

The Capacity Market (Amendment) (No. 2) Rules 2021

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

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1. Citation, Commencement and Interpretation

1.1 These Rules may be cited as the Capacity Market (Amendment) (No. 2) Rules 2021.

1.2 These Rules come into force on the day after the day on which these Rules are made.

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;
- (j) the Capacity Market (Amendment) (No. 3) Rules 2017;
- (k) the Capacity Market (Amendment) (No. 4) Rules 2017;
- (l) the Capacity Market (Amendment) Rules 2019;
- (m) the Capacity Market (Amendment) (No. 2) Rules 2019;
- (n) the Capacity Market (Amendment) (No. 3) Rules 2019;
- (o) the Capacity Market (Amendment) (No. 4) Rules 2019;

- (p) the Capacity Market (Amendment) (No. 5) Rules 2019;
- (q) the Capacity Market (Amendment) Rules 2020;
- (r) the Capacity Market (Amendment) Rules 2020 (No. 2);
- (s) the Capacity Market (Amendment) Rules 2020 (No. 3); and
- (t) the Capacity Market (Amendment) Rules 2021.

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. Amendments

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

SCHEDULE

Part 1

Relevant Balancing Services

1. Amendments to Chapter 1 (General Provisions)

1.1 In Rule 1.2 (Definitions):

1.1.1 after the definition of “Relevant Balancing Service” insert:

“Relevant Balancing Services Guidelines has the meaning given to that term in Schedule 4”.

1.2 In Rule 1.5 (Hierarchy of documents):

1.2.1 in Rule 1.5.1(a), substitute “the Regulations prevail over the Rules and any Auction Guidelines; and” with “the Regulations prevail over the Rules, any Auction Guidelines and the Relevant Balancing Services Guidelines; and”.

1.2.2 in Rule 1.5.1(b), substitute “the Rules prevail over any Auction Guidelines.” with “the Rules prevail over any Auction Guidelines and the Relevant Balancing Services Guidelines”.

2. Amendments to Schedule 4: Relevant Balancing Services

2.1 Replace the contents of Schedule 4 with:

“This schedule describes the process and requirements for the publication of the Relevant Balancing Services Guidelines. It also sets out the process in respect of which the Delivery Body shall consult and amend the Relevant Balancing Services Guidelines.

The Relevant Balancing Services Guidelines shall be published by the Delivery Body and must provide the following information:

which services are Relevant Balancing Services and thus are eligible for a β adjustment; and definitions for the terms “Declared_Availability” and “Contracted_Output”, for the purpose of Rule 8.5.2(b) for a CMU that is not also a BM Unit, in respect of each balancing service the CMU is providing.

Relevant Balancing Services:

- (i) A balancing service entered into by National Grid Electricity System Operator pursuant to the licence condition C16 of its transmission licence must be classified as a “Relevant Balancing Service” for the purposes of the Rules if and only if it is included in the Relevant Balancing Services Guidelines.

“ β ” for the purpose of this Schedule 4 means: 1 in any Settlement Period where any of the services contained within the Relevant Balancing Services Guidelines are being provided by a CMU.

The Delivery Body:

- (a) must, on the request of the Secretary of State or the Authority, and
- (b) may, at any other time

consult with interested parties for not less than 28 days as to whether the Relevant Balancing Services Guidelines are fit for purpose and/or whether the inclusion of additional services (for which the Delivery Body may make proposals) would be beneficial.

The Delivery Body shall submit to the Authority within seven Working Days of the close of the consultation period, a report setting out:

- (ii) the revisions originally proposed;
- (iii) the representations (if any) made to the Delivery Body in response to the consultation;
and
- (iv) any changes to the revisions.

The Authority shall then determine (after consultation with the Delivery Body, the CM Settlement Body and such other persons as it considers desirable) whether to approve or reject any amendments to the Relevant Balancing Services Guidelines.

The Delivery Body must update the Relevant Balancing Services Guidelines within seven Working Days following the Authority determination on amendments.”

Part 2

Capacity Market Register

3. Amendments to Chapter 7 (Capacity Market Register)

3.1 In Rule 7.4 (Contents of the Capacity Market Register):

3.1.1 after Rule 7.4.1(xvi), insert:

“(xvii) the amount of credit cover required for the CMU;

(xviii) whether the CMU has met its Financial Commitment Milestone.”

3.2 In Rule 7.5 (Delivery Body amendments to the Capacity Market Register):

3.2.1 in Rule 7.5.1(ta), for “5”, substitute “five”.

3.2.2 in Rule 7.5.1(w), after Rule 7.5.1(w)(iii), insert:

“within five Working Days of receiving such notifications.”.

