacity Payments is suspended under Rule 13.4A.7(b) from 1 May in the relevant Delivery Year until whichever is the earlier:

- (i) the date of the direction to withdraw the Termination Notice; and
 - (ii) the end of that Delivery Year.

- 13.4A.11
 - (a) Paragraphs (b) and (c) apply if a Capacity Committed CMU has received a Termination Notice in relation to termination on the ground specified in Rule 6.10.1(s) and the Secretary of State has, under Regulation 33(2)(b), extended the date by which the Capacity Committed CMU must have demonstrated remedial extended performance as required by Rule 13.4A.7(a).
 - (b) The Capacity Committed CMU must demonstrate remedial extended performance during the period from 1 May to the extended date (both dates inclusive).
 - (c) The Capacity Committed CMU's entitlement to Capacity Payments is suspended under Rule 13.4A.7(b) from 1 May until the Capacity Committed CMU has complied with paragraph (b) or the end of the Delivery Year (whichever is earlier).

- 13.4A.12

The Capacity Provider of a Capacity Committed CMU must notify the Delivery Body by the following dates (whichever applies) that the Capacity Committed CMU has demonstrated extended performance:

 - (a) by the end of Winter in the relevant Delivery Year;
 - (b) if Rule 13.4A.7 applies, by 1 August of the Delivery Year; and
 - (c) if Rule 13.4A.11 applies, by the extended date given by the Secretary of State under Regulation 33(2)(b).

- 13.4A.13

The Delivery Body must notify the Capacity Provider within 10 Working Days of having received the settlement and metering information necessary to prove extended performance has been demonstrated if it is aware that any extended performance notified in accordance with Rule 13.4A.12 is not extended

performance properly notified in accordance with this Rule 13.4A.

13.4A.14 The Delivery Body must notify the CM Settlement Body of:

- (a) any failure by a Capacity Committed CMU to satisfy its obligations under Rule 13.4A.2 that suspends the Capacity Committed CMU's entitlement to Capacity Payments;
- (b) if any suspended Capacity Payments should be paid to the Capacity Committed CMU under Rule 13.4A.9(c) and from which date; and
- (c) the date on which a Capacity Committed CMU's entitlement to Capacity Payments resumes, as determined by Rule 13.4A.7(b)."

PART 2

Batteries and Generating Technology Classes

6. Amendments to Chapter 1 (general provisions)

6.1 In Rule 1.2.1, in the appropriate place, insert:

“Duration Limited	has the meaning given in Rule 2.3.4B”;
“Loss of Load Occurrence	means an occurrence classified as an occurrence of “loss of load” under the Regulations”;
“Storage Generating Technology Class	means a Generating Technology Class that is classed as “Storage” in Schedule 3”.

7. Amendments to Chapter 2 (auction guidelines and de-rating)

7.1 After Rule 2.2.4, insert:

“2.2.5 If, following the close of the Prequalification Window for a Capacity Auction held in the 2017/18 Auction Window, the Secretary of State makes amendments to the Generating Technology Classes in Schedule 3 to introduce new Storage Generating Technology Classes for that Capacity Auction, the Delivery Body must, within five Working Days of the amendments to the Storage Generating Technology Classes,

- (a) publish a list of the Storage Generating Technology Classes that are Duration Limited for that Capacity Auction; and
- (b) publish the De-rating Factor for each new Storage Generating Technology Class; and

this information shall thereafter form part of the Auction Guidelines for that Capacity Auction.”

7.2 In Rule 2.3.4:

7.2.1. in paragraph (a), after “for CMUs in a Generating Technology Class,” insert “except for CMUs in a Storage Generating Technology Class that is Duration Limited,”;

7.2.2. at the end of paragraph (b), omit “and”;

7.2.3. at the end of (c), insert:

“; and

(d) for CMUs in a Storage Generating Technology Class that is Duration Limited, the Equivalent Firm Capacity (“EFC”) of that Generating Technology Class.”

