

The Capacity Market (Amendment) (No.4) Rules 2026

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

The Capacity Market (Amendment) (No.4) Rules 2026

1 Citation, Commencement and Interpretation

1.1 These Rules may be cited as the Capacity Market (Amendment) (No.4) Rules 2026.

1.2 These Rules come into force on 17th July 2026.

1.3 In these Rules:

1.2.1 “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 2018;
- (m) the Capacity Market (Amendment) Rules 2019;
- (n) the Capacity Market (Amendment) (No. 2) Rules 2019;
- (o) the Capacity Market (Amendment) (No. 3) Rules 2019;
- (p) the Capacity Market (Amendment) (No. 4) Rules 2019;
- (q) the Capacity Market (Amendment) (No. 5) Rules 2019;
- (r) the Capacity Market (Amendment) Rules 2020;
- (s) the Capacity Market (Amendment) (No. 2) Rules 2020;
- (t) the Capacity Market (Amendment) (No. 3) Rules 2020;
- (u) the Capacity Market (Amendment) Rules 2021;

- (v) the Capacity Market (Amendment) (No. 2) Rules 2021;
- (w) the Capacity Market (Amendment) Rules 2022;
- (x) the Capacity Market (Amendment) (No. 2) Rules 2022;
- (y) the Capacity Market (Amendment) Rules 2023;
- (z) the Capacity Market (Amendment) Rules 2024;
- (z1) the Capacity Market (Amendment) (No. 2) Rules 2024;
- (z2) the Capacity Market (Amendment) (No. 3) Rules 2024;
- (z3) the Capacity Market (Amendment) Rules 2025;
- (z4) the Capacity Market (Amendment) (No. 2) Rules 2025;
- (z5) the Capacity Market (Amendment) (No. 3) Rules 2025;
- (z6) the Capacity Market (Amendment) Rules 2026;
- (z7) the Capacity Market (Amendment) (No.2) Rules 2026; and
- (z8) the Capacity Market (Amendment) (No.3) Rules 2026.

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 All amendments apply (unless otherwise stated or amended from time to time) in respect of any Capacity Agreement that has been awarded as a result of a Capacity Auction held before these Rules come into force and in respect of any Capacity Agreement awarded as a result of a Capacity Auction held after these Rules come into force.

3 Amendments

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

Signed and dated:

Minister Shanks

Minister of State for Energy

Department for Energy Security and Net Zero

Part 1

Efficient bidding in Capacity Auctions

1. Amendments to Chapter 5 (Capacity Auctions)

- 1.1** In Rule 5.5.10, omit paragraph (b).

2. Amendments to Chapter 7 (Capacity Market Register and Capacity Market Metering Register)

- 2.1** In Rule 7.4.1:

- (a) for “On the day on which the Secretary of State is given the notification required by Regulation 23(1)” substitute “By no later than eight Working Days after the Auction Results Day”;
- (b) in paragraph (a), for “is the subject”, substitute “was the subject”;
- (c) in paragraph (c), for “is the subject” substitute “was the subject”;
- (d) in paragraph (d)(xiv), for “is conditional” substitute “was conditional”;
- (e) omit paragraph (d)(xvi).

- 2.2** In Rule 7.4.2:

- (a) for the chapeau text, substitute “By no later than 8 Working Days after the Auction Results Day, whether or not the Applicant with respect to a Prequalified CMU submitted (or was deemed to have submitted) a notice to the Delivery Body pursuant to Rule 5.5.14 such that the Prequalified CMU was a Bidding CMU and, if so”;
- (b) in paragraph (b), for “wishes to participate” substitute “participated”.

- 2.3** In Rule 7.4A.1 for the words “Prequalification Results Day” substitute “Auction Results Day”

- 2.4** In Rule 7.6.3, after paragraph (b), insert:

“(c) to entries made pursuant to Rule 7.4.1 and Rule 7.4.2 before the relevant Auction Results Day”

- 2.5** In Rule 7.6A.3, at the end, insert “or to entries made pursuant to Rule 7.4A before the relevant Auction Results Day”.

Part 2

Low Emissions CMUs in the Biomass Generating Technology Class

3. Amendments to Chapter 1 (General Provisions)

3.1 In Rule 1.2.1:

- (a) after the definition of “Bilateral Embedded Generation Agreement”, insert:

“Biomass has the meaning given in Article 3 of the Renewable Obligations Order 2015¹

Biomass Component means an Other Emitting Component comprised in a Generating CMU or a DSR CMU which is in the Biomass Generating Technology Class

Biomass Generating Technology Class means a Generating Technology Class that is classed as ‘Biomass’ in Schedule 3

Biomass Sustainability Criteria mean the criteria set out in Schedule 10

Biomass Sustainability Declaration means a declaration in the form set out in Exhibit ZE

Biomass Sustainability Declaration Year means, in respect of a Biomass Sustainability Declaration, a continuous period of 12 months starting no earlier than the date which is 24 months before the date on which the Biomass Sustainability Declaration is provided to the Delivery Body and ending no later than the date on which the Biomass Sustainability Declaration is provided to the Delivery Body

Biomass Sustainability Related Material Change

- (a) in respect of a CMU, means adding at least one Biomass Component with an Installed Capacity equal to or greater than 1MW;
- (b) in respect of a Generating Unit or DSR CMU Component means

¹ S.I. 2015/1947.

- making any change which alters its compliance with the Biomass Sustainability Criteria;
- (c) in respect of a Biomass Component with an Installed Capacity below 1MW, means any change which alters its Installed Capacity so that it is equal to or greater than 1MW”.

(b) in the definition of “Independent Emissions Verifier”:

(i) for paragraph (b), substitute:

“(b) is engaged by the relevant Applicant or Capacity Provider at its expense to:

- (i) verify calculations of Fossil Fuel Emissions (and, where relevant, Fossil Fuel Yearly Emissions) required for its Fossil Fuel Emissions Declaration; or
- (ii) perform assurance of a Biomass Sustainability Declaration;”;

(ii) in paragraph (c), at the start, insert “in respect of verifying Fossil Fuel Emissions and Fossil Fuel Yearly Emissions;”;

(iii) after paragraph (c), insert:

“(ca) in respect of a Biomass Sustainability Declaration, performs assurance in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised) (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and/or International Standard on Sustainability Assurance (ISSA) 5000 (General Requirements for Sustainability Assurance Engagements);”.

(c) for the definition of “Low Emissions CMU”, substitute:

“Low Emissions CMU

means a CMU which comprises either:

- (a) one or more Fossil Fuel Components, or a Storage Facility which has part or all of its electricity requirements met by an Associated Fossil Fuel Component, and none of those Fossil Fuel Components’ Fossil Fuel Emissions exceed the Low Carbon Limit, and either:
 - (i) no Other Emitting Component; or
 - (ii) no Other Emitting Component except one or more Sustainable Biomass Components;

- (b) no Emissions Component except one or more Sustainable Biomass Components; or
 - (c) no Emissions Component.”.
- (d) after the definition of “Supplier Meter Registration Service (SMRS)”, insert:

“Sustainable Biomass CMU means a CMU comprised of one or more Sustainable Biomass Components

Sustainable Biomass Component means a Biomass Component in respect of which a Biomass Sustainability Declaration and Low Carbon Declaration have been given”.

4. Amendments to Chapter 3 (Prequalification Information)

4.1 In Rule 3.4.4A:

- (a) in paragraph (a), at the end, omit “; and”;
- (b) in paragraph (b)(iv), at the end, insert “; and”;
- (c) after paragraph (b), insert:

“(c) where the Applicant is providing a Biomass Sustainability Declaration with a Low Carbon Declaration, that it intends to be a Sustainable Biomass CMU.”.

4.2 In Rule 3.10ZA.1, in the chapeau text, after “Application”, insert “(and, where it applies, comply with Rule 3.10ZA.1A)”.

