



## **2017 T-1 Capacity Auction for delivery year 2018/19** **Auction Monitor Report**

5 February 2018

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# 1 Assurance Report

## **ISAE 3000 Independent Assurance Report on Compliance of National Grid Electricity Transmission Plc (NGET) (as Electricity Market Reform Delivery Body) with selected requirements of the Capacity Market Rules, Regulations and the Auction Guidelines.**

### **1.1 Scope**

We have performed assurance work over the extent to which the Delivery Body ("DB") has complied with the requirements of the Chapter 5 of the Capacity Market Rules, Regulations and the Auction Guidelines (together the "Rules and Guidelines") as at 16 January 2018. In particular, we have considered the rules included in Chapter 5 of the Capacity Market Rules as listed in Appendix A.

A consolidated version of the detailed Capacity Market Rules is available here:

<https://www.ofgem.gov.uk/publications-and-updates/decision-statutory-consultation-amendments-capacity-market-rules-1> with the subsequent amendment at the time of writing available here:

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/670438/20171218\\_CM\\_Amendment\\_Rules\\_4\\_2017.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/670438/20171218_CM_Amendment_Rules_4_2017.pdf). In the context of this Report the actions of the DB in performing the 2017 T-1 Capacity Auction for Delivery in 2018/19 ("the 2017 T-1 Auction") is the "Subject Matter" and the above sections of the Capacity Market Rules form the "Criteria" against which the Subject Matter has been evaluated.

### **1.2 Respective Responsibilities**

The DB as the Responsible Party is responsible for delivering the process and requirements for the 2017 T-1 Auction in accordance with the Capacity Market Rules.

Our responsibility, as agreed with the DB, is to assess the actions performed by the DB in performing the 2017 T-1 Auction against the requirements of the Capacity Market Rules and to independently express a conclusion as to whether the process and actions undertaken by the DB comply with the requirements of the Capacity Market Rules. Other than as defined in our assurance procedures, we did not audit or otherwise test or verify the information given to us in the course of the Services.

### **1.3 Work Performed**

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". That standard requires that we comply with ethical requirements, including independence requirements, and plan and perform our work to obtain appropriate evidence about the subject matter of the engagement sufficient to support an opinion providing reasonable assurance.

An outline of the work we performed is included in Appendix B. Except to the extent expressly stated above, we did not subject the information contained in our Report or given to us by the DB to checking or verification procedures. The procedures we performed were not designed to and are not likely to reveal fraud.

### **1.4 Basis of Opinion**

We believe that our work performed and evidence obtained provides a reasonable basis for our opinion. Our assurance report has been produced under our letter of engagement with the Responsible Party dated 3 July 2017.

### **1.5 Opinion**

**In our opinion the actions performed by NGET, in its role as the Capacity Market Delivery Body for Electricity Market Reform, has in all material respects, complied with the relevant sections of the Rules and Guidelines as detailed in Section 1.1 above in respect of the 2017 T-1 Auction held between 09:00 on 30 January 2018 and 15:00 on 1 February 2018.**

A list of the Bidders and corresponding Capacity Market Units ("CMUs") to be awarded Capacity Agreements following the 2017 T-1 Auction is included in Section 3.

#### **1.6 Independence**

In conducting our engagement, we have complied with the Code of Ethics issued by the Institute of Chartered Accountants in England & Wales.

#### **1.7 Quality Control**

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### **1.8 Use of Report**

Our Report has been prepared for the exclusive use of NGET in accordance with the scope agreed within our engagement letter dated 3 July 2017. Our work has been undertaken solely for the purpose of assessing NGET's compliance with the Rules and Guidelines outlined in Section 1.1 above. Our work was not planned or conducted with any other objective in mind and so cannot be relied upon for any other purposes. Save that a copy of our report may be provided to the Secretary of State for Business Energy and Industrial Strategy and the Gas and Electricity Market Authority and may be published on the Department of Business, Energy and Industrial Strategy website, our Report is not to be used for any other purpose, recited or referred to in any document, copied or made available (in whole or in part) to any other person without our prior written express consent. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than NGET for this report or for the conclusions we have formed.

