

ELEXION

**Capacity Market Advisory Group (CMAG)
Meeting 15**

13 December 2023

Agenda Item	Lead	Guide Start Time
Standing Items		
1. Welcome and Apologies	Lawrence Jones (CMAG Facilitator)	10:00 (5 mins)
2. CM Representative Updates	LCCC/ESC; EMR Delivery Body; Ofgem and DESNZ	10:05 (20 mins)
3. CMAG Secretariat Update	Lawrence Jones	10:25 (10 mins)
Decision Items		
4. Developing CM Rules Change Proposal CP364 'Allow Secondary Trading from T-4' – EDF Energy	Eleanor Haynes (EDF) and Chris Arnold (CMAG Secretariat)	10:35 (30 mins)
5. Developing CM Rules Change Proposal CP376 'Clarifying Restrictions on the Role of Agent' – Ofgem	Andrew Macdonell (Ofgem)	11:05 (25 mins)
Break (11:30 – 11:40)		
6. Developing CM Rules Change Proposal CP374 'Splitting CMUs' – Waters Wye Associates	Lisa Waters (Waters Wye Associates) and Amy Stackhouse (CMAG Secretariat)	11:40 (30 mins)
7. Developing CM Rules Change Proposal CP375 'Merging CMUs' – Waters Wye Associates	Lisa Waters (Waters Wye Associates) and Amy Stackhouse (CMAG Secretariat)	
8. CMAG Surgery <ul style="list-style-type: none"> • Rule 6.8.5 Minimum Completion Requirement 	Phillip Paul (CMAG Secretariat)	12:10 (30 mins)
Lunch (12:45 – 13:30)		
Information Items		
8. Industry Feedback	Lawrence Jones	13:30 (15 mins)
9. CMAG Forward Work Plan	Chris Arnold	13:45 (10 mins)
10. Action Log	Amy Stackhouse	13:55 (10 mins)
11. Any Other Business (A.O.B)	All	14:05

Meeting Agenda – Scheduled Breaks

- **Set breaks at:**

Break Type	Time
Comfort Break	11:30 – 11:40
Lunch	12:45 – 13:30
Comfort Break	14:30 – 14:40



WELCOME AND APOLOGIES



CM REPRESENTATIVE UPDATES

- LCCC/ESC
- EMR DB
- OFGEM
- DESNZ



CMAG SECRETARIAT UPDATE

CMAG Member Sharepoint Site

The CMAG Secretariat has been reviewing improvements to how we can collaborate with CMAG outside of Meetings on key documentation including Draft Minutes, Action Log, Change Proposal Reports and potential change items.

As part of this work, the CMAG Secretariat is proposing a CMAG Member and Representative Sharepoint site which will allow CMAG to:

- View, edit and comment on key CMAG documentation live in Sharepoint;
- View and respond to other Members comments; and
- Track activity, changes and recent updates on documents.

The Sharepoint site will have the necessary permissions in place so that it is limited to CMAG only. This will be managed by the CMAG Secretariat.



DEVELOPING CM RULES CHANGE PROPOSALS

CP364 'SECONDARY TRADING BEFORE T-4' – EDF ENERGY

What is the Issue?

Under the current Capacity Market (CM) Rules, **secondary trades cannot be registered by the Delivery Body until after the T-1 auction for the relevant Delivery Year.**

The Proposer contends that this causes the following issues:

1. It means that the T-1 auction target capacity is set before any secondary trades can be included in the CM Register,
2. It means that any capacity which becomes available for the Delivery Year is first offered a T-1 Agreement before there is an opportunity to accept a secondary trade, and

The Proposer believes that this leads to inefficient operation and administration of the Capacity Market and results in additional costs for consumers.

What is the Proposed Solution?

Allow secondary trading from the conclusion of the T-4 auction, rather than the conclusion of the T-1 auction.

- To allow for reconfiguration of CMUs with a PTCO-in registered before the T-1 auction, utilise a De-Rated Capacity (DRC) weighted PTCO calculation to mitigate the potential for gaming by adjusting the bidding capacity at the T-1 auction; and
- Update parameters to account for early earlier secondary trading in the T-1 auctions:
 - Specifically to clarify how and in which scenarios DRC-weighted PTCOs should be used.