4.3 After Rule 3.10ZA.1, insert:

“3.10ZA.1A In respect of a CMU that wishes to be a Sustainable Biomass CMU, an Applicant must provide a Biomass Sustainability Declaration with a Low Carbon Declaration.”.

4.4 After Rule 3.10ZA.2, insert:

“3.10ZA.2ZA An Applicant which chooses to provide a Low Carbon Declaration under Rule 3.10ZA.2 in respect of a CMU which it wishes to be a Sustainable Biomass CMU must provide the Delivery Body a Biomass Sustainability Declaration with a Low Carbon Declaration.”.

4.5 In Rule 3.10ZB.1:

- (a) in paragraph (c)(ii), at the end, insert “; or”
- (b) after paragraph (c)(ii), insert:

- “(iii) a Biomass Sustainability Declaration and any document annexed to such declaration which demonstrates compliance with Biomass Sustainability Criteria.”.
- (b) for paragraph (f)(i)(bb), substitute:
 - “(bb) one or more Other Emitting Components which is not a Sustainable Biomass Component is or has been comprised in the relevant CMU”.
- (b) for paragraph (f)(ii)(bb), substitute:
 - “(bb) an Other Emitting Component which is not a Sustainable Biomass Component is or has been comprised in the relevant CMU”.

4.6 After Rule 3.18, insert:

“3.19 Biomass Sustainability Declaration

- (a) Unless paragraph (b) applies, where an Applicant for a CMU wishes for the CMU to be a Sustainable Biomass CMU, the Applicant must provide a Biomass Sustainability Declaration.
- (b) an Applicant is not required to provide a new Biomass Sustainability Declaration under this Rule 3.19 if the Applicant confirms in the Application that there has been no Biomass Sustainability Related Material Change to the CMU or a relevant Fossil Fuel Component since a previous Biomass Sustainability Declaration was provided.
- (c) where paragraph (b) applies, the Applicant must reuse the previous completed Biomass Sustainability Declaration by providing the Delivery Body a copy of the previous Biomass Sustainability Declaration.”.

5. Amendments to Chapter 8 (Capacity Provider information)

5.1 After Rule 8.3.11A, insert:

“8.3.11B Provision of Low Carbon Declaration with Biomass Sustainability Declaration by a Declared Long Stop CMU, a Nine Year Capex Threshold CMU or a Three Year Zero Capex Threshold CMU

Where:

- (a) a CMU is a Declared Long Stop CMU, a Nine Year Capex Threshold CMU or a Three Year Zero Capex Threshold CMU;
or
- (b) the Capacity Provider for that CMU is required to provide a Biomass Sustainability Declaration under Rule 8.3.15B,

the Capacity Provider must also provide to the Delivery Body, by the deadlines specified in Rule 8.3.15B, an updating Low Carbon Declaration in respect of that CMU that specifies a Low Carbon Period that includes the Delivery Years for which a Capacity Agreement has been awarded in respect of that CMU.”.

5.2 In Rule 8.3.15A:

- (a) in paragraph (a)(i), for “a Fossil Fuel Emissions Commitment”, substitute “with an Application a Fossil Fuel Emissions Commitment or a Biomass Sustainability Declaration”;
- (b) in paragraph (a)(ii), after “Rule 8.3.13(a)” insert “or a Biomass Sustainability Declaration Provided to the Delivery Body under Rule 8.3.15B”.

5.3 After Rule 8.3.15A:

“8.3.15B Biomass Sustainability Declaration

- (a) This Rule 8.3.15B applies to a Capacity Provider for a CMU in respect of which a Biomass Sustainability Declaration was provided to the Delivery Body with an Application under Rule 3.19.
- (b) A Capacity Provider must provide the Delivery Body an updating Biomass Sustainability Declaration by the initial deadline specified in paragraph (c) and each subsequent deadline specified in paragraph (d).
- (c) The initial deadline is:
 - (i) 14 months after the start of the first Delivery Year; or
 - (ii) where the Capacity Agreement takes effect in accordance with Rule 6.7A.1(b), Rule 6.7.4(a)(ii) or Rule 6.8.5 during a Delivery Year “t”, the date which is 2 months after the start of Delivery Year t +2.
- (d) The subsequent deadline referred to in Rule 8.3.15B(b) falls 2 months after the start of each Delivery Year of the Capacity Agreement following the Delivery Year the Capacity Provider provides the Delivery Body a Biomass Sustainability Declaration under Rule 8.3.15B(c).”.

6. Amendments to Exhibit ZD (Form of Low Carbon Declaration)

6.1 In Exhibit ZD (Form of Low Carbon Declaration):

(a) in Part 3:

- (i) for paragraphs 1 and 2, substitute:

“1. The Relevant CMU (select one option):

(a) is and will be a Low Emissions CMU

☐

(b) will be a Low Emissions CMU

☐

(c) does not and will not comprise of an Emissions Component ☐

Select only one of (a) or (b) or (c) as appropriate. Note that you will need to select sub paragraph (a) or (b) if the Relevant CMU is expected to comprise any Storage Facility that has part or all of its electricity requirements met by an Associated Fossil Fuel Component.

2. The statement in paragraph 1:

(a) is supported by a (select one option):

Fossil Fuel Emissions Declaration ☐

Fossil Fuel Emissions Commitment ☐

Biomass Sustainability Declaration ☐

provided to the Delivery Body with this Declaration in compliance with the Rules.

(b) will be supported by a Fossil Fuel Emissions Declaration provided to the Delivery Body in accordance with the relevant deadline in the Rules ☐

Note: Where the Relevant CMU comprises or will comprise of a Fossil Fuel Component, you must select Fossil Fuel Emissions Declaration or Fossil Fuel Emissions Commitment in (a) as appropriate. Where you intend for the Relevant CMU to be, or the Relevant CMU is, a Sustainable Biomass CMU, you must select Biomass Sustainability Declaration in (a).

Select (b) if you are providing this Declaration with an Application and will make a Fossil Fuel Emissions Declaration by a deadline in accordance with Rules 3.18, 8.3.12(b), 8.3.12A(b) or 8.3.13(c) (in respect of an Existing Generating CMU or Proven DSR CMU) or Rule 8.3.11(a) (in respect of a Prospective Generating CMU or Unproven DSR CMU).”;

(ii) In paragraph 3, in sub-paragraph (b), after “Fossil Fuel Emissions Commitment”, insert “or Biomass Sustainability Declaration”.

7. New Exhibit ZE (Form of Biomass Sustainability Declaration)

7.1 After Exhibit ZD, insert:

“EXHIBIT ZE: FORM OF BIOMASS SUSTAINABILITY DECLARATION

Item	Guidance	Information from Directors
Name of Relevant Party:	Applicant or Capacity Provider entity	

Company registration number (or equivalent if Company Registration Number is not applicable):	For GB Companies and LLPs this can be found on Companies House. For overseas entities, please provide the unique identifier issued by your country's company registry or equivalent authority. Individuals should leave this blank	
Company Address:	Address of Registered Office	
CMU ID:	The Relevant CMU	
CMU Name:	Use the same description of the Relevant CMU as on the Low Carbon Declaration accompanying this declaration (where applicable).	

Introductory Guidance:

Part 1 must always be completed.

Applicants must complete Part 2 and Part 6 if submitting this declaration as part of their Prequalification Application.

If this declaration is submitted post Prequalification and forms part of the Agreement, then all Parts of this document must be completed (as described in the relevant notes).

This declaration is made with respect to the Relevant CMU and each Biomass Component, or Biomass Component by which a Storage Facility comprising the Relevant CMU has part or all of its electricity requirements met (each a relevant Biomass Component), comprised in the Relevant CMU.

This declaration is made in respect of the Delivery Year in respect of which a Capacity Obligation awarded to the Relevant CMU applies (the Relevant Delivery Year).