A handwritten signature in black ink that reads "Deloitte LLP". The signature is written in a cursive, stylized font.

Deloitte LLP  
Edinburgh, United Kingdom

5 February 2018

## 2 Background and Context

### 2.1 Background

Electricity Market Reform ("EMR") is intended, inter alia, to promote investment in low-carbon electricity generation and ensure security of supply. The Capacity Market will support achieving security of electricity supply by providing a payment for reliable sources of capacity. This will supplement generators' electricity revenues, to ensure they deliver energy when needed. This is designed to encourage the investment needed to replace older power stations, provide backup for more intermittent and inflexible low carbon generation sources and support the development of more active demand management in the electricity market.

EMR has been implemented through the Energy Act 2013 and the Electricity Capacity Regulations 2014 (as amended) ("the Regulations"). The Capacity Market Rules 2014 (as amended) ("the Rules") provide the technical and administrative detail for implementing the operating framework set out in the Regulations. As such, the Capacity Market Rules provide a description and procedures regarding the operation of the Capacity Market.

Unless otherwise specified herein, words and expressions used in this Report have the same meaning as defined in the Regulations and Rules.

### 2.2 Requirement for the Auction Monitor

In its role as Delivery Body ("DB") for EMR, National Grid Electricity Transmission plc ("NGET"), pursuant to Chapter 5 of the Capacity Market Rules 2014 (as amended), is required to appoint a third party to monitor the conduct of each Capacity Auction, referred to as the Auction Monitor.

Under the Rules the Auction Monitor is required to provide a report ("Report") to the Secretary of State for Business, Energy and Industrial Strategy ("the SoS") with a copy to the Gas and Electricity Markets Authority ("the Authority") which:

- Confirms the list of Bidders that should have been awarded a Capacity Agreement;
- Sets out whether or not the Auction Monitor considers that the Capacity Market DB and/or the Auctioneer has conducted the Capacity Auction in accordance with the Regulations and the Rules;
- If applicable, identifies any actual or potential breach of the Regulations or the Rules or other actual or potential irregularity in the conduct of the Capacity Auction by the Capacity Market DB and/or the Auctioneer; and
- If applicable, includes a review of the calculations made and the Auction Monitor's assessment as to the likely consequences of such actual or potential breach or irregularity.

Under Rule 5.14.3(a) the Auction Monitor is required to provide the Report to the SoS. This will be achieved through the Auction Monitor providing the Report to the DB who will send it to the SoS and copy the Report to the Authority. We understand the SoS intends to publish this Report.

### 2.3 Basis on which work performed

Deloitte LLP has been engaged by NGET to perform the Auction Monitor role and report on the performance by NGET (in its role as Delivery Body for the 2017 T-1 Auction) by providing a reasonable assurance opinion under the International Standard on Assurance Engagements ("ISAE") 3000 in respect of the requirements for the Auction Monitor.

Our independent opinion has been prepared under the International Standard on Assurance Engagements ("ISAE") 3000, which provides the structure and internationally recognised framework for undertaking the engagement, leading to a formal assurance opinion which is provided in Section 1 of this Report.

## 2.4 Report of Observations

The following observations were identified as part of our work in relation to the DB's compliance with relevant parts of Chapter 5 of the Capacity Market Rules and the Data and Auction sections of the Capacity Market Auction Guidelines (the 'Auction Guidelines') dated 16 January 2018. Our Assurance Report is not qualified in respect of these observations.

Observation	Related CM Rules and Regulations	Effect	Recommendation
<b>Publication of information before the first bidding round of the 2017 T-1 Auction</b>			
The identity of the Auction Monitor was published less than 15 working days before the first bidding round for the 2017 T-1 Auction.	Rule 5.5.10	None	A check with respect to this rule should be undertaken to ensure that the identity of the Auction Monitor is published in line with the Rules.
The de-rated capacities of all CMUs were published less than 15 working days before the first bidding round for the 2017 T-1 Auction. This was updated in the Capacity Market Register published on 12 January 2018.	Rule 5.5.10	None	None – this issue related to the timing of confirmations received by the DB for the de-rating of battery storage CMUs for the 2017 T-1 Auction. This follows the changes made to the Capacity Market Rules in December 2017 which amended the approach to de-rating storage in the Capacity Market.