Background

- The CP364 Subgroup was formed in response to the questions raised by EMR-DB in the impact assessment provided to the CMAG on 13 January 2023
- The last CP364 Subgroup was held on 2 May 2023 where the subgroup considered the key questions with a focus on understanding the DRC-weighted PTCO solution.
- Following this meeting EMR-DB sent the CMAG Secretariat some further scenarios to consider which are being considered by the CMAG Secretariat.
- Further CMAG Secretariat review has highlighted a **possible inconsistency between the proposed changes to CM Rules and the Regulations.**
- Key discussions related to this possible inconsistency are included in the 'Is CP364 inconsistent with the Regulations' paper that was circulated to CMAG Members.

- The CMAG:
 - Could not determine whether the Proposed CP364 solution which includes both the ability for components within a CMU to be reallocated between T-4 and T-1 and the DRC-weighted PTCO component was inconsistent with the Regulations.
 - Recommended that on this basis a solution that does not risk being inconsistent with Regulations should be progressed.
 - Requested the CMAG Secretariat to advise on next steps

CP364 UPDATES

- The CMAG Secretariat has completed the following actions:
 - **Review of the NGESO Scenarios** – The Secretariat believes that the concerns highlighted are most relevant to the initially proposed solution and not the alternative solution developed. The Secretariat recommends that these concerns are captured in the final report but do not need to be considered further.
 - **Development of Draft Legal Text for CP364 Alternative Solution** – The draft legal text for the CP364 alternative solution is presented in the slides.
 - **Summary of CP364 Subgroup Conclusion** – The CMAG Secretariat has presented the key conclusions for the CP364 Subgroup on the following slides.

CP364 ALTERNATIVE SOLUTION LEGAL TEXT

CP364 Alternative Solution

Rule	Redlining	Comment or Question
3.3.3	<p>An Application may not be made for a CMU for a Capacity Auction if:</p> <p>(a) that CMU, or any Generating Unit or DSR CMU Component comprised in that CMU, currently has a Capacity Obligation arising from a Capacity Agreement or secondary trade, or is part of a CMU which currently has such a Capacity Obligation Agreement, for the Delivery Year for which the Capacity Auction is to be held ;</p>	<p>This currently appears to only prevent Application to an Auction if the CMU/Component has a Capacity Commitment “for the target DY for which the Auction is held”, eg T-1 23/24</p> <p>However, what if a T-4 PQ CMU has PTCO-in for 22/23, this rule would appear to still allow reconfiguration for T-1 23/24</p> <p>DQ Does this mean under current Rules: If new CMU does NOT win AACO for 23/24 then both old and new CMUs would be “Acceptable Transferees” as PQ from a previous Auction then not be able to PTCO-in for 23/24</p>
3.13.1	<p>A Secondary Trading Entrant may submit an Application at any time from the Auction Results Day for the relevant T-1T-4 Auction up to the end of the relevant Delivery Year, other than during the Prequalification Assessment Window for any Capacity Auction .</p>	<p>Isn't this constraint during Prequalification Assessment just to avoid additional workload at DB, assessing trades, during this busy time.</p> <p>Is this still a valid constraint with the planned implementation of DBP2?</p> <p>Such a constraint will not stop those trades taking place, just that they will not be registered by DB and not published in the CM Register, so reducing transparency and hence liquidity in the market.</p>
9.2.5	<p>Transfers of a Capacity Agreement:</p> <p>(a) under Rule 9.2.4(a) can only be effected on the Capacity Market Register after the T-4 Auction for the relevant Delivery Year has concluded and before the date which is 6 weeks before the start of the T-1 Auction for the relevant Delivery Year, or after the T-1 Auction for the relevant Delivery Year has concluded (or, in the case of an SA Agreement, after 30th May 2017) and provided that:</p>	<p>Note CP362 also impacts 9.2.5 (a) but not the same parts of the legal text</p>

CP364 SUBGROUP CONCLUSIONS

Key Questions – Current Status from CP364 Subgroup and CMAG Meetings

Key Question	Update
How do we ensure that the Maximum Bidding Capacity threshold is not exceeded?	<p>A DRC-weighted PTCO solution option was considered by Subgroup Members. No other options have been considered or suggested by Subgroup Members.</p> <p>At CMAG Meeting 14 it was highlighted that if it was specified that Capacity Providers that accept a PTCO-in after the T-4 but before T-1 could not enter the T-1 auction for the relevant Delivery Year a DRC-weighted PTCO solution would not be needed to ensure that the Maximum Bidding Capacity is not exceeded.</p>
What are the impacts on Credit Cover?	No impacts were identified by subgroup members
To allow for the demand curve adjustment process to consider completed secondary trades should restrictions on trading be extended further to the last day of the Pre-Qualification Application Submission Window through to the Auction Results Day?	<p>Restrictions on Secondary Trading are currently six weeks prior to the relevant T-1 auction in the CP364 solution.</p> <p>The CP364 Subgroup recommended:</p> <ul style="list-style-type: none"> - If there was a possible solution that could allow secondary trading closer to Auction Results day that would practically work for NGENSO then this should be considered in the impact assessment - If it is not possible, then to suspend secondary trading from the Pre-Qualification Application Submission Window through to Auction Results day.