Part 1: The Relevant CMU

The Relevant Party hereby confirms that the Relevant CMU is:

Select 1 only:

CMU Type:	Guidance:	Select one only:
a New Build CMU		☐
a Refurbishing CMU	Where this declaration is not provided in respect of the Pre-Refurbishment CMU and is provided in respect of the Relevant CMU once improvement works have been completed	☐
a DSR CMU		☐
an Existing Generating CMU	Including where this declaration is provided in respect of the Pre-Refurbishment CMU in relation to a Refurbishing CMU	☐

Note: failure to complete Part 1 will result in the Exhibit being rejected

Part 2: Declaration at Prequalification in respect of the Relevant CMU

The Relevant CMU will or may comprise of at least one Biomass Component in respect of which the Biomass Sustainability Criteria will be satisfied and the Relevant Party will make updating Biomass Sustainability Declarations in accordance with the relevant deadlines in Rule 8.3.15B;

Part 3: Declaration in respect of the Relevant CMU and Installed Capacity

The Relevant Party Applicant hereby declares that the Relevant CMU:

- (a) comprises and/or will comprise of at least one relevant Biomass Component which has/have an Installed Capacity under 1MW. ☐
- (b) comprises and/or will comprise of at least one relevant Biomass Component which has/have an Installed Capacity of equal to or above 1MW. ☐

Note: If selecting (b), you must complete Annex B to this Declaration (Sustainability Assurance Report) and arrange for the Independent Emissions Verifier to sign off this declaration.

Part 4: Biomass Sustainability statement in respect of relevant Biomass Components with an Installed Capacity equal to or above 1MW

Select both (a) and (b):

In respect of each relevant Biomass Component with an Installed Capacity equal to or above 1MW:

- (a) the Biomass Sustainability Criteria (as described in Schedule 10) are satisfied; and ☐
- (b) the Annex to this Declaration (Sustainability Assurance Report) is provided to demonstrate that the Biomass Sustainability Criteria are satisfied. ☐

Note: You do not need to complete this Part 4 if you have retained the declaration in Part 3(a). You must complete this Part 4 if you have retained the declaration in Part 3(b), by selecting both (a) and (b).

Part 5: Biomass Sustainability Statement in respect of Relevant Biomass Components with an Installed Capacity below 1MW

In respect of each relevant Biomass Component with an Installed Capacity below 1MW, the Biomass Sustainability Criteria (as described in Schedule 10) are satisfied. ☐

Note: You do not need to complete this Part 5 if you have retained the declaration in Part 3(b). You must complete this Part 5 if you have retained the declaration in Part 3(a).

Part 6: Confirmation by the Applicant's Directors

We confirm that:

- a) We have read and understood Rules 3.10ZA and 3.10ZB (and the meanings of the defined terms used in them and those that are set out in Rule 1.2.1), as well as Rules relating to the Relevant CMU:
- b) We understand that if the Delivery Body gives a Low Emissions Determination in respect of the Relevant CMU, any Capacity Agreement of which the Relevant CMU is the subject may face the consequences specified in the Rules.

To be executed by the Relevant Party by the signature of two directors, unless Rule 1.3A (inserted by the Capacity Market (Amendment) Rules 2014) applies, or execution is on behalf of a company which is not a UK-registered company (in which case it is to be duly executed under the law of the place in which the company is incorporated).

<u>Signature of the Director</u>	
Date (dd/mm/yyyy)	
Print Name	

Please note: No second signature is required for sole director companies, see Rule 1.3.A

<u>Signature of the Director</u>	
Date (dd/mm/yyyy)	
Print Name	

Part 7: Independent Emissions Verifier certification of declaration(s) made in Part 3 and Part 4:

You must arrange for an Independent Emissions Verifier to complete this Part if you have selected the declaration in Part 3 and Part 4

1. Independent Emissions Verifier to select either (a) or (b)

a) We have conducted a verification of the information provided in Part 3 and Part 4 and the data provided in support of that information and, on the basis of the Assurance Work described in Annex A to this Declaration, we confirm with reasonable assurance that the declarations in Part 3 and Part 4 (where applicable) are true and correct in all material aspects.	b) We have conducted a verification of the information provided in Part 3 and Part 4 and the data provided in support of that information and, on the basis of the Assurance Work described in Annex A to this Declaration, we confirm with reasonable assurance that the declarations are true and correct, with the exception of the technical specification(s) / performance test(s) of combustion units made available by the operator [and attached to this declaration]. These documents have been accepted as representative of current operations in the absence of alternative data sources. The risk of mis-statement of data due to the age, degradation or non-optimum condition of the combustion units in operation has not been taken into account in the verification process.
☐	☐

2. Independent Emissions Verifier to complete all of the following.

We have applied the following standard/s when conducting the verification of the information provided in the tables in Part 3 and Part 4 and the data provided in support of that information:

Note: Apply the International Standard on Assurance Engagements (ISAE) 3000 (Revised) (Assurance Engagements Other than Audits or Reviews of Historical Financial Information) and/or International Standard on Sustainability Assurance (ISSA) 5000 (General Requirements for Sustainability Assurance Engagements)

Item	Guidance	Information
Description of standards applied	Including Title and Year	

Signature	
Date (dd/mm/yyyy)	
Print Name:	
Position:	
Company name of Independent Emissions Verifier:	
Accreditation body:	

Annex A

Assurance Work Conducted by the Independent Emissions Verifier

Responsibilities: The Relevant Party Applicant is responsible for the preparation and reporting of data in this Biomass Sustainability Declaration (“Declaration”) and for its submission to the Delivery Body in accordance with the Rules. The Independent Emissions Verifier is responsible (in accordance with its contract with the Relevant Party Applicant and its accreditation obligations) for carrying out assurance of the Declaration and data submitted with the Declaration.

Assurance Work Conducted: The Independent Emissions Verifier has conducted its examination having regard to the criteria used for assurance outlined below. This involved examining, based on the verifier’s own assessment of risk, evidence provided by the Relevant Party Applicant, to assess whether the verifier is able to give reasonable assurance that the declaration(s) in Part 3 and Part 4 of this Declaration are true and correct in all material respects (where applicable).

Criteria used for assurance: The Capacity Market Rules, the Electricity Capacity Regulations 2014 (SI 2014/ 2043); relevant ISO and/or other standards.

Annex B: Sustainability Assurance Report

Note: This Sustainability Assurance Report must be completed for each Biomass Component comprised in the Relevant CMU where independent assurance is required by the Rules.

Register and Fuel Measurement Information

Field	Response
Description of Generating Unit	[insert text]
Fuel	[insert text]
Fuel state	[Solid] / [Liquid] / [Gas]
Quantity	[insert text]
Units	[tonnes] / [litres] / [m ³]

Biomass Sustainability Criteria

Field	Response
Consignment	[insert text]
Meets the Land Criteria in Schedule 10?	[Yes] / [No]
Meets Greenhouse Gas Criteria in Schedule 10?	[Yes] / [No]

Biomass Composition & Country of Origin

Field	Response
Definition of Biomass met?	[Yes/No]
Material composition	[insert text]
Form of Biomass	[insert text]
Excreta produced by animals?	[Yes] / [No]
Country grown	[insert text]
Country obtained	[insert text]

Woody Biomass Information

Field	Response
Wood or derived from wood?	[Yes] / [No]
Forest/region name	[insert text]
Forest type	[Primary Forest] / [Other Naturally Regenerated Forest] / [Planted Forest] / [Mix of the Above] / [Other]
Harvesting system	[Clearfell] / [Thinning] / [Mix of Clearfell & Thinning] [Other]
Managed for energy/non-energy?	[Yes] / [No]
Pest/disease control measure?	[Yes] / [No]
Intention to retain/restock/regenerate?	[Yes] / [No]
Proportion hardwood (%)	[insert text]
Proportion softwood (%)	[insert text]
Protected/threatened species (%)	[insert text]
Name of species (if applicable)	[insert text]
Saw log proportion (%)	[insert text]
Saw log specification	[insert text]

8. Amendments to Exhibit KA

8.1 In Exhibit KA, in Report H of Exhibit KA:

- (a) In Q4, omit “meaning that, during the Low Carbon Period, it will comprise Fossil Fuel Components with emissions that do not exceed the Low Carbon Limit and contain no Other Emitting Components”.
- (b) In item 2), for the text in the box under Guidance, omit: “The supporting analysis should include estimates of Fossil Fuel Component emissions and demonstrate that this is less than the Low Carbon Limit.”.