### 3 Confirmation of the list of Bidders to be awarded Capacity Agreements

The 2017 T-1 Auction started at 09:00 on 30 January 2018 and the Clearing Round was round 14, which closed at 15:00 on 1 February 2018.

The Clearing Price of the 2017 T-1 Auction was equal to £6.00, with the aggregate Bidding Capacity of Capacity Agreements of 5,782.892 MW.

Based on the outcome of the 2017 T-1 Auction and the Capacity Market Rules 2014 published on 1 August 2014 (as amended), we confirm that the following list of bidders and corresponding CMUs<sup>1</sup> to be awarded Capacity Agreements were successful in the 2017 T-1 Auction.

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
Aggreko UK Limited	Aggreko UK Limited	CMU_AgEp01
	Aggreko UK Limited	CMU_AgEp02
Alkane Energy UK Limited	Alkane Energy UK Limited	A11701
	Alkane Energy UK Limited	A11703
	Alkane Energy UK Limited	A11704
	Alkane Energy UK Limited	A11705
	Alkane Energy CM Limited	A11706
	Regent Park Energy Limited	A11707
	Regent Park Energy Limited	A11708
	Alkane Energy UK Limited	A11709
	Alkane Energy CM Limited	A11710
	Alkane Energy UK Limited	AUKN28
	Regent Park Energy Limited	AUKN33
	Alkane Energy UK Limited	AUKN37
AMP Energy Services Limited	AMP Energy Services Limited	Villa
APEX ENERGY LTD	APEX ENERGY LTD	Gas Generation Pye Bridge
Ashford Power Ltd	Ashford Power Ltd	ASHFORD POWER
Attune Energy Limited	Attune Energy Limited	Plymouth A

<sup>1</sup> Bidding Company/Group information is taken from the EMR Portal.

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
Balance Power Limited	Balance Power Limited	Ipswich Docks A
BESS Auction	BESS Aylesford Limited	Aylesford
	BESS Claredown Limited	Claredown
Brecon Power Ltd	Brecon Power Ltd	Brecon Power
British Sugar plc	British Sugar plc	Wissington CHP
Buxton Power Limited	Buxton Power Limited	BUXT04
Cargill PLC	Cargill PLC	Cargill Manch Generation
Carrington Power Limited	Carrington Power Limited	Carrington_1
	Carrington Power Limited	Carrington_2
Centrica Barry Limited	Centrica Distributed Generation Limited	Brigg DG
	Centrica Brigg Limited	Brigg OCGT
	GB Gas Holdings Ltd	CENEST
	ENER-G Combined Power Limited	DECS-04
	British Gas Trading Limited	Gateshead Battery Storage
	Distributed Energy Customer Solutions Limited	Glaxo Operations Barnard Montrose Ware
	Distributed Energy Customer Solutions Limited	Glaxo Operations Ulverston
	Distributed Energy Customer Solutions Limited	Glaxo R&D Stevenage, Ware
	Centrica PB Limited	Peterborough
	Centrica Distributed Generation Limited	Peterborough DG
	Centrica Brigg Limited	Roosecote EFR
	Distributed Energy Customer Solutions Limited	St George's CHP Units
Cleator Battery Storage Limited	Cleator Battery Storage Limited	Cleator Storage
Corby Power Limited	Corby Power Limited	Corby_1
Cornwall Energy Recovery Limited	Cornwall Energy Recovery Limited	Cornwall ERC
Dep Duxford Ltd	Dep Duxford Ltd	DEP Duxford