Key Questions – Current Status from CP364 Subgroup and CMAG Meetings

Key Question	Update
How should possible differences in De-Rated Capacity positions be managed?	DRC-Weighted PTCO could be used to manage differences in de-rated capacity positions
Are multi-year secondary trades to be included as part of this proposal? – If so, what are the impacts of allowing this and what amendments may need to be made to accommodate this?	No, only single year trades are considered as extending this to 3 or 15 year agreements would likely constitute a government policy change and would be out of scope of a CMAG led CM Rules change
Is there a more basic proposal that could be implemented by July 2023 that could be progressed?	Due to the further work required, the time required to carry out this work and carry the statutory consultation on any solution and a desire by the subgroup not to take piecemeal approach to the progression of CP364 the subgroup agreed that this was not achievable.
Should CP356 and CP369 also be considered as part of the subgroup?	CP369 should be considered when progressing CP364

CP364 NEXT STEPS

CP364 Next Steps

- An Alternative Solution draft redlining has now been developed by the CMAG Secretariat
- CMAG to request Impact Assessment from EMR-DB on the Alternative Solution
- The proposed solution along with key discussions by the CP364 Subgroup to be included in the final CP364 report along with discussions on the possible Regulation inconsistency
- The intention of the CMAG Secretariat is to bring the CP364 Alternative Solution back to the CMAG in January to discuss the impact assessment and finalise CMAG Member views against the standard questions.

CP376 'CLARIFYING RESTRICTIONS ON THE ROLE OF AGENT' - OFGEM

CP376

Clarifying restrictions on the role of Agent



Olga Okoulova & Andrew Macdonell

13/12/23

Applicant

Means the person who has submitted, or is entitled to submit, an Application with respect to a CMU as determined in accordance with Rule 3.2

Agent

Means a person nominated by an Applicant pursuant to Rule 3.3.5 to perform its obligations with respect to a CMU (whether as Applicant, Bidder or Capacity Provider) under the Regulations and the Rules

Group

Means, for any person, another person who is the direct or indirect Holding Company of that person and any Subsidiary of that Holding Company

**Special
purpose
vehicle**

A separate subsidiary legal entity created by an organization for a specific objective

Context

Per the definition in the Rules, the Applicant is the person that has submitted or is entitled to submit an application with respect to a CMU. There must be only one Applicant with respect to any CMU, and the status required to be an Applicant is set out for each category of CMU in Rule 3.2.

Pursuant to Rule 3.3.5, an Applicant may nominate an Agent to perform its obligations with respect to a CMU by submitting an Agent Nomination Form. This permits the Agent to act as Bidder on behalf of that CMU, which is a role that is otherwise only permitted by the Applicant, in the instance where they have not nominated an Agent.

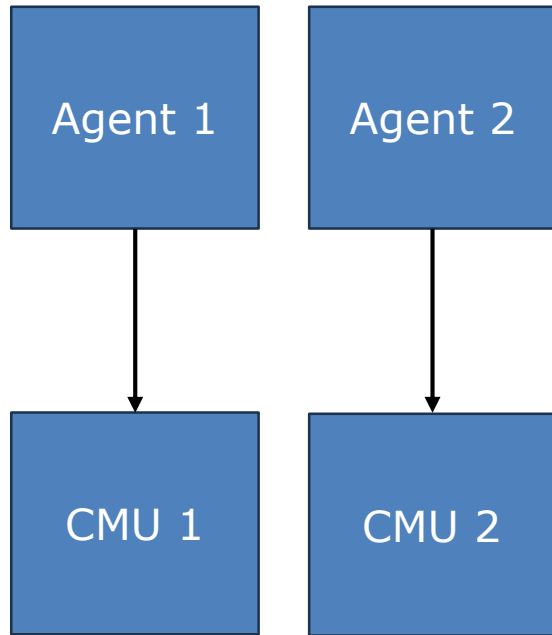
Policy intent

The clear policy intent behind Rule 3.3.5 is that each single CMU or multiple CMUs who all belong to the same Group (a holding company and its subsidiaries) is represented either by the Applicant themselves or by a nominated Agent who acts as Applicant, Bidder and/or Capacity Provider for only that CMU or the CMUs of that Group. This rule is in place to ensure that those with the ability to bid in the CM auctions are acting independently so that the market remains competitive.