9 New Schedule 10

9.1 After Schedule 9, insert:

“SCHEDULE 10: BIOMASS SUSTAINABILITY CRITERIA

PART 1 The Greenhouse Gas Criteria

Demonstrating the greenhouse gas criteria for Biomass other than bioliquid

- 1.** A Biomass Component using Biomass other than bioliquid meets the greenhouse gas criteria if the greenhouse gas emissions (calculated under paragraph 3) from its use are:
 - (a) in respect of Woody Biomass, equal to, or less than **36.6** grams of carbon dioxide equivalent per megajoule of electricity generated.
 - (b) in respect of gaseous and non-Woody Biomass, equal to, or less than **55.6** grams of carbon dioxide equivalent per megajoule of electricity generated.
- 2.** Greenhouse gas emissions from the use of Biomass other than bioliquid to generate electricity—
 - (a) are as calculated under paragraph 3 below; or
 - (b) are 91 grams per megajoule of electricity.
- 3.** Greenhouse gas emissions are equal to $\frac{E}{\eta_{el}}$ where:
 - (a) η_{el} is equal to $\frac{A}{F}$ where—
 - (i) A is the total amount of electricity generated by the Generating Unit during a Relevant Month, and
 - (ii) F is the energy content of all of the fuels used in generating that electricity during the Relevant Month;
 - (b) E is the greenhouse gas emissions from the production of the Biomass and is to be calculated in accordance with Part C of Annex 5

of the Renewables Directive but as if the following modifications were made to Part C of that Annex—

- (i) in paragraph 1—
 - (aa) for “and use of transport fuels, biofuels and bioliquids” there was substituted “of Biomass”,
 - (bb) for “E = total emissions from the use of the fuel” there was substituted “E = greenhouse gas emissions from the production of the Biomass”, and
 - (cc) for “ e_u = emissions from the fuel in use” there was substituted “ e_u = zero”;
- (ii) in paragraph 2, for the references to “fuels” and “fuel” there was substituted in each case “biomass”;
- (iii) paragraphs 3 and 4 were omitted;
- (iv) in paragraph 7—
 - (aa) for each reference to “biofuel” there was substituted “Biomass”, and
 - (bb) the words “or bioliquid” were omitted in each place in which those words occur;
- (v) in paragraph 11, for “fuel” there was substituted “Biomass”;
- (vi) paragraph 13 was omitted;
- (vii) in paragraph 14, for “fuel” there was substituted “Biomass”;
- (viii) for paragraph 16 there was substituted—

“16. Emission saving from excess electricity from cogeneration shall be taken to be zero. ”;
- (ix) in paragraph 17, for each reference to “fuel” there was substituted “biomass”;
- (x) in paragraph 18—
 - (aa) for “fuel” there was substituted “biomass”,
 - (bb) the words “In case of biofuels and bioliquids,” were omitted,
 - (cc) before “and residues from processing” there was inserted “residues from aquaculture, arboriculture, fisheries and forestry”, and
 - (dd) for “fuels” there was substituted “Biomass”; and
- (xi) for paragraph 19 there was substituted—

“19. Where material is added to the biomass to act as a binding agent or to reduce the emissions of dust, carbon dioxide, methane or nitrous

oxide from the use of the biomass, the material so added shall be considered to have zero greenhouse gas emissions, provided that the material so added does not exceed 2% by weight of the Biomass.”.

Demonstrating the greenhouse gas criteria for Biomass which is bioliquid

4. A Biomass Component using bioliquid meets the greenhouse gas criteria if the greenhouse gas emissions from its use are lower, by at least the relevant percentage, than the greenhouse gas emissions from the use of fossil fuel as determined under paragraph 5 below.
5. For the purposes of paragraph 4, and subject to paragraphs 6 and 7, the percentage difference between the greenhouse gas emissions from the use of the bioliquid and the greenhouse gas emissions from the use of fossil fuel—
 - (a) is to be calculated by the operator of the generating station either:
 - (i) using the calculation method for greenhouse gas emissions from the production and use of bioliquids provided for in paragraphs 1, 2 and 5 to 18 of Part C of Annex 5 to the Renewables Directive;
 - (ii) using the calculation method for greenhouse gas emissions from the production and use of bioliquids provided for in paragraphs 1, 2 and 5 to 18 of Part C of Annex 5 to the Renewables Directive, but using one or more disaggregated default values for the bioliquid when carrying out the calculation set out in paragraph 1 of Part C of that Annex;
 - (b) when not so calculated, is equal to:
 - (i) in relation to bioliquid described in the first column of Part A or Part B of Annex 5 to the Renewables Directive—
 - (aa) the percentage (if any) which corresponds to that description in the third column of Part A or Part B of that Annex, or
 - (bb) where a percentage corresponding to that description is not set out in the third column of Part A or Part B of that Annex, the percentage which complies with the provision corresponding to that description in the second column of Part A or Part B of that Annex,
 - (ii) in all other cases 0%;

6. The method in paragraph 5(a)(ii) above must not be used unless the bioliquid is described in the first column of a table in Part D or Part E of Annex 5 to the Renewables Directive.
7. The method in paragraph 5(b) above must not be used in relation to bioliquid described in the first column of Part A or Part B of Annex 5 to the Renewables Directive unless, in relation to the bioliquid, the result of the calculation in paragraph 7 of Part C of that Annex is equal to, or less than, zero.

PART 2 The Land Criteria

Demonstrating the land criteria for Woody Biomass

8. A consignment of Woody Biomass meets the land criteria if—
 - (a) it was legally harvested;
 - (b) either:
 - (i) 100% of such Woody Biomass was obtained from a sustainable source; or
 - (ii) such Woody Biomass was certified under an environmental quality assurance scheme which ensures that Woody Biomass certified by the scheme was obtained from a sustainable source; and
 - (c) such Woody Biomass:
 - (i) consists of or was produced from processing residue (such as sawmill residue), or;
 - (ii) meets the primary forest old growth criteria; or
 - (iii) was certified under an environmental quality assurance scheme which ensures that the Woody Biomass certified by the scheme meets the primary forest old growth criteria.

Demonstrating the land criteria for non-Woody Biomass (other than bioliquid)

9. A consignment of non-Woody Biomass (other than bioliquid) meets the land criteria if the biomaterial from which the fuel was made was:
 - (a) not obtained from a protected source,
 - (b) excreta produced by animals;

- (c) residue (other than residue from agriculture, aquaculture, fisheries or forestry), or
- (d) added to the fuel for an exempt purpose.

Demonstrating the land criteria: Bioliquids

- 10.** A consignment of Biomass which is bioliquid meets the land criteria if the biomaterial from which the fuel was made was:
- (a) not obtained from a protected source;
 - (b) residue (other than residue from agriculture, aquaculture, fisheries or forestry); or
 - (c) Waste.