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
E.ON	E.ON UK CHP Limited	Blackburn Meadows Battery
	E.ON UK Plc	CEN002
	Citigen (London) Limited	Citigen
	E.ON UK Plc	EON1801
	E.ON UK Plc	EON1817
	E.ON Connecting Energies Limited	EON1825
	E.ON UK CHP Limited	POL CHP
	E.ON Connecting Energies Limited	QMCCHP
EDF Energy (West Burton Power) Limited	EDF Energy (Thermal Generation) Limited	West Burton B Power Station CMU 4
EDF Energy Customers plc	EDF Energy Customers plc	EDF Energy Demand Side Response 181A
	EDF Energy Customers plc	EDF Energy Demand Side Response 181B
EDF Energy plc	EDF Energy plc	West Burton A Power Station CMU 3
Edge Power (Greys Hall) Limited	Edge Power (Greys Hall) Limited	Greys Hall
Endeco Technologies Limited	Endeco Technologies Limited	Endeco Technologies CMU1
	Endeco Technologies Limited	Endeco Technologies CMU1
	Endeco Technologies Limited	Endeco Technologies END005
	Endeco Technologies Limited	Endeco Technologies END006
	Endeco Technologies Limited	Endeco Technologies END008
	Endeco Technologies Limited	Endeco Technologies END009
	Endeco Technologies Limited	Endeco Technologies END010
	Endeco Technologies Limited	Endeco Technologies END013
Energy Pool UK limited	Energy Pool UK limited	EPO001
	Energy Pool UK limited	EPO002
	Energy Pool UK limited	EPO013
	Energy Pool UK limited	EPO014
	Energy Pool UK limited	EPO020

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
EnerNOC UK Limited	EnerNOC UK Limited	EGEN21
	EnerNOC UK Limited	EGEN22
	EnerNOC UK Limited	GCMU02
	EnerNOC UK Limited	GCMU03
	EnerNOC UK Limited	GCMU04
	EnerNOC UK Limited	GCMU06
	EnerNOC UK Limited	GCMU07
	EnerNOC UK Limited	GCMU11
	EnerNOC UK Limited	GCMU15
	EnerNOC UK Limited	GCMU16
	EnerNOC UK Limited	GCMU17
Equivalence Energy Limited	Equivalence Energy Limited	Ipswich 2
First Renewable Alpha Limited	First Renewable Alpha Limited	Bygen Power (Tregreen)
Flexible Generation Limited	Flexible Generation Limited	Crumlin
Flexitricity Limited	Flexitricity Limited	FLEX63
	Flexitricity Limited	FLEX66
	Flexitricity Limited	FLEX67
FRP Mercia Holdco	Mercia Power Response (Albion Close) Limited	Albion Close
	Mercia Power Response (Asher Lane 2) Limited	Asher Lane 2
	Mercia Power Response (Chesterfield Road) Limited	Chesterfield Road
	Mercia Power Response (Common Lane) Limited	Common Lane
	Mercia Power Response (Nottingham Road) Limited	Nottingham Rd
	Mercia Power Response (Private Road No.5) Limited	Private Road No.5 (11)
	Mercia Power Response (Private Road No.5) Limited	Private Road No.5 (33)
	Mercia Power Response (The Wood Yard) Limited	The Wood Yard
FS NEVENDON LIMITED	FS NEVENDON LIMITED	Nevendon Battery Storage
FS Port of Tyne Limited	FS Port of Tyne Limited	Port of Tyne Energy Storage
GBSL DORKING LIMITED	GBSL DORKING LIMITED	GBSL Dorking

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
Glassenbury Battery Storage Limited	Glassenbury Battery Storage Limited	Glassenbury Storage
Grangemouth CHP Limited	Grangemouth CHP Limited	Grangemouth CHP
Greenspan Contractors Limited	Greenspan Contractors Limited	Abercorn
Hall Farm Energy Limited	Hall Farm Energy Limited	Hall Farm
Harworth Power (Generation) Limited	Harworth Power (Generation) Limited	Harworth
	Harworth Power (Generation) Limited	Kellingley
Imerys Minerals	Imerys Minerals	Par CHP's
	Imerys Minerals	Par Grade Dryer CHP
	Imerys Minerals	Rocks Dryer CHP
	Imerys Minerals	Treviscoe Dryer CHP
Industrial Energy Services Limited	Industrial Energy Services Limited	Humber
Infinis Alternative Energies Limited	Infinis Alternative Energies Limited	ADGS17
Kingsmoor Power Limited	Kingsmoor Power Limited	King03
KiWi Power Ltd	KiWi Power Ltd	Base Power
	KiWi Power Ltd	Base Power
	KiWi Power Ltd	CMU - Unproven DSR KIWI74
	KiWi Power Ltd	KCH
	KiWi Power Ltd	Nestle
	KiWi Power Ltd	Novartis
	KiWi Power Ltd	RMarsden01
LAKESIDE ENERGY FROM WASTE LIMITED	LAKESIDE ENERGY FROM WASTE LIMITED	Lakeside EFW
Limejump Ltd.	Limejump Ltd.	Apple
	Limejump Ltd.	DSR Limejump
	Limejump Ltd.	Banana
	Limejump Ltd.	DSR Limejump
	Limejump Ltd.	Grape
	Limejump Ltd.	Holmsleigh
	Limejump Ltd.	Lime
	Limejump Ltd.	Mixed CHP