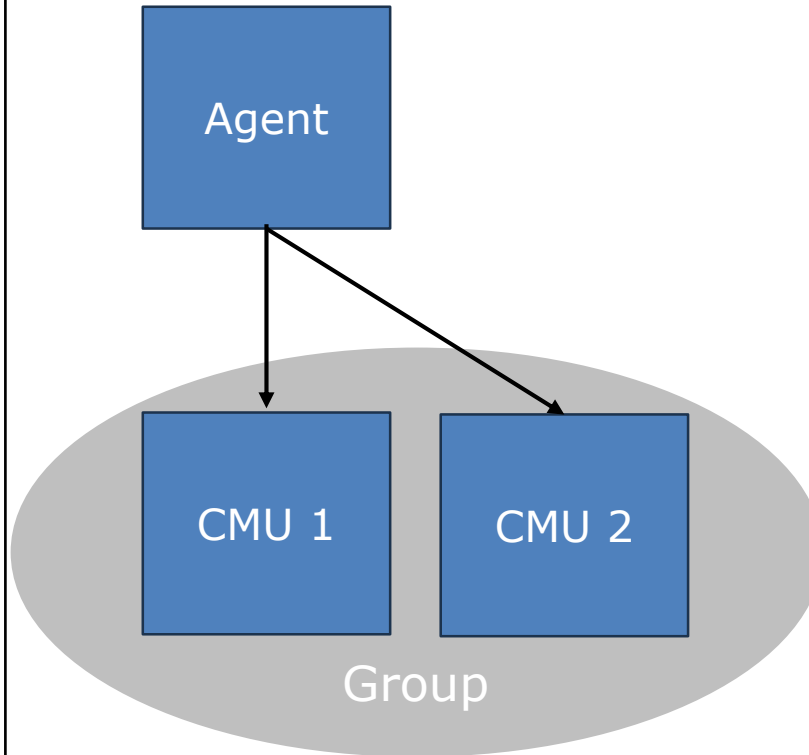
Issue

It is currently possible and within the rules for one Group to act as an Agent for multiple CMUs from different Groups by forming subsidiaries, such as a special purpose vehicle (SPV). However, this clearly contradicts the policy intent behind Rule 3.3.5.

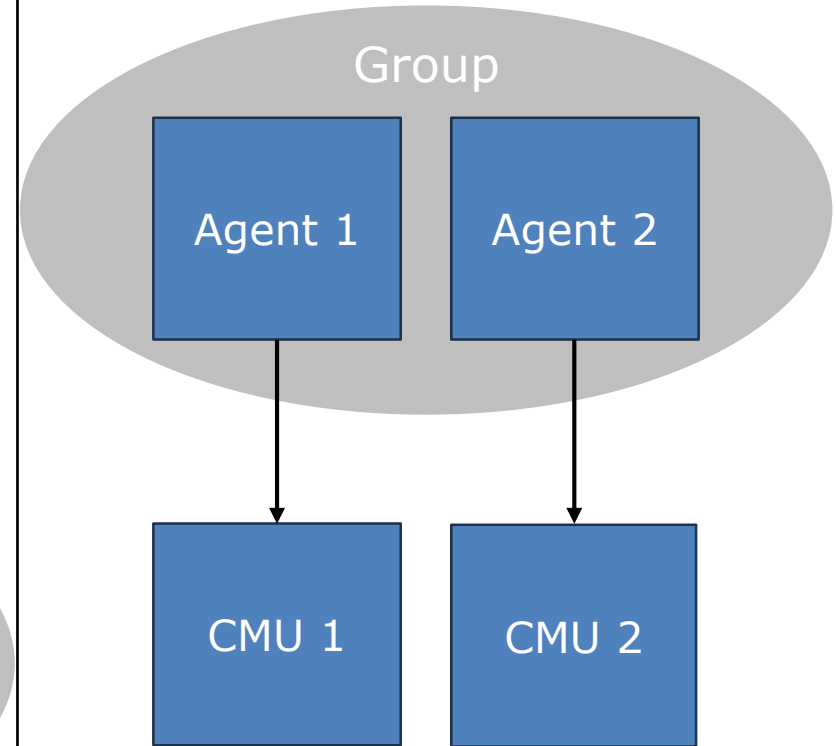
Scenario 1



Scenario 2



Scenario 3



Specific change to the CM Rules: Amendment

This proposal seeks to extend the definition of Agent in the CM Rules to cover all entities belonging to the same Group (a holding company and its subsidiaries). This is intended to better realise the policy intent behind Rule 3.3.5(c), which limits Agents to representing either a single CMU or multiple CMUs who all belong to a single Group. We would also like to address a housekeeping error in Rule 3.3.5(e).