Part 3: Interpretation

- 11.** In this Schedule:

“continuously forested area” means land of an area of more than one hectare which includes—

- (a) trees more than five metres tall providing a tree canopy cover of more than 30%, or
- (b) trees collectively having the capacity to provide a tree canopy cover of more than 30% which—
 - (i) are more than five metres tall, or
 - (ii) have the capacity to grow to a height of more than five metres;

“designated for nature protection purposes” means designated pursuant to the law of the United Kingdom or of any part of the United Kingdom or pursuant to the law of any country or territory outside the United Kingdom, for the purpose of protecting the natural environment;

“energy crops” means:

- (a) a perennial crop planted at high density, the stems of which are harvested above ground level at intervals of less than 20 years and which is:
 - (i) *Acer pseudoplatanus* (also known as sycamore);
 - (ii) *Alnus* (also known as alder);
 - (iii) *Betula* (also known as birch);

- (iv) *Castanea sativa* (also known as sweet chestnut);
- (v) *Corylus avellana* (also known as hazel);
- (vi) *Fraxinus excelsior* (also known as ash);
- (vii) *Populus* (also known as poplar);
- (viii) *Salix* (also known as willow); or
- (ix) *Tilia cordata* (also known as small-leaved lime); or
- (b) a perennial crop which is:
 - (i) *Arundo donax* (also known as giant reed);
 - (ii) *Bambuseae*, where the crop was planted after 31 December 1989 and is grown primarily for the purpose of being used as fuel;
 - (iii) *Miscanthus*;
 - (iv) *Panicum*;
 - (v) *Pennisetum* (other than *Pennisetum setaceum* (also known as fountain grass), *Pennisetum clandestinum* (also known as kikuyu grass) and *Pennisetum villosum* (also known as feathertop grass)); or
 - (vi) *Phalaris*;

“environmental quality assurance scheme” means a voluntary scheme which establishes environmental or social standards in relation to the production of woody biomass;

“exempt purpose” means, in relation to Biomass being added to a fuel, the Biomass:

- (a) having been added to the fuel:
 - (i) to act as a binding agent; or
 - (ii) to reduce the emissions of dust or greenhouse gases from the use of the fuel; and
- (b) not exceeding two per cent. (2%) of the fuel (measured by weight);

“forest europe sustainable forest management criteria” means the criteria for sustainable forest management in Lisbon Resolution L2 of the third Ministerial Conference on the Protection of Forests in Europe held in June 1998;

“harm minimisation requirements” mean the requirements in paragraph 8 of this Part

“highly biodiverse grassland” has the meaning given in paragraph 1 of Schedule 3 to the Renewables Obligation Order 2015 (S.I 2015/1947);

“international principles standard” mean the requirements in paragraph 14 of this Part

“legally harvested” has the meaning given to that term in Article 2 of Regulation (EU) No 995/2010;

“lightly forested area” means land of an area of more than one hectare which includes—

- (a) trees more than five metres tall providing a tree canopy cover of between 10% and 30%, or
- (b) trees collectively having the capacity to provide a tree canopy cover of between 10% and 30% which—
 - (i) are more than five metres tall, or
 - (ii) have the capacity to grow to a height of more than five metres;

“old growth forest” means:

- (a) a forest stand or area consisting of native tree species that have developed, predominantly through natural processes, structures and dynamics normally associated with late-seral developmental phases in primary or undisturbed forests of the same type, and in which any visible sign of former human activities is gradually disappearing or is too limited to significantly disturb natural processes; or
- (b) means an area of forest that may be considered appropriate to be designated for protection from forestry or other activities on account of the trees in it meeting certain criteria in relation to characteristics that include
 - (i) age, maturity or size;
 - (ii) absence or limited visible signs of human interference with their development; and/or
 - (iii) other characteristics such as species, and is known for the purposes of such designation as “Old Growth Forest” or another term suggestive of its meeting the above criteria;

“primary forest” means woodland of native species, where there is no clearly visible indication of human activity and ecological processes are not significantly disturbed;

“primary forest old growth criteria” are the criteria in paragraph 13 of this Part

“protected source” has the meaning given in paragraph 16 of this Part

“Relevant Month” is a month in a Biomass Sustainability Declaration Year.

“relevant percentage” means Article 2(1) and paragraph 1 of Schedule 1 of Renewables Obligation Order 2015.

“Renewables Directive” is the Renewables Directive 2009/28/EC.

“sustainable source” has the meaning given in paragraph 12 of this Part;

“wetland area” means land that is covered with or saturated by water—

- (a) permanently, or
- (b) for a significant part of the year; and

“Woody Biomass” means Biomass which—

- (a) is, or is derived wholly from:
 - (i) wood, other than an energy crop, or
 - (ii) a substance not within (i) above, that is added to a substance that is within (i) above for an exempt purpose;
- (b) is not Waste or wholly derived from Waste;
- (c) is not a bioliquid.”.

Sustainable Source

12. “sustainable source” means

- (a) grown within an area of forest or other land which is managed to meet the harm minimisation requirements and in a way that is consistent:
 - (i) with:
 - (aa) the Forest Europe sustainable forest management criteria; or
 - (bb) a set of international principles for the sustainable management of land which meet the international principles standard;
 - (ii) is residue from arboriculture carried out in an area which was not a forest;
 - (iii) it was or was derived from trees being removed from areas which constitute non-forest land and which are being restored for ecological purposes (and, for this purpose: (1) “ecological purposes” refers to the creation, restoration or maintenance of ecosystems; and (2) non-forest land shall exclude (without limitation) any land which constitutes a forest (as defined as at the “Agreement Date” in the document entitled “The UK Forestry Standard” published by the Forestry Commission)); or

- (iv) it was added to the fuel for an exempt purpose.

Primary forest old growth criteria

13. The primary forest old growth criteria are met by Woody Biomass (including Woody Biomass consisting of or produced from residue from agriculture, aquaculture, fisheries and forestry but not Woody Biomass consisting of or produced from processing residue (such as sawmill residue)) which has not been made from material obtained from land which at any time during or after January 2008 was primary forest or old growth forest.

International principles standards

14. The international principles standards are that the international principles that:
- (a) have been adopted following a process (the “principle setting process”) which sought to: (i) obtain a balanced representation of the views of groupings representing all three relevant interests (an “interest grouping”); (ii) ensure that no single interest grouping could dominate the principle setting process; and (iii) ensure that no decision on the contents of the principles could be made in the absence of agreement from a majority within each interest grouping involved in the principle setting process; and
 - (b) can be changed by a process (the “change process”) which seeks to ensure that: (i) no single interest grouping can dominate the process, and (ii) no decision on changes to the principles can be made in the absence of agreement from a majority within each interest grouping involved in the change process.

Where “relevant interest” in relation to the forest or other location where the wood was grown are (i) interests which are predominantly economic in nature; (ii) interests which are predominantly concerned with environmental protection and mitigation of climate change; and (iii) interests which are predominantly social in nature.

Harm minimisation requirements

15. The harm minimisation requirements are that:
- (a) harm to ecosystems is minimised, in particular by:
 - (i) assessing the impacts of the extraction of wood from the area and adopting plans to minimise any negative impacts;
 - (ii) protecting soil, water and biodiversity;

- (iii) controlling the use of chemicals and ensuring that chemicals are used in an appropriate way;
 - (iv) wherever possible, using integrated pest management (for the purposes of this paragraph⁰, "integrated pest management" means the careful consideration of all available plant protection methods and subsequent integration of appropriate measures that discourage the development of populations of harmful organisms and keep the use of plant protection products and other forms of intervention to levels that are economically and ecologically justified and reduce or minimise risks to human health and the environment and it emphasises the growth of a healthy crop with the least possible disruption to agro-ecosystems and encourages natural pest control mechanisms); and
 - (v) disposing of waste in a manner that minimises any negative impacts;
- (b) the productivity of the area is maintained, in particular by:
 - (i) adopting plans to avoid significant negative impacts on productivity;
 - (ii) adopting procedures for the extraction of wood that minimise the impact on other uses of the area;
 - (iii) providing for all of the contractors and workers who are working in the area to be adequately trained in relation to the maintenance of productivity, and
 - (iv) maintaining an adequate inventory of the trees in the area (including data on the growth of the trees and on the extraction of wood) so as to ensure that wood is extracted from the area at a rate which does not exceed its long-term capacity to produce wood;
- (c) compliance with the requirement above is monitored, the results of that monitoring reviewed and planning updated accordingly;
- (d) the health and vitality of ecosystems is maintained, in particular by:
 - (i) adopting plans to maintain or increase the health and vitality of ecosystems;
 - (ii) adopting plans to deal with natural processes or events such as fires, pests and diseases, and

- (iii) taking adequate measures to protect the area from unauthorised activities such as illegal logging, mining and encroachment;
- (e) biodiversity is maintained, in particular by:
 - (i) implementing safeguards to protect rare, threatened and endangered species;
 - (ii) conserving key ecosystems in their natural state; and
 - (iii) protecting features and species of outstanding or exceptional value;
- (f) those responsible for the management of the area (and any contractors engaged by them) comply with the local and national laws relating to health and safety and the welfare of workers;
- (g) those responsible for the management of the area have regard to:
 - (i) legal, customary and traditional rights of tenure and land use;
 - (ii) mechanisms for resolving grievances and disputes including those relating to tenure and land use rights, forest or land management practices and working conditions; and
 - (iii) safeguarding the health and safety and rights of workers; and
- (h) there is regular assessment of the extent to which those responsible for the management of the area have met the requirements.