7.3 After Rule 2.3.4, insert:

“2.3.4A The Delivery Body must, for each Capacity Auction, determine whether each Storage Generating Technology Class is Duration Limited in accordance with Rule 2.3.4B.

2.3.4B A Storage Generating Technology Class is Duration Limited for a particular Capacity Auction if at least 5% of Loss of Load Occurrences for the corresponding Delivery Year are estimated by the Delivery Body to last longer than the specified minimum duration for that Generating Technology Class.

2.3.4C The Auction Guidelines for a Capacity Auction must specify which Storage Generating Technology Classes are Duration Limited for the purposes of that Capacity Auction.”

7.4 After Rule 2.3.5A, insert:

“2.3.5B EFC is determined in accordance with the methodology set out in Schedule 3B by the Delivery Body for a Storage Generating Technology Class that is Duration Limited.”

7.5 In Rule 2.3.8, after “TCWAA”, insert “, EFC”.

7.6 For Rule 2.3.9, substitute:

“2.3.9 The objective referred to in Rule 2.3.8 is to derive a percentage which most reliably reflects the mean average availability of the relevant CMUs during Loss of Load Occurrences. This means:

(a) in the case of TCWAA, the availability of the fleet of CMUs in that Generating Technology Class to generate;

- (b) in the case of AABS, the availability of the fleet of non-BSC Balancing Service CMUs to provide Demand Side Response; and
- (c) in the case of EFC, the percentage of 1MW of Firm Capacity that would be required to replace 1 MW of capacity provided by a CMU in that Generating Technology Class whilst maintaining the reliability standard set out in the Regulations.”

7.7 After Rule 2.3.9, insert:

“2.3.9A For the purpose of Rule 2.3.9(c), “Firm Capacity” means 100% available and 100% reliable generation.”

7.8 In Rule 2.3.10(a), after “TCWAA”, insert “, EFC”.

8. Amendments to Chapter 4 (determination of eligibility)

8.1 After Rule 4.5, insert:

“4.5ZA Amendments to Storage Generating Technology Classes after close of Prequalification Window

4.5ZA.1 If, following the close of the Prequalification Window for a Capacity Auction held in the 2017/18 Auction Window, the Secretary of State makes amendments to the Generating Technology Classes in Schedule 3 to introduce new Storage Generating Technology Classes for that Capacity Auction:

- (a) the Delivery Body must notify any Applicant for a CMU that no longer falls within the Storage Generating Technology Class specified in its Application (an “affected Applicant”) of the new Storage Generating Technology Classes and their De-rating Factors by no later than five Working Days after the amendments to the Storage Generating Technology Classes; and
- (b) an affected Applicant must notify the Delivery Body of the applicable Storage Generating Technology Class for that CMU by no later than ten Working Days after the amendments to the Storage Generating Technology Classes.

4.5ZA.2 If an affected Applicant fails to give the Delivery Body the notice required under Rule 4.5ZA.1 or a notice under Rule

4.11A.1 by the deadline in Rule 4.5ZA.1(b), the Delivery Body must treat the relevant CMU as falling within the Storage Generating Technology Class with the lowest De-rating Factor for the purpose of updating the Capacity Market Register.

4.5ZA.3 If an affected Applicant gives notice under Rule 4.5ZA.1(b), or where Rule 4.5ZA.2 applies, the Delivery Body must, by no later than thirteen Working Days after the amendments to the Storage Generating Technology Classes, notify the affected Applicant stating:

- (a) the Storage Generating Technology Class and De-rated Capacity which applies to the relevant CMU; and
- (b) where the De-rated Capacity of the relevant CMU is recorded on the Capacity Market Register, that the Capacity Market Register has been updated to record any change to the De-rated Capacity of the relevant CMU.

4.5ZA.4 Where the De-rated Capacity of a CMU has been amended in accordance with Rule 4.5ZA.3, the Applicant for that CMU may submit a request to the CM Settlement Body for a portion of its Applicant Credit Cover to be released in accordance with the Regulations.”