- 3.3.5 An Applicant may nominate an Agent to submit an Application for a CMU on its behalf and to otherwise perform its obligations under the Regulations or the Rules (whether in its capacity as Applicant, Bidder or Capacity Provider) provided that:
- (a) an Agent Nomination Form with respect to such Agent is included in the Application;
 - (b) only one Agent is appointed by an Applicant with respect to a CMU at any one time;
 - (c) such Agent **(or any Subsidiary within the Agent's Group)** is not also the Agent for any other Applicant (unless the other Applicant is a member of the same **Applicant** Group);
 - (d) if the Applicant wishes to revoke the appointment of an Agent or to appoint a different Agent, the Applicant must submit a new Agent Nomination Form to the Delivery Body; and
 - (e) the Agent shall ~~have not~~ **have the** authority to sign any Prequalification Certificate, Price-Maker Certificate, Certificate of Conduct or any other directors' or officers' certificate or other formal representation required to be submitted by the Applicant pursuant to the Regulations or the Rules.

Rule 3.3.5 as written is not effectively limiting Agents to representing a single CMU or multiple CMUs belonging to a single Group, which is the clear policy intent behind the rule.

Our concern is that, by forming subsidiaries which each act as an Agent on behalf of a CMU, one Group could control the bidding behaviour of multiple CMUs from different Groups in the CM or could bid with the advance knowledge of how CMUs from different Groups would be bidding. There is a risk associated with Agents obtaining more market power through this approach which could be used to secure an artificially higher clearing price in the CM Auctions.

Our principal objective is to protect the interests of existing and future consumers. We believe it is necessary to intervene to prohibit behaviours that could result in an artificially higher clearing price in the CM Auctions, which are costs ultimately payable by consumers.

CM Objectives:

This proposal would facilitate the efficient operation and administration of the CM by supporting competition in the CM and preventing the misuse of market power which may lead to inefficient auction outcomes, as set out in the CM objectives under Regulation 78 of The Electricity Capacity Regulations 2014. It would also help to track the number of truly individual entities who are bidding in the CM Auctions.

Questions on Issue and Government Policy

Members are requested to provide a response to the below questions on issue and government policy for CP376:

Questions on Issue and Policy

Does CP376 address a valid issue?

Is the CM the right place to address the issue?

Is the solution to CP376 going to be counter to the policy objectives of the CM? What is the impact on:

- **Security of Supply**
- **Cost (including cost to consumers)**
- **Unintended consequences – if there are any, what is the impact?**

Does CP376 explicitly affect any functions granted to the Secretary of State?

For example, the Energy Act 2013 set specific functions to the Secretary of State. Derating factors is an explicit function of the Secretary of State.

Is there an impact on subsidy control?

For example, anything that would favour one technology class over another, that would probably mean you have to go through the subsidy control framework.

Does CP376 align with the Regulations?

Does CP376 align with current policy intent?

Do you agree that CMAG should proceed with developing CP376?

Rationale to support answers to this question should take into consideration the likely prospects of this CP being approved and the required levels of work from the CMAG.

Standard Change Proposal Questions

- Does the CP further the CM Rules Change Objectives?
- Are there any related changes to the CM Rules in the pipeline?
- Does the CP impact on the Regulations?
- Are there any impacts on any other central industry frameworks or obligations?
- Are there any impacts on consumers, and if so, what are the impacts?
- Does CMAG agree with the proposed solution?
 - Are there any suitable alternative solutions to address the defect?
- What are the expected impacts and implementation/enduring costs for Delivery Partners?
- What are the expected impacts and implementation/enduring costs for CM Participants?
- What are the expected timescales for implementation?
- Does the draft legal text deliver the intention of the solution?
- Does the CMAG recommend to Ofgem that the change be made?

Are there any Specific Change Proposal Questions CMAG wish to consider?