Protected sources

- 16.** Biomaterial is obtained from a protected source if it is obtained from:
- (a) land which at any time during or after January 2008 was primary forest or old growth forest;
 - (b) land which at any time during or after January 2008 was designated for nature protection purposes, except if the production of that Biomass did not interfere with the nature protection purposes for which the land was designated;
 - (c) land which at any time during January 2008 was peatland, except if the cultivation and harvesting of that Biomass did not involve the drainage of previously undrained soil;
 - (d) a former continuously forested area;

- (e) a former lightly forested area, except if the greenhouse gas emissions to generate one megajoule (1 MJ) of electricity did not exceed **36.6** grams per megajoule of electricity, in respect of Woody Biomass and **55.6** grams per megajoule of electricity for non-Woody biomass (calculated under Part 1 of this Schedule); or
- (f) a former wetland area; or
- (g) highly biodiverse grassland (unless the harvesting of the biomaterial was necessary to preserve the grassland status).

17. For the purposes of paragraph 9, Biomass shall be deemed to be obtained from:

- (a) a former continuously forested area if the land: (i) was a continuously forested area at any time during January 2008; and (ii) was not a continuously forested area when the Biomass was obtained from it;
- (b) a former lightly forested area if the land: (i) was a lightly forested area at any time during January 2008; and (ii) was not a lightly forested area or a continuously forested area when the Biomass was obtained from it; and
- (c) a former wetland area if the land: (i) was a wetland area at any time during January 2008; and (ii) was not a wetland area when the Biomass was obtained from it.

18. A reference to residue from agriculture, aquaculture, fisheries or forestry—

- (a) is a reference to residue directly generated by (as the case may be) agriculture, aquaculture, fisheries or forestry; and
- (b) does not include a reference to residue from related industries or residue from processing.”.

Part 3

DSR CMUs

10. Amendments to Chapter 1 (General Provisions)

10.1 In Rule 1.2 (Definitions), after the definition of “Holding Company”, insert:

“**Import** has the meaning given in Regulation 2(1)”.

11. Amendments to Chapter 3 (Prequalification Information)

11.1 In Rule 3.9.3 (Business Models), in Rule 3.9.3(a)(i), at the end, insert:

“where, for the purposes of this Rule 3.9.3, the types of DSR are:

(aa) Import reduction achieved by a behind-the-meter Permitted on-Site Generating Unit ;

(bb) Import reduction achieved by behind-the-meter Storage ;

(cc) Import reduction by demand turn-down”

11.2 In Rule 3.10.1, before Rule 3.10.1(a)(iv)(aa), insert:

“(zaa) the type of DSR effected by the DSR CMU Component where, for the purposes of this Rule 3.10.1, the types of DSR are the categories specified in Rule 3.9.3(a)(i)(aa) to (cc)”.

11.3 In Rule 3.10 (Additional Information for Unproven DSR CMU), after Rule 3.10.4 insert:

“3.10.5 Permitted On-Site Generating Units

Each Applicant for an Unproven DSR CMU must declare whether the DSR CMU will comprise any Permitted On-Site Generating Unit, and confirm that the Applicant will, where required, comply with Rule 8.3.3A(a)(izb).” .

12. Amendments to Chapter 7 (Capacity Market Register and Capacity Agreements)

12.1 In Rule 7.4.1 (Contents of the Capacity Market Register):

(a) for Rule 7.4.1(a)(ic), substitute:

“(ic) a description of the CMU including (where applicable):

(aa) each Generating Unit comprising such CMU that has an Installed Capacity of at least 30kW and, in the case of each Generating Unit comprising such CMU with an Installed

Capacity below 30kW, those Generating Units recorded in aggregate (including by reference to a Generating Technology Class, where applicable), with the aggregated entry representing, for the purposes of the Capacity Market Register only, the combined Installed Capacity of those Generating Units; and

- (bb) in the case of a Generating CMU, the Primary Fuel Type, Generating Technology Class, Connection Capacity and De-rated Capacity for the CMU and the Primary Fuel, Generating Technology Class, Connection Capacity and De-rated Capacity for each Generating Unit comprising such CMU;”.

- (b) for Rule 7.4.1(a)(id), substitute:

“(id) a description of the CMU including (where applicable):

- (aa) each DSR CMU Component comprising such CMU that has an Installed Capacity of at least 30kW and, in the case of each DSR CMU Component comprising such CMU with an Installed Capacity below 30kW, those DSR CMU Components recorded in aggregate (including by reference to a DSR CMU Component Class, where applicable), with the aggregated entry representing, for the purposes of the Capacity Market Register only, the combined Installed Capacity of those DSR CMU Components; and
- (bb) in the case of a DSR CMU, the DSR Capacity for the CMU and the DSR Capacity for each DSR CMU Component comprising such CMU;”.

- (c) in Rule 7.4.1(a)(iii), after “CMU”, insert:

“, and, where such information relates to any Generating Unit or DSR CMU Component that is recorded in aggregate, such information may be recorded on an aggregated basis”.

- (d) in Rule 7.4.1, after sub-paragraph (a), insert:

“(aa) where Generating Units or DSR CMU Components are recorded in aggregate, the entry must include the number of Generating Units or DSR CMU Components, the combined Installed Capacity of those Generating Units or DSR CMU Components, and, where the CMU is a Proven DSR CMU that includes Permitted On-Site Generating Units, the combined Installed Capacity of those Permitted On-Site Generating Units.”.

- 12.2** in Rule 7.6 (Capacity Market Register to be publicly available), after Rule 7.6.2, insert:

“7.6.2A Entries on the Capacity Market Register recorded in aggregate in accordance with Rule 7.4.1(a)(ic), (id), (ii), or (iii), where made available under Rules 7.6.1 and 7.6.2 are to be made available as recorded.”.

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

13.1 In Rule 8.3.2 (DSR Tests)

(a) for paragraph (a), substitute:

“(a) the Capacity Provider must provide a DSR Test Certificate:

- (i) evidencing a Proven DSR Capacity equal to or greater than 1MW; and
- (ii) in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No.4) Rules 2026, evidencing a Proven DSR Capacity equal to or greater than 50% of the CMU’s Capacity Obligation.

by no later than one month prior to the start of the first Delivery Year (or in the case of a CMU awarded a Capacity Agreement of a duration exceeding one Delivery Year, prior to the date falling one month before the commencement of the second Delivery Year of the Capacity Agreement);”.