8.2 After Rule 4.11, insert:

“4.11A Auction Guidelines Published after Prequalification specifying revised De-rating Factors

4.11A.1 If a new De-rating Factor applies to a Prequalified Existing CMU for a Capacity Auction held in the 2017/18 Auction Window as a result of amendments to the Storage Generating Technology Class after the close of the Prequalification Window for that Capacity Auction, the Applicant for that Prequalified Existing CMU may submit a notice to the Delivery Body withdrawing from that Capacity Auction.

4.11A.2 A notice pursuant to Rule 4.11A.1 may be submitted from the date on which the Delivery Body publishes revised De-rating Factors in accordance with Rule 2.2.5, and must be submitted no later than ten Working Days prior to the

commencement of the first Bidding Window for that Capacity Auction.

4.11A.3 With effect from the date of a notice pursuant to Rule 4.11A.1, the relevant Existing CMU shall no longer be Prequalified.”

9. Amendments to Chapter 7 (capacity market register)

9.1 At the end of Rule 7.5.1(v), omit “and.”

9.2 After Rule 7.5.1(w), insert:

“(x) to record any change to the De-rated Capacity of a CMU pursuant to Rule 4.5ZA, where the De-rated Capacity of the relevant CMU is recorded on the Capacity Market Register, by no later than thirteen Working Days after the amendments to the Storage Generating Technology Classes; and

(y) to record that an Existing CMU is no longer Prequalified within five Working Days of the Delivery Body receiving a notification pursuant to Rule 4.11.1 or Rule 4.11A.1.”

10. Amendments to Schedule 3

10.1 For the table in paragraph 1.1 of Schedule 3, substitute:

“

Item	Generating Technology Class	Plant Types Included
1	Oil-fired steam generators	<ul style="list-style-type: none"> • Conventional steam generators using fuel oil
2	Open Cycle Gas Turbine (OCGT)	<ul style="list-style-type: none"> • Gas turbines running in open cycle fired mode •
3	Reciprocating engines	<ul style="list-style-type: none"> • Reciprocating engines
4	Nuclear	<ul style="list-style-type: none"> • Nuclear plants generating electricity
5	Hydro (excluding tidal / waves / ocean currents/ geothermal / storage)	<ul style="list-style-type: none"> • Generating Units driven by water, other than such units: <ul style="list-style-type: none"> (a) driven by tidal flows, waves, ocean currents or geothermal sources; or (b) which form part of a Storage Facility
6	Storage: minimum 0.5 hours duration	<ul style="list-style-type: none"> • Conversion of imported electricity into a form of energy which can be stored, storing the energy which has been so converted and the re-conversion of the stored energy into electrical energy • Includes hydro Generating Units which form part of a Storage Facility (pumped storage hydro stations).
7	Storage: minimum 1.0 hour duration	<ul style="list-style-type: none"> • As above.
8	Storage: minimum 1.5 hours duration	<ul style="list-style-type: none"> • As above.
9	Storage: minimum 2.0 hours duration	<ul style="list-style-type: none"> • As above.
10	Storage: minimum 2.5 hours duration	<ul style="list-style-type: none"> • As above.
11	Storage: minimum 3.0 hours duration	<ul style="list-style-type: none"> • As above.
12	Storage: minimum 3.5 hours duration	<ul style="list-style-type: none"> • As above.
13	Storage: minimum 4.0 hours duration	<ul style="list-style-type: none"> • As above.
14	Storage: minimum 4.5 hours duration	<ul style="list-style-type: none"> • As above.
15	Storage: minimum 5.0 hours duration	<ul style="list-style-type: none"> • As above.
16	Storage: minimum 5.5 hours duration	<ul style="list-style-type: none"> • As above.
17	Storage: minimum 6.0 hours duration	<ul style="list-style-type: none"> • As above.
18	Storage: minimum 6.5	<ul style="list-style-type: none"> • As above.