CP374 'SPLITTING CMUS' AND
CP375 'MERGING CMUS' – WATERS
WYE ASSOCIATES

Issue and Proposed Solution

CP	CP374 'Splitting CMUs'	CP375 'Merging CMUs'
What is the issue?	<ul style="list-style-type: none">• The CM Rules do not allow changes to the configuration of a plant after prequalification. This means parties cannot split and trade assets.• WWA have seen a number of parties prequalify multiple unit CMUs (notably BESS) that they have subsequently decided they want to split into a number of projects• The party would need to apply to the DB to split their CMU and associated CM Agreement. The process around this should be similar to trading part of a CMA to another CMU – only with less paperwork	<ul style="list-style-type: none">• CM Rules prohibit changing in CMU configuration after prequalification. This prevents parties buying assets on the same site, or moving them, and merging them into a new CMU to manage their delivery risk.• WWA has been working with a number of parties who want to merge CMUs after they got agreements• These have commonly been BESS, where the owner believes meeting EPTs are easier with larger assets• We have also seen one where the parties wanted to share a connection agreement• Where the CMUs are the same technology we can see disadvantage to allowing them to form 1 CMU
What is the proposed solution?	<ul style="list-style-type: none">• Amendment to Rule 4.4.4 to allow CMU configuration to be changed post prequalification• New Rule(s) setting out the process for splitting/merging a CMU post auction	

CP374 and CP375 Recap

- At CMAG Meeting 12, the Proposer presented their proposed changes on Splitting and Merging CMUs as a Surgery item. CMAG provided feedback to the Proposer for these items to be raised as CM Rules Change Proposals for further consideration.
- At CMAG Meeting 14, the Proposer provided their CM Rules Change Proposal forms for CP374 'Splitting CMUs' and CP375 'Merging CMUs'. The Proposer presented an initial overview of these changes and why they were raising them, CMAG and DESNZ provided the following feedback:
 - DESNZ highlighted that these Change Proposals could create lucrative opportunities for Capacity Providers to game the CM, which results in a risk to security of supply and undermines delivery assurance measures. For this reason these Change Proposals do not appear aligned to current policy intent as they seek to move the CM from a physical-asset based mechanism to a financial one which is a considerable policy change and out of scope of CMAG.
 - A CMAG Member raised concern that these Change Proposals could introduce opportunities for gaming in the CM, and the solution may be used to terminate part of an Agreement the Capacity Provider cannot meet to avoid a larger termination fee. This could possibly be avoided through additional assurances included in the solution.
- Following this feedback, the CMAG Facilitator agreed to work with Ofgem and DESNZ on a proposed way forward for these Change Proposals. It was agreed that CMAG Members should consider and provide views on the questions on issue and government policy to determine if and how these changes can proceed.
- The CMAG Secretariat received two responses to the questions on issue and government policy in advance of the Meeting, detailed on the next slides.

Questions on Issue and Government Policy 1/2

Members are requested to provide a response to the following questions at this Meeting, to determine how CMAG will proceed with these changes.

Questions on Issue and Policy	Member Responses
Do these CPs address a valid issue?	<ul style="list-style-type: none">• It appears to be of limited impact, that could have been addressed at prequalification. As such, it would seem like a ‘nice to have’ rather than an obvious defect in the Rules. I think the proposer has indicated that the same outcome can be achieved through secondary trading, which may be a better approach in this case.• Not sure how big of an issue it is across the CM
Is the CM the right place to address the issues?	<ul style="list-style-type: none">• If it is to be addressed, then the CM would be the right place.
Is the solution to these CPs going to be counter to the policy objectives of the CM? What is the impact on: <ul style="list-style-type: none">• Security of Supply• Cost (including cost to consumers)• Unintended consequences – if there are any, what is the impact?	<ul style="list-style-type: none">• A solution would need to be designed so as to minimise any impact. If done without sufficient safeguards, the splitting of CMUs might result in the ability to terminate a portion of an agreement where otherwise the whole agreement would be terminated. This is, I think, not aligned with policy and might have an impact on security of supply and costs.• The ability to merge CMUs would appear to be intended to make it easier to meet SPDs or extended performance tests. If this is the case, then it is likely to be on the basis that less augmentation would be needed, which reduces the capacity that would otherwise be needed to meet obligations.• Possible unintended consequences to consider