(b) for paragraph (c), substitute:

“(c) if the Capacity Provider provides a DSR Test Certificate which evidences a Proven DSR Capacity in an amount less than its Unproven DSR Capacity and that Proven DSR Capacity is—

- (i) equal to or greater than 1MW; and
- (iii) in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, equal to or greater than 50% of the CMU’s Capacity Obligation,

then:

- (i) the Capacity Obligation; and
- (ii) all payments (whether Capacity Payments or penalties),

with respect to that CMU will be reduced by the proportion which the Proven DSR Capacity bears to the Unproven DSR Capacity, or, if applicable, in the case of a Joint DSR Test, the proportion which the aggregate Proven DSR Capacity bears to the aggregate Unproven DSR Capacity, in accordance with the calculation under Rule 13.2B.13.”.

13.2 In Rule 8.3.3A (Notifying DSR Components)

(a) after paragraph (a)(iza), insert:

“(izb) in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, and in respect of each DSR CMU Component, details of all Permitted On-Site Generating Units and electricity connections from or through which electricity is or could be supplied to the site where and/or electrical apparatus through which DSR will be effected.

(izc) in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, the type of DSR effected by each DSR CMU Component where, for the purposes of this Rule, the types of DSR are the categories specified in Rule 3.9.3(a)(i)(aa) to (cc)”.

(b) In Rule 8.3.4(f), for “8.3.3A(a)(i) and 8.3.3A(a)(ii)” substitute “8.3.3A(a)”.

13.3 In Rule 8.3.6:

(a) Omit paragraph (a)(ii).

(b) In paragraph (ab), after “Unproven DSR CMU”, insert “which is not a Three Year Zero Capex Threshold CMU”.

13.4 In Rule 8.3.6A (Meeting the Extended Years Criteria):

(a) for paragraph (a), substitute:

“(a) This Rule 8.3.6A applies where:

- (i) a Prospective Generating CMU has been awarded a Capacity Agreement with a duration of more than three Delivery Years; or
- (ii) an Unproven DSR CMU has been awarded a Capacity Agreement after the coming into force of the Capacity Market (Amendment) (No.4) Rules 2026 with a duration of three or more Delivery Years.”

(b) for paragraph (b), substitute:

“(b) No later than three months after the start of the first Delivery Year or, if applicable, no later than the date the Capacity Agreement takes effect in accordance with Rule 6.7.4(a)(ii) or Rule 6.8.5,:

- (i) a Capacity provider in respect of a CMU which is not a Three Year Zero Capex Threshold CMU must provide to the Delivery Body a report from an Independent Technical Expert, confirming that the Independent Technical Expert is satisfied that the CMU meets the Extended Years Criteria; or

- (ii) a Capacity Provider in respect of an Unproven DSR CMU which is a Three Year Zero Capex Threshold CMU must provide a declaration, in the form set out in Exhibit K (Form of Extended Years Criteria Declaration for a Three Years ZERO Capex Threshold CMU), confirming that the Directors are satisfied that the CMU meets the Extended Years Criteria.”.

13.5 In Rule 8.3.6B (Definition of Extended Years Criteria):

- (a) in the chapeau text, after “Prospective Generating CMU”, insert “or a DSR CMU which is not a Three Year Zero Capex Threshold CMU”;
- (b) in paragraph (a), after “each Generating Unit” insert “or DSR CMU Component”;
- (c) in paragraph (b):
 - (i) in the opening text, after “each Generating Unit” insert “or DSR CMU Component”;
 - (ii) before sub-paragraph (i), insert:
 - “(zi) three Delivery Years, if the CMU is a DSR CMU which has been awarded a Capacity Agreement with a duration of three Delivery Years,”;
 - (iii) in sub-paragraph (i), after “Prospective Generating CMU”, insert “or DSR CMU”;
 - (iv) in sub-paragraph (ii), after “Prospective Generating CMU”, insert “or DSR CMU”;
 - (v) in the words following sub-paragraph (ii), for “in either case” insert “in each case”;
- (d) after paragraph (d), insert:
 - “(e) in the case of a DSR CMU which has been awarded a Capacity Agreement after the coming into force of the Capacity Market (Amendment) (No.4) Rules 2026 with a duration of three or more Delivery Years, the Qualifying £/kW Capital Expenditure in respect of the CMU is equal to or greater than the Three Year Minimum £/kW Threshold.”.

13.6 In Rule 8.3.6D(a)(ii), omit “, (ii)”.

14. Amendments to Chapter 13 (Testing Regime)

14.1 In Rule 13.2A.6 (New DSR Test):

- (a) in paragraph (b), at the end, omit “and”;
- (b) in paragraph (c), at the end insert “; and”; and

(c) after paragraph (c), insert:

“(d) in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, whether the Proven DSR Capacity calculated under paragraph (c) is equal to or greater than 50% of the DSR CMU’s Capacity Obligation.”.

14.2 In Rule 13.2B.9(b)—

(a) in sub-paragraph (iii), at the end omit “and”

(b) in sub-paragraph (iv), at the end insert “and”;

(c) after sub-paragraph (iv), insert:

“(v) in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, whether the Proven DSR Capacity calculated in accordance with Rule 13.2B.13 is equal to or greater than 50% of that DSR CMU’s Capacity Obligation.”.

14.3 For Rule 13.2B.12(b), substitute:

“(b) setting out the final Proven DSR Capacity for the DSR CMU, as per Rule 13.2B.9(iv), and, in respect of a Capacity Market Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, the determination notified by the Delivery Body under Rule 13.2B.9(v);”.

14.4 In Rule 13.2C.6—

(a) in paragraph (c), at the end omit “and”;

(b) in paragraph (d), at the end insert “and”;

(c) after paragraph (d), insert:

“(e) in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, whether the Proven DSR Capacity of each DSR CMU nominated as part of the New Joint DSR Test, calculated in accordance with Rule 13.2B.13, is equal to or greater than 50% of that DSR CMU’s Capacity Obligation.”.

14.5 For Rule 13.2C.11(b), substitute:

“(b) setting out the final Proven DSR Capacity for each DSR CMU, as per Rule 13.2B.9(iv) and, in respect of a Capacity Agreement awarded after the coming into force of the Capacity Market (Amendment) (No. 3) Rules 2026, the determination notified by the Delivery Body under Rule 13.2C.6(e);”.

15. Amendments to Schedule 1 (Template Capacity Agreement Notice)

15.1 In Rule Part D (CMU Details), in row (i):

(a) in the text in the first box, after “DSR CMU Component(s)” insert “or DSR Component Class(es)”;

(b) after the text in the first box, insert:

(for DSR CMU Component(s) only those which have a declared DSR Capacity of at least 30kW)”.

15. Insertion of new Exhibit K

13.7 After Exhibit KA, insert:

**“EXHIBIT K: FORM OF EXTENDED YEARS CRITERIA DECLARATION
FOR A THREE YEAR ZERO CAPEX THRESHOLD CMU**

Item	Guidance	Information from Directors
Name of Relevant Party:	Applicant Entity	
Address of registered office:		
Company registration number <u>(or equivalent if Company Registration Number is not applicable)</u>:	For GB Companies and LLPs this can be found on Companies House. For overseas entities, please provide the unique identifier issued by your country's company registry or equivalent authority. Individuals should leave this blank	
Application year:	Calendar year of original application submission	
CMU ID:	The Relevant CMU	

Note: Capitalised terms in this certificate have the meaning given to them in the Capacity Market Rules 2014 (as amended) unless otherwise indicated

The Relevant Party, hereby certify as at the date of this certificate that, having made due and careful enquiry and to the best of our knowledge, information and belief:

- (a) the Relevant CMU is a Three Year Zero Capex Threshold CMU for the purposes of the Capacity Market Rules;
- (b) the Directors are satisfied that the Relevant CMU meets the Extended Years Criteria applicable to a Three Year Zero Capex Threshold CMU under the Capacity Market Rules; and
- (c) the Directors have reached the conclusion referred to in paragraph (c) having regard to all relevant matters under the Capacity Market Rules, including (where applicable) the nature and operation of the Relevant CMU and the basis on which it qualifies for a Capacity Agreement of such duration.