	hours duration	
19	Storage: minimum 7.0 hours duration	<ul style="list-style-type: none"> • As above.
20	Storage: minimum 7.5 hours duration	<ul style="list-style-type: none"> • As above.
21	Storage: minimum 8.0 hours duration	<ul style="list-style-type: none"> • As above.
22	Storage: minimum 8.5 hours duration	<ul style="list-style-type: none"> • As above.
23	Storage: minimum 9.0 hours duration	<ul style="list-style-type: none"> • As above.
24	Storage: minimum 9.5 hours duration	<ul style="list-style-type: none"> • As above.
25	Storage: minimum 10.0 hours duration	<ul style="list-style-type: none"> • As above.
26	Storage: minimum 10.5 hours duration	<ul style="list-style-type: none"> • As above.
27	Storage: minimum 11.0 hours duration	<ul style="list-style-type: none"> • As above.
28	Storage: minimum 11.5 hours duration	<ul style="list-style-type: none"> • As above.
29	Storage: minimum 12.0 hours duration	<ul style="list-style-type: none"> • As above.
30	Combined Cycle Gas Turbine (CCGT)	<ul style="list-style-type: none"> • Combined Cycle Gas Turbine plants
31	Combined Heat and Power (CHP)	<ul style="list-style-type: none"> • Combined Heat and Power plants (large and small-scale)
32	Coal	<ul style="list-style-type: none"> • Conventional steam generators using coal
33	Biomass	<ul style="list-style-type: none"> • Conventional steam generators using biomass
34	Energy from Waste	<ul style="list-style-type: none"> • Generation of energy from waste, including the generation of energy from: <ul style="list-style-type: none"> (a) conventional steam generators using waste; (b) anaerobic digestion; (c) pyrolysis; and (d) gasification

“

10.2 In paragraph 1.2 of Schedule 3, omit the definition of “autogeneration”.

11. New Schedule 3B (methodology for determining the De-rating Factors for Storage Generating Technology Classes that are Duration Limited)

11.1 After Schedule 3A, insert:

“SCHEDULE 3B: METHODOLOGY FOR DETERMINING THE DE-RATING FACTORS FOR STORAGE GENERATING TECHNOLOGY CLASSES THAT ARE DURATION LIMITED

This Schedule 3B sets out the methodology for the determination of the Equivalent Firm Capacity (“EFC”) of each of the Storage Generating Technology Classes that are Duration Limited for the purposes of Rule 2.3.4(d).

The Delivery Body shall calculate the EFC for each Storage Generating Technology Class that is Duration Limited using a time-sequential stochastic simulation model where the outputs of the model for each Storage Generating Technology Class shall be multiplied by the Technology Class Weighted Average Availability for that Storage Generating Technology Class. The Technology Class Weighted Average Availability for a Storage Generating Technology Class shall be calculated using the method set out in Rule 2.3.5(a).

The Delivery Body will make a final determination of the EFC for each Storage Generating Technology Class that is Duration Limited after consulting such persons of proven technical expertise as the Delivery Body considers appropriate.”

PART 3

Metering Assessments

12. Amendments to Chapter 3 (Prequalification information)

12.1. In Rule 3.6.4(c), for “(a) and (b)” substitute “(a), (b) and (d).”

12.2. After Rule 3.6.4(c), insert:

“(d) An Applicant may amend a Metering Assessment completed in compliance with Rule 3.6.4(a)(ii), provided that:

(i) if the application relates to a T-4 Auction, any amendments are made by the earlier of:

(aa) the earliest date the Applicant provides any Metering Test Certificate; and

(bb) the date falling 18 months prior to the start of the first Delivery Year; and

(ii) if the application relates to a T-1 Auction or where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months, any amendments are made by the earlier of:

(aa) the earliest date the Applicant provides any Metering Test Certificate; and

(bb) the date falling two weeks prior to the start of the first Delivery Year.”