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
	Limejump Ltd.	Orange
	Limejump Ltd.	Smurfit Kappa
	Limejump Ltd.	Strawberry
	Limejump Ltd.	UKPN
LondonEnergy Ltd	LondonEnergy Ltd	LondonWaste
Northumberland Energy Recovery Limited	Northumberland Energy Recovery Limited	STV Line 3 EFW
Power Balancing Services (Sandy Lane) Limited	Power Balancing Services (Sandy Lane) Limited	Sandy Lane
Powertree Holdco	Powertree (Foxwood Road) Limited	Foxwood Road
	Powertree (Sidings Road) Limited	Sidings Road
Precise Energy Limited	Precise Energy Limited	Stowmarket A
Reserve Power Trading Limited	Reserve Power Trading Limited	Garnham Close 2
REstore Flexpond UK Limited	REstore Flexpond UK Limited	REST02
	REstore Flexpond UK Limited	REST03
	REstore Flexpond UK Limited	REST04
	REstore Flexpond UK Limited	REST05
	REstore Flexpond UK Limited	REST07
	REstore Flexpond UK Limited	REST09
	REstore Flexpond UK Limited	REST12
	REstore Flexpond UK Limited	REST14
	REstore Flexpond UK Limited	REST20
	REstore Flexpond UK Limited	REST21
	REstore Flexpond UK Limited	REST22
	REstore Flexpond UK Limited	REST24
	REstore Flexpond UK Limited	REST25
Riverside Resource Recovery Limited	Riverside Resource Recovery Limited	RRRF01
RYDBERG DEVELOPMENT COMPANY LIMITED	RYDBERG DEVELOPMENT COMPANY LIMITED	HAVE04
ScottishPower Energy Retail Limited	ScottishPower Energy Retail Limited	SPERL DSR Unit 8

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
SmartestEnergy Limited	SmartestEnergy Limited	SE1801-18/19+21/22
	SmartestEnergy Limited	SE1802-18/19+21/22
	SmartestEnergy Limited	SE1803-18/19+21/22
	SmartestEnergy Limited	SE1804-18/19+21/22
	SmartestEnergy Limited	SE1805-18/19+21/22
	SmartestEnergy Limited	SE1806-18/19+21/22
	SmartestEnergy Limited	SE1809-18/19+21/22
	SmartestEnergy Limited	SE1810 -18/19+21/22
South Tyne and Wear Energy Recovery Limited	South Tyne and Wear Energy Recovery Limited	STV Lines 4 & 5 EfW
Speciality Steel UK Limited	Speciality Steel UK Limited	2015_2
SSE	SSE Generation Limited	Peterhead
Statera Energy Limited	CREYKE BECK POWER LIMITED	Creyke Beck Power 025
	PELHAM STORAGE LIMITED	Pelham Storage 027
SUEZ RECYCLING AND RECOVERY KIRKLEES LTD	SUEZ RECYCLING AND RECOVERY KIRKLEES LTD	Kirklees EfW
SUEZ RECYCLING AND RECOVERY SUFFOLK LTD	SUEZ RECYCLING AND RECOVERY SUFFOLK LTD	Suffolk EfW
SUEZ RECYCLING AND RECOVERY TEES VALLEY LTD	SUEZ RECYCLING AND RECOVERY TEES VALLEY LTD	STV Lines 1 and 2 EfW
Tata Steel UK Limited	Tata Steel UK Limited	Multi Site_16 Other
	Tata Steel UK Limited	Multisite_16
Teesside Hire Limited	Teesside Hire Limited	Spark Steam Energy Centre
TP LEASECO LIMITED	TP LEASECO LIMITED	Glasshouse Energy Centre
TWIN OAKS SOLAR FARM LIMITED	TWIN OAKS SOLAR FARM LIMITED	TWI123
TYNEMOUTH ENERGY STORAGE LIMITED	TYNEMOUTH ENERGY STORAGE LIMITED	ENEL_TESL
UK Energy Storage Services Limited	UK Energy Storage Services Limited	Broxburn Energy Storage
UK Power Reserve Limited	UK Power Reserve Limited	Asfordby 2 Power Station
UK Strategic Reserve Limited	UK Strategic Reserve Limited	Cadishead Power Station
Uniper Global Commodities SE	Uniper Global Commodities SE	Killingholme Module 1 (GCA)
	Uniper Global Commodities SE	Killingholme Module 2 (GCA)