Signature of Director	
Date (dd/mm/yyyy)	
Print Name	

Note: No second signature is required for sole director companies, see Rule 1.3.A

Signature of Director	
Date (dd/mm/yyyy)	
Print Name	

”

Part 4

Long Duration Electricity Storage (LDES)

16. Amendments to Chapter 1 (General provisions)

16.1 In Rule 1.2 (Definitions), at the appropriate place, insert:

“**LDES CMU** means a CMU which comprises at least one Long Duration Electricity Storage Installation

LDES Operator has the meaning given in section 10P(8) of the Electricity Act 1989

LDES Scheme means a scheme established and operated by the Authority under section 10P(1) of the Electricity Act 1989

LDES Scheme Participant means an LDES CMU in relation to which a person has been made an offer of support by the Authority under an LDES Scheme which the person has accepted

LDES Scheme Status Declaration means a declaration in the form set out in Exhibit ZF

Long Duration Electricity Storage Installation has the meaning given in section 10P(8) of the Electricity Act 1989

Prospective LDES Scheme Participant means an LDES CMU in respect of which:

(a) an application for support under an LDES Scheme has been made to the Authority and has not been determined; or

(b) an offer of support under an LDES Scheme has been made by the Authority and remains neither accepted, rejected, nor withdrawn.”

17. Amendments to Chapter 3 (Prequalification Information)

17.1 After Rule 3.4.11, insert:

“3.4.12 LDES Scheme Status

An Applicant for a Generating CMU which is an LDES CMU must:

(b) provide the Delivery Body with an LDES Scheme Status Declaration in the form set out in Exhibit ZF; and

(b) declare that it will, no later than 22 Working Days prior to the first Bidding Window for the Capacity Auction to which the Application relates, inform the Delivery Body of any change in the LDES Scheme status of the CMU or a Generating Unit comprised in the CMU.”.

17.2 In Rule 3.11.2, after paragraph (f), insert:

“(g) in respect of an LDES CMU, whether the CMU is an LDES Scheme Participant.”

18. Amendments to Chapter 4 (Determination of Eligibility)

18.1 In Rule 4.8.1, after “Existing Generating CMU”, insert:

“LDES Scheme Participant, Prospective LDES Scheme Participant”

18.2 After Rule 4.8 Provision of a Price-Maker Memorandum and Certificate by Applicants insert:

“4.8A Changes to LDES Scheme status before a Capacity Auction

An Applicant for a Generating CMU which is or will be an LDES CMU must, no later than 22 Working Days prior to the first Bidding Window for the Capacity Auction to which the Application relates, inform the Delivery Body of any changes made to the LDES Scheme status declared under Rule 3.4.12.”.

19. New Exhibit ZF

19.1 After Exhibit ZE, insert:

“EXHIBIT ZF: FORM OF LDES SCHEME STATUS DECLARATION

Item	Guidance	Information from Directors
Name of Relevant Party:	Applicant or Capacity Provider entity.	
Address of registered office:		
Company Registration Number (<u>or equivalent if Company Registration Number is not applicable</u>):	For GB Companies and LLPs, this can be found on Companies House. For overseas entities, please provide the unique identifier issued by your country's company registry or equivalent authority. Individuals should leave this blank.	
Application year:	Calendar year of original application submission.	
CMU ID:	The Relevant CMU.	
The Relevant Delivery Year 20(XX/XX):	If providing this Declaration with an Application, insert first Delivery Year of the Capacity Agreement that you hope the Relevant CMU will be awarded.	
Unique identifier	Only complete if available and	

	relevant. This will be found within a Grid Connection Agreement or Distribution Connection Agreement which corresponds with that in an application made to the Authority.	
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Capitalised terms in this certificate have the meaning given to them in the Capacity Market Rules 2014 (as amended) unless otherwise indicated.

The Relevant Party, declares and confirm the matters set out below with reference to the Relevant CMU and the Application that is being made in respect of the Relevant Application.

Part 1: LDES Scheme Status

Select 1 only. The Relevant Party hereby confirms that the Relevant CMU or Generating Unit forming part of the CMU:

	LDES Declaration:	Information:
(a)	is the subject of an application under an LDES Scheme which has yet to be determined.	☐
(b)	has been made an offer of support by the Authority under an LDES Scheme which the Applicant has accepted.	☐
(c)	has been made an offer of support by the Authority under an LDES Scheme which the Applicant intends to accept.	☐
(d)	is not intended by the Applicant to benefit from support by the Authority under an LDES Scheme.	☐

Part 2: Supporting Evidence

If options (a), (b) or (c) have been selected in Part 1, the Application must be accompanied by relevant supporting documentation.

The Applicant must only provide option (b) below if relevant. The Applicant declares that the relevant statement in Part 1 will be supported by:

- (a) a copy of the application made to the Authority for support under an LDES Scheme.
- (b) a copy of any correspondence indicating that an offer of support under an LDES Scheme has been accepted.

Part 3: Future LDES Declaration Commitments

The Relevant Party hereby confirms that where this declaration is provided with a Prequalification Application, further declarations will be provided, within the correct timeframes as required under Rule 4.8A.

Part 4: Director Signatures

To be executed by the Relevant Party by the signature of two directors, unless Rule 1.3A (inserted by the Capacity Market (Amendment) Rules 2014) applies, or execution is on behalf of a company which is not a UK-registered company (in which case it is to be duly executed under the law of the place in which the company is incorporated).

<u>Signature of the Director</u>	
Date (dd/mm/yyyy)	
Print Name	

Please note: No second signature is required for sole director companies. See Rule 1.3.A.

<u>Signature of the Director</u>	
Date (dd/mm/yyyy)	
Print Name	

“

20. Amendments to Exhibit B (Form of Price-Maker Certificate)

20.1 In Exhibit B, in Q.1 for “Q1: Specify the CMU Type:Existing Generating CMU ☐ Interconnector CMU ☐ If the relevant CMU is neither of the above then completion of this Exhibit is not applicable” substitute:

“Q1: Specify the CMU Type:

Existing Generating CMU ☐ LDES Scheme Participant (LDES CMU) ☐ Prospective LDES Scheme Participant (LDES CMU) ☐ Interconnector CMU ☐

If the relevant CMU is none of the above then completion of this Exhibit is not applicable.”.

Part 5

Connection Capacity in Storage Generating Technology Classes

21. Amendments to Chapter 3 (Prequalification Information)

21.1 In Rule 3.4.5 (Statement as to Capacity), after Rule 3.4.5(c), insert:

“(d) where Rule 3.5.6 applies:

(i) the Connection Capacity determined in accordance with Rule 3.5.2 or 3.5.5;

(ii) the Connection Capacity determined in accordance with Rule 3.5.6; and

(iii) in respect of each Generating Unit, the maximum amount of energy it can store and electrical energy it can deliver, in each case expressed in MWh.”.

22. Amendments to Chapter 7 (Capacity Market Register)

22.1 In 7.4.1 (Contents of the Capacity Market Register):

(a) in Rule 7.4.1(a), after sub-paragraph (v), insert:

“(va) where Rule 3.5.6 applies, in respect of each Generating Unit: the Connection Capacity determined in accordance with Rule 3.5.2 or 3.5.5; the Connection Capacity determined in accordance with Rule 3.5.6; and the maximum amount of energy it can store and electrical energy it can deliver (in MWh).”.

Part 6

Corrections and Miscellaneous

23. Amendments to Chapter 1 (General Provisions)

23.1 In Rule 1.1, in the definition of Total Project Spend:

- (a) for “that is not an Existing Interconnector CMU” substitute “the latest estimate of”;
- (b) for “(either by the Applicant or another person)”, substitute “(either by the Applicant, Capacity Provider or another person)”
- (c) at the end of paragraph (b), for “or” substitute “and”
- (d) omit “that is an Existing Interconnector CMU”.

24. Amendments to Chapter 7 (Capacity Market Register)

24.1 In Rule 7.4.1(a)(v), at the end, omit “and”.