Questions on Issue and Government Policy 2/2

Questions on Issue and Policy	Member Responses
<p>Do these changes explicitly affect any functions granted to the Secretary of State? <i>For example, the Energy Act 2013 set specific functions to the Secretary of State. Derating factors is an explicit function of the Secretary of State.</i></p>	<ul style="list-style-type: none">• No• There is a possibility this can affect functions granted to SoS
<p>Is there an impact on subsidy control? <i>For example, anything that would favour one technology class over another, that would probably mean you have to go through the subsidy control framework.</i></p>	<ul style="list-style-type: none">• The splitting of CMUs would only be possible for modular technologies but would not be a materially different treatment of technologies.
<p>Do these CPs align with the Regulations?</p>	<ul style="list-style-type: none">• No known inconsistencies• Likely to have interaction with the Regulations
<p>Do these CPs align with current policy intent?</p>	
<p>Do you agree that CMAG should proceed with developing these CPs? <i>Rationale to support answers to this question should take into consideration the likely prospects of this CP being approved and the required levels of work from the CMAG.</i></p>	<ul style="list-style-type: none">• Unless Rule 4.4.4 is addressed, there seems to be little that can be done to progress these as they clearly relate to the configuration of CMUs.• They do not appear to me to be high priority, as I have not heard of this being an issue anywhere else and so could be an isolated case.



CMAG SURGERY

RULE 6.8.5 MINIMUM COMPLETION REQUIREMENTS

Rule 6.8.5 Minimum Completion Requirement (1/3)

The CMAG Secretariat has reviewed Rule 6.8.5 and highlighted the following key findings:

- Rule 6.8.5 states that where a CMU that has not met its Substantial Completion Milestone (90% or more of its Auction Acquired Capacity Obligation) but instead has only met its MCR (>50% of AACO), the Capacity Agreement will not be effective (ie receive capacity payments and be required to meet its Capacity Obligation during a Stress Event) until the later of the Long Stop Date (LSD) or when the MCR is subsequently met (during the “MCR window” after receiving a Notice of Intention to Terminate at LSD under Rule 6.8.2).
- So, even if MCR is met during the first Delivery Year, that capacity is not required to be delivered during a Stress Event (although the CMU would be able to trade any Output volume using CM Volume Reallocation).

Proposed Solution

The CMAG Secretariat proposes a CM Rules Change Proposal to amend Rule 6.8.5 to make the Agreement effective from the later of the start of the first DY and the date the MCR is met.

Rule 6.8.5 Minimum Completion Requirement (2/3)

Rule 6.8.5 Minimum Completion Requirement:

Where a New Build CMU that did not achieve the Substantial Completion Milestone by the start of the first Delivery Year of the Capacity Agreement, or of the Delivery Year of an SA Agreement or a T-1 Agreement, has achieved the Minimum Completion Requirement by the Long Stop Date **then the Capacity Agreement will take effect at the Long Stop Date** with respect to that proportion of the De-rated Capacity of the CMU that has achieved Operational status only.

Issues arising:

- If MCR is met before LSD, the Agreement is only effective from LSD.
- By “effective” is meant, due to receive capacity payments and meet its Capacity Obligation during a Stress Event.
- EMRS has identified examples of some Agreements that have only met MCR, which have then been compared to the pertinent CM Register:
 - Settlement does follow Rule 6.8.5.
 - However, it is not always possible to directly identify this from published CM Registers

mnemonic	original_efd	original_aaco	latest_efd	latest_aaco	aaco_percent	CMAG Interpretation	Auction Acquired Capacity Obligation (MW)
T-4-2026	01/10/2026	19.036	01/10/2027	11.558	60.71653709	CMR does not recognise lower AACO CMR implies SCM met Sep-23, but really MCR?	19.036
T-4-2024	01/10/2024	7.142	01/10/2025	6.165	86.32035844	MCR recognised as effective at LSD	6.165
T-4-2021	01/10/2022	21.435	11/10/2022	10.97	51.17797994	MCR 11/10/22 ie after LSD, within 120WD ITN window, but then Terminated 24/1/23 anyway	10.97

Proposed amendment to Rule 6.8.5 (3/3)

It is suggested that Rule 6.8.5 be amended to recognise an Agreement as effective from the later of the start of the first DY and the date MCR is met, as follows:

Rule 6.8.5 Minimum Completion Requirement

Where a New Build CMU that did not achieve the Substantial Completion Milestone by the start of the first Delivery Year of the Capacity Agreement, or of the Delivery Year of an SA Agreement or a T-1 Agreement, has achieved the Minimum Completion Requirement by the Long Stop Date then the Capacity Agreement will take effect at **the later of the start of that Delivery Year and the date the Minimum Completion Requirement was met** ~~Long Stop Date~~ with respect to that proportion of the De-rated Capacity of the CMU that has achieved Operational status only.

(Note that scenarios where MCR has not been met by LSD are addressed in Rule 6.8.2.)

Questions on Issue and Government Policy

Questions on Issue and Policy

Is this a valid issue?

Is the CM the right place to address the issue?