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
Urban Energy	Birmingham District Energy Company Limited	BDEC1
	Birmingham District Energy Company Limited	BDEC2
	East London Energy Limited	CELEKY
	East London Energy Limited	CELEYSC
	Leicester District Energy Company Limited	LDEC
	Southampton Geothermal Heating Company Limited	SGHC
Valence Power Limited	Valence Power Limited	Stowmarket B
Veolia UK Limited	Veolia UK Limited	AVARA CHP
	Veolia UK Limited	Royal Liverpool & Broadgreen Hospitals
	Veolia UK Limited	Southampton General Hospital
	Veolia UK Limited	SPEKE CHP
	Veolia UK Limited	Veolia DSR
Viridis 178 Limited	Viridis 178 Limited	Sudmeadow A
	Viridis 178 Limited	Sudmeadow B
	Viridis 178 Limited	Sudmeadow C
	Viridis 178 Limited	Trafalgar Park A
	Viridis 178 Limited	Trafalgar Park B
VITAL ENERGI SOLUTIONS LIMITED	VITAL ENERGI SOLUTIONS LIMITED	VIT101
	VITAL ENERGI SOLUTIONS LIMITED	VIT105
Walker & Son (Hauliers) Limited	Walker & Son (Hauliers) Limited	CARRHILL
	Walker & Son (Hauliers) Limited	SNAPE
Waterswallows Energy Limited	Waterswallows Energy Limited	water2
Welsh Power Group Limited	Cadoxton Reserve Power Limited	Cadoxton Power
	Clyne Power Limited	Clyne Power
	Dafen Reserve Power Limited	Dafen Power
	Harbourne Power Limited	Harbourne Power
	Larigan Power Limited	Larigan Power
	NeVERN Power Limited	NeVERN Power
	Ogmore Power Limited	Ogmore Power

<b>Bidding Company / Group</b>	<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
	Redlake Power Limited	Redlake Power
	Selby Power Limited	Selby Power
	Tillingham Power Limited	Tillingham Power
West London Energy Recovery Limited	West London Energy Recovery Limited	Severnside EfW

Ten working days before the 2017 T-1 Auction, there were 12 Conditionally Pre-qualified CMUs who had successfully challenged the pre-qualification decision through the appeals process. These CMUs were not able to participate in the 2017 T-1 Auction. In line with Regulation 73 (5), the applicants of the relevant CMUs have been offered a Capacity Agreement at the clearing price of the 2017 T-1 Auction and have five working days to either accept or decline the offer. The offer is conditional on credit cover being posted by 5 February 2018 in line with Rule 4.61.

<b>Name of Applicant per CM Register</b>	<b>CM Unit Name per CM Register</b>
Flexitricity Limited	FLEX39
KiWi Power Ltd	KPB001
KiWi Power Ltd	KPB002
KiWi Power Ltd	KPB003
Limejump Ltd.	Gaywood
Limejump Ltd.	Seamer Carr
Limejump Ltd.	Townsend Hook
Limejump Virtual 3 Limited	Leverton
Limejump Virtual 4 Limited	Energy Reservoir
Spectrum Solicitors Limited	Ferrybridge
Spectrum Solicitors Limited	Malton
Vattenfall Wind Power Ltd	Battery@PyC

# Appendix A – In-scope Capacity Market Rules (Chapter 5)

The following Rules included in Chapter 5 of the Capacity Market Rules were considered in performing the assurance work.

