



Department for Business, Energy & Industrial Strategy

Neil McDermott
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25 October 2019

Dear Neil,

Capacity Market – Notification of Relevant Authority Decision and Confirmation of the Deferred Capacity Payment Trigger Event and T-1 Capacity Agreement Trigger Event

The European Commission advised my Department on 24 October 2019 that, following its formal Phase II investigation, it has decided the GB Capacity Market scheme is compatible with EU State aid rules.

The Commission's decision has the consequence that it would be in accordance with the law relating to State aid for the UK to make capacity payments under the GB Capacity Market, including capacity payments in respect of agreements that existed on 15th November 2018 that were prevented from being paid during the standstill period and capacity payments to holders of agreements awarded to successful bidders in the conditional agreement auction.

I am therefore notifying you today of the Commission's decision for the purposes of Regulations 4(1) and 5(1)(a) of the Electricity Capacity (No. 1) Regulations 2019 ("the 2019 Regulations").

Upon this notification – and the occurrence on today's date of the deferred capacity payment trigger event and T-1 capacity agreement trigger event (as defined in the 2019 Regulations), I hereby require that the Electricity Settlements Company Limited in its designated role as Settlement Body for the GB Capacity Market:

- a) calculate and collect post-standstill payments from suppliers and make capacity payments in respect of the standstill period in accordance with the 2019 Regulations, the Electricity Capacity Regulations 2014, the Electricity Capacity (Supplier Payment etc.) Regulations 2014 and the Capacity Market Rules ("the CM legislation"),
- b) undertake all of its Capacity Market functions as Settlement Body arising under the CM legislation as required on or after the occurrence of the deferred capacity payment trigger event or T-1 capacity agreement trigger event, and
- c) resume any other Capacity Market functions under the CM legislation that were suspended during the standstill period, including the invoicing and collection of the monthly supplier charge and payment of the monthly capacity payments.

THE RT HON ANDREA LEADSOM MP
Secretary of State for Business, Energy & Industrial Strategy