Is the solution going to be counter to the policy objectives of the CM? What is the impact on:

- **Security of Supply**
- **Cost (including cost to consumers)**
- **Unintended consequences – if there are any, what is the impact?**

Does this explicitly affect any functions granted to the Secretary of State?

For example, the Energy Act 2013 set specific functions to the Secretary of State. Derating factors is an explicit function of the Secretary of State.

Is there an impact on subsidy control?

For example, anything that would favour one technology class over another, that would probably mean you have to go through the subsidy control framework.

Does this align with the Regulations?

Does this align with current policy intent?

Do you agree that CMAG should proceed with developing a CM Rules Change Proposal for this issue?

Rationale to support answers to this question should take into consideration the likely prospects of this CP being approved and the required levels of work from the CMAG.



INDUSTRY FEEDBACK



CMAG FORWARD WORKPLAN

CMAG Forward Workplan

Title	2023					2024					Commentary
	August	September	October	November	December	January	February	March	April	May	
CP366 - Definition of Total Project Spend											<p>CMAG recommended CP366 be approved to Ofgem</p> <p>In DESNZ's response to its 2023 CM Consultation, DESNZ has confirmed it intends to carry out further analysis/development on its proposed changes to the Total Project Spend definition</p>
CP365 - ITE Reporting Requirements											<p>CMAG recommended to Ofgem that CP365 be approved</p> <p>In DESNZ's response to its 2023 CM Consultation, DESNZ has confirmed it intends to take forward its proposed changes to ITE Reports with an expected implementation before the 2024 CM Auctions</p>
CP364 - Allow Secondary Trading from T-4											<p>CP364 Subgroup set up to look at technical details of solution to report back to CMAG for review and recommendation</p>
CP363 - Changes to EMR Delivery Body Portal											The Proposer has agreed to keep this change on hold, pending delivery of the new EMR Portal v2.0
CP362 - CM Agreement Transfers											CMAG recommended to Ofgem that CP362 be approved
CP356 - Facilitate Secondary Trading before CMU Termination											To be considered as part of CMAG's wider review of Secondary Trading. The Proposer has agreed to keep this change on hold, pending the outcome of CM Rules Change Proposal CP364
CP368 - CVR Publication and CMVRN Submission Deadlines											CMAG recommended to Ofgem that CP368 be approved
CP369 - Secondary Trading with CMU Metering Aggregation Rules											CMAG recommended to Ofgem that CP369 be implemented
CP370 - Changes to Extended Performance Test											<p>At CMAG Meeting 7, DESNZ and Ofgem highlighted the policy interactions with CP367</p> <p>It was agreed this Proposal would be discussed offline and not be progressed further by CMAG due to the interactions with Policy</p>
CP371 - 'Management of connection delays by network companies'											CMAG recommended to Ofgem that the CP371 alternative solution should be implemented
CP372 - 'Change to Rule 4.4.4'											Report to be send to Ofgem to be considered as part of a wider Secondary Trading review
CP373 - 'Delivery Body and Settlement Body Metering Process'											CMAG recommended that CP373 be implemented
CP374 - Splitting CMUs											
CP375 - Merging CMUs											
CP376 - Agents											New Proposal

Key	
	Pre-raise Consideration
	Initial Consideration of Proposal
	Development
	CMAG Recommendation
	With Ofgem
	On hold

CMAG Forward Workplan

Title	2023					2024					Commentary	
	August	September	October	November	December	January	February	March	April	May		
ITE Report Requirements Review (wider review than CP365)												
Housekeeping Changes												
DSR Component Reallocation												This was discussed in a CMAG surgery in September 2023. A Proposal is currently being drafted by Sarah Honan for further consideration
CPXXX - Rule 2.3.3 De-rating Factors												Ofgem/DESNZ/EMR-DB in discussions to clarify policy intent
CPXXX - Managing SPDs and Secondary Trading												
CPXXX - Extension of Secondary Trading Principles for Extended Performance Testing												

Key	
	Pre-raise Consideration
	Initial Consideration of Proposal
	Development
	CMAG Recommendation
	With Ofgem
	On hold

Key Updates

- New CP376 ‘Agents’
- CP364 ‘Allow Secondary Trading from T-4’ CMAG decision moved from December 2023 to January 2024
- Removed CPXXX ‘Managing Late Connections due to Planning Consents and Supply Chain Delays’ following conversations at CMAG Meeting 14
- CPXXX ‘Extension of Secondary Trading Principles for Extended Performance Testing’ initial consideration of proposal moved from December 22023 to January 2024.



[ACTION LOG](#)

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