- Rule 5.3 on the ability of qualified parties to participate in the Capacity Auction
- Rule 5.4 on CMUs excluded from the Capacity Auction
- Rules 5.5.1 to 5.5.4 and 5.11 on the scheduled timing and duration of the Capacity Auction
- Rules 5.5.5 to 5.5.9 on the Capacity Auction format and starting price
- Rule 5.5.10 on the publication of pre-auction information
- Rules 5.5.11 to 5.5.13 on Demand Side Response CMUs and Bidding Capacity
- Rules 5.5.14 to 5.5.17 on the consistency of the register with the pre-qualified parties
- Rules 5.5.18 to 5.5.20 on the information provided in each round by Auctioneer
- Rule 5.5.21 on the use of backup systems during the Capacity Auction
- Rules 5.6 to 5.9 on the calculation of the Capacity Auction results
- Rule 5.10 on the list of bidders to be awarded Capacity Agreements
- Rule 5.14 on the Auction Monitor role

# Appendix B – Outline of Work Performed

The specific procedures performed were as follows.

Ref	CM Rule	Independent checks
1	n/a	Check that the version of the Auction System used in the Auction is the same version accepted following User Acceptance Testing (UAT).
2	n/a	Check that security controls are in place to prevent unauthorised access to the Auction System. <ul style="list-style-type: none"> <li>• Confirm that UAT included consideration of security processes.</li> <li>• Confirm that all users are required to have a password and PIN.</li> <li>• Confirm from the audit log that all authorised individuals that viewed the CMUs of an organisation were associated to that organisation.</li> </ul>
3	5.3	Check that those Bidders and CMUs that were allowed to participate in the Capacity Auction had the correct access and information loaded on to the Auction System by: <ul style="list-style-type: none"> <li>• Obtaining a register of qualifying CMUs, with their relevant features, which intend to participate in the Capacity Auction.</li> <li>• Comparing the register to the list of CMUs on the Auction System and confirming that there have been neither additions to nor omissions from the list.</li> <li>• Liaising with the Auctioneer throughout the Auction as to whether they have identified any disqualified CMUs and, if so, confirming that these have been treated as required by Rule 5.3.3.</li> </ul>
4	5.4	Check that excluded CMUs do not have access to the Auction System by: <ul style="list-style-type: none"> <li>• Obtaining list of CMUs that have been withdrawn from a Capacity Auction and register of qualifying CMUs.</li> <li>• Comparing the register to list of CMUs on the Auction System and confirming that those CMUs that have been withdrawn are not included in the Auction System, or that their ability to submit an Exit Bid has been withdrawn.</li> </ul>
5	5.5.1 – 5.5.4 5.11 (if applicable)	Check on the timing and duration of the Capacity Auction by: <ul style="list-style-type: none"> <li>• Confirming that the Capacity Auction was held on the date specified in the Auction Guidelines, with minimal delays.</li> <li>• If the Auction was not completed within 5 working days of the first Bidding Window, confirming that the Secretary of State was notified by the Auctioneer.</li> </ul>
6	5.5.5 – 5.5.9	Check that the Capacity Auction was run in line with Rules 5.5.5 and 5.5.9 by: <ul style="list-style-type: none"> <li>• Confirming that the Capacity Auction was run in a manner aligned with the Rules: on a descending clock basis, with a series of price spread Bidding Rounds of decrements as specified in the Secretary of State's letter on 6 July 2016 as amended 27 October 2016, concluding only once the Capacity Auction clears.</li> <li>• Confirming that these spreads are expressed as a range from the Bidding Round Price Cap to the Bidding Round Price Floor, and that the Bidding Round Price Cap of the first round is equal to the Price Cap for the Auction.</li> <li>• Confirming that the price cap for round n+1 is equal to price floor to round n for all rounds as per Rule 5.5.7.</li> <li>• Reproducing the calculation of Clearing Price and the aggregate Bidding Capacity at the Clearing Price.</li> </ul>
7	5.5.10	Check that, at least 15 Working Days before the first Bidding Round, the Delivery Body published the date and time on which the Capacity Auction would start, the identity and De-rated Capacity of all Prequalified CMUs, and the identity of the Auction Monitor.
8	5.5.11 – 5.5.13	Check that, for each Demand Side Response CMU (DSR CMU), Bidding Capacity equals De-rated Capacity unless the DSR CMU nominated a lower capacity at least 10 Working Days before the first Bidding Window.