12.3. In Rule 3.6A.3(b), for “(a) and (aa)” substitute “(a), (aa) and (c).”

12.4. After Rule 3.6A.3(b), insert:

“(c) An Applicant may amend a Metering Assessment completed in compliance with Rule 3.6A.3(a)(ii), provided that:

- (i) if the application relates to a T-4 Auction, any amendments are made by the earlier of:
 - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
 - (bb) the date falling 18 months prior to the start of the first Delivery Year; and
- (ii) if the application relates to a T-1 Auction or where the time period between the Auction Results and the start of the Delivery Year auction is less than eight months, any amendments are made by the earlier of:
 - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
 - (bb) the date falling two weeks prior to the start of the first Delivery Year.”

12.5. In Rule 3.9.4 (c), for “(a) and (b)” substitute “(a), (b) and (d)”.

12.6. After Rule 3.9.4(c), insert:

- “(d) An Applicant may amend a Metering Assessment completed in compliance with Rule 3.9.4(a)(ii), provided that:
 - (i) if the application relates to a T-4 Auction, any amendments are made by the earlier of:
 - (aa) the earliest date the Applicant provides any Metering Test Certificate; and
 - (bb) the date falling 18 months prior to the start of the first Delivery Year; and
 - (ii) if the application relates to a T-1 Auction or where the time period between the Delivery Year and the auction is less than eight months, any amendments are made by the earlier of:
 - (aa) the earliest date the Applicant provides any Metering Test Certificate; and

- (bb) the date falling two weeks prior to the start of the first Delivery Year.”

13. Amendments to Chapter 8

13.1. In Rule 8.3.3:

13.1.1. in Rule 8.3.3(c), after “pursuant to Rule 8.3.3(a), (b) or (ba)” insert “(and following the completion of amendments made to a Metering Assessment, pursuant to Rules 3.6.4(d), 3.6A.3(c), 3.9.4(d), or 8.3.3(h) where applicable)”;

13.1.2. after Rule 8.3.3(g), insert:

“(h) A Capacity Provider may amend a Metering Assessment completed in compliance with Rules 8.3.3(a), 8.3.3(b), or 8.3.3(ba) provided that:

- (i) in the case of an Existing Generating CMU, Existing Interconnector CMU, or a Proven DSR CMU awarded a Capacity Agreement in a T-4 Auction, any amendments are made by the earlier of:

- (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and

- (bb) the date falling 18 months prior to the start of the first Delivery Year;

- (ii) in the case of an Existing Generating CMU, Existing Interconnector CMU, or a Proven DSR CMU awarded a Capacity Agreement in a T-1 Auction or where the time period between the Auction Results Day and the start of the Delivery Year is less than eight months, any amendments are made by the earlier of:

- (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and

- (bb) the date falling two weeks prior to the start of the first Delivery Year.

- (iii) in the case of an Unproven DSR CMU any amendments are made by the earlier of:

- (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and
 - (bb) the date falling two weeks prior to the start of the relevant Delivery Year; and
- (iii) in the case of a Prospective CMU any amendments are made by the earlier of:
 - (aa) the earliest date the Capacity Provider provides any Metering Test Certificate; and
 - (bb) as soon as reasonably practicable after the date on which the Capacity Provider receives a notification under Rule 8.3.3 (d)(i), and in any event not later than the Long Stop Date.”

PART 4

Discharging capacity Obligations

- 14. Amendments to Chapter 8 (calculation of Adjusted Load Following Capacity Obligation and adjustments to Load Following Capacity Obligation)**
 - 14.1** In Rule 8.5.2(a), after “Generating CMU” insert “or an Interconnector CMU”.
 - 14.2** In Rule 8.5.4, after the words “Generating Unit” in each place in which they occur, insert “or an Interconnector CMU”.

PART 5

Miscellaneous

15. Amendments to Chapter 3

15.1 In Rule 3.8.1(c), omit “3.8.1A Refurbishing CMU – declaration about refurbishing works”.

15.2 After Rule 3.8.1(c), add a new heading “**3.8.1A Refurbishing CMU – declaration about refurbishing works**”.

16. Amendment to Chapter 8

16.1 In 8.3.8, for “Funding Declration” substitute “Funding Declaration”.

17. Amendment to Chapter 9

17.1 In Rule 9.2.5(c), omit “and 9.2.4(c)”.