3.2.3 after Rule 7.5.1(y), insert:

- “(z) to record when a Capacity Committed CMU meets its Financial Commitment Milestone, within five Working Days following approval from the Delivery Body; [OF38]
- (aa) to record any changes to the amount of Credit Cover required for the CMU, within five Working Days of receiving such notification;
- (bb) to record any changes to the CMU secondary trading contact details submitted under Rule 3.4.1(c)(ii) within five Working Days of receiving such notification;
- (cc) to record any changes to the Meter Point Administration Numbers, BM Unit IDs and other identification codes for the relevant Meters relating to the CMU within five Working Days following approval from the Delivery Body;
- (dd) to record any changes to the relevant Delivery Year for the CMU, within five Working Days following approval from the Delivery Body;
- (ee) to record any changes to the duration of the Capacity Agreement in accordance with Rule 8.3.6(b) or (c) within five Working Days following approval from the Delivery Body;
- (ff) to record any changes to the duration of the Capacity Agreement in accordance with Rule 8.3.6A(d), (e) or (f) within five Working Days following approval from the Delivery Body; and”

Part 3

Relevant Planning Consents

4. Amendments to Chapter 3 (Prequalification Information)

4.1 In Rule 3.7 (Additional Information for a New Build CMU):

4.1.1 in Rule 3.7.1, after Rule 3.7.1(a)(ii), remove “and in the case of 3.7.1 (a)(ii) must provide documentary evidence of Relevant Planning Consents.”.

4.1.2 in Rule 3.7.1(b), substitute “Rule 3.7.1(a)” with “Rule 3.7.1(a)(ii)”.

4.1.3 in Rule 3.7.1(b)(i), remove “[omitted]” and insert:

“the maximum allowable capacity granted under the Relevant Planning Consent.”.

4.1.4 omit Rule 3.7.1(b)(ii) and Rule 3.7.1(b)(iii).

4.1.5 after Rule 3.7.1(b), insert:

“(c) for the purposes of Rule 3.7.1, where the Connection Capacity of a Generating Unit determined under Rule 3.5 is greater than the maximum allowable capacity provided under Rule 3.7.1(b)(i), the Delivery Body shall set the Connection Capacity of a Generating Unit to the value given under Rule 3.7.1(b)(i).”

5. Amendments to Chapter 4 (Determination of Eligibility)

5.1 In Rule 4.7 (Conditional Prequalification – Planning Consents):

5.1.1 in Rule 4.7.1(c), remove:

“the Relevant Planning Consents and where the Relevant Planning Consents:

- (i) are time limited, submit documentary evidence showing that the end date of the Relevant Planning Consents is after the expiry date of the Capacity Agreement;
- (ii) state the capacity of the New Build CMU is smaller than the Connection Capacity, technical documentary evidence justifying the difference.”

and insert:

“the maximum allowable capacity granted under the Relevant Planning Consents”.

5.1.2 in Rule 4.7.3, remove “[Omitted]” and insert:

“Where the Connection Capacity of a Generating Unit determined under Rule 3.5 is greater than the maximum allowable capacity provided under Rule 4.7.1(c), the Delivery Body shall set the Connection Capacity of a Generating Unit at the value given under Rule 4.7.1(c). The Delivery Body shall then recalculate the De-rated Capacity of the CMU where appropriate and by the dates set out under Rule 5.5.14 with the Prequalified De-rated Capacity position confirmed for the relevant Auction.”.

6. Amendments to Chapter 7 (Determination of Eligibility)

6.1 In Rule 7.5 (Delivery Body amendments to the Capacity Market Register) and following the insertion of amendments set out in Part 2 of this Schedule:

6.1.1 after Rule 7.5.1(ff), insert:

“(gg) to record any changes to the Connection Capacity and De-rated Capacity of a CMU pursuant to Rule 4.7.3.”.

7. Amendments to Chapter 8 (Obligations of Capacity Providers and System Stress Events)

7.1 In Rule 8.3 (Specific obligations and consequences):

7.1.1 after Rule 8.3.15, insert:

“8.3.16 Relevant Planning Consents Declaration

where an Applicant has submitted a declaration in accordance with Rule 3.7.1 or Rule 4.7.1, and upon request by the Delivery Body, the Applicant must provide the Delivery Body, as soon as reasonably practicable, evidence to satisfy the requirement that the Relevant Planning Consents has been achieved.”.

Part 4

Maximum Obligation Period

8. Amendments to Chapter 1 (General Provisions)

8.1 In Rule 1.2 (Definitions):

8.1.1 within the definition of “Maximum Obligation Period”, remove:

“and to be lower than the Fifteen Year Minimum £/kW Threshold”.