Ref	CM Rule	Independent checks
9	5.5.14 – 5.5.17	<p>Check that the correct information for Prequalified New Build CMUs, Refurbishing CMUs and DSR CMUs has been correctly uploaded to the IT Auction System by:</p> <ul style="list-style-type: none"> <li>• Confirming that the register provided for Rule 5.3 only includes those Prequalified New Build CMUs, Refurbishing CMUs and DSR CMUs that confirmed their intention to participate in the Capacity Auction between 15 and 10 Working Days before the first Bidding Window.</li> <li>• Confirming that the features contained in the register include the duration of Capacity Agreements at the Price Cap for New Build CMUs and Refurbishing CMUs.</li> <li>• Confirming that the system has recorded both the Refurbishing CMU and the Pre-Refurbishment CMU for any Applicant which confirmed that it wanted to participate with its Pre-Refurbishment CMU.</li> </ul>
10	5.5.18 – 5.5.20	<p>Check that the running of the Auction was in line with the Rules, namely:</p> <ul style="list-style-type: none"> <li>• For each round that is not the first bidding round, the Auctioneer announced the Bidding Round Price Spread, the Clearing Capacity at the Bidding Round Price Floor, and the Excess Capacity to the nearest 1 GW (or if the Excess Capacity is below 1GW, the Auctioneer announced that the Excess Capacity is below 1 GW) at the start of the round.</li> <li>• For each round Excess Capacity at price floor was calculated and displayed correctly on the Auction system for each round in line with 5.5.18.</li> <li>• For each round the Auctioneer specified in advance the time that the Bidding Round would begin and end.</li> </ul>
11	5.5.21	<p>Check that backup systems are in place to submit bids and that these include safeguards to ensure that the correct bid is submitted.</p> <p>Observe and confirm with the Auctioneer whether the backup systems have been used to submit bids during the Capacity Auction.</p> <p>Review log of calls made/received by the Auctioneer during the Auction.</p>
12	5.6 – 5.9	<p>Independently reapply the relevant Capacity Market Rules to calculate the Capacity Auction clearing price and confirm the identification of each CMU to be awarded a Capacity Agreement.</p> <ul style="list-style-type: none"> <li>• Obtain full details of Exit Bids and Duration Bid Amendments from Delivery Body.</li> <li>• Independently reapply the Rules, as detailed within the Capacity Market Rules 2014 (as amended), and compare the results to those calculated by the Delivery Body. To minimise differences, use the random number generated by the Delivery Body in the case of a tie-break. If differences are identified in the results, review with the Delivery Body and obtain explanations for these differences.</li> <li>• Review Auction System UAT to check the random number process that is applied for the Auction.</li> </ul>
13	5.10	<p>Confirm that the DB has notified Bidders and the SoS of the provisional results.</p> <p>Confirm that the DB has published the provisional clearing price and the provisional aggregated Bidding Capacity of Capacity Agreements awarded within 24 hours of the auction clearing.</p> <p>Compare the results provided by the DB to the Bidders and the SoS and published to the results of our independent reapplication of the Rules from the previous procedure.</p> <p>Obtain explanations for any differences.</p>
14	5.14	<p>Confirm read-only access has been provided to the Auction System for the Auction Monitor throughout the Capacity Auction.</p> <p>Document details of any discussion with Delivery Body of any potential breach identified by the Auction Monitor.</p> <p>Document details of any views expressed by the Auction Monitor following a request by the Delivery Body.</p>



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