

Capacity Market Advisory Group Draft Minutes

Meeting number **3**

Venue **Elexon Offices/MS Teams**

Date of meeting **13 December 2022**

Classification **Public**

Attendees and apologies

Attendees

Brian Lake	BrL	Member
Caroline Farquhar	CF	Member
Claire Sedgwick	CS	Member
Emma Burns	EB	Member
Libby Glazebrook	LG	Member
Mark Duffield	MD	Member
Paul Jones	PJ	Member
Raoul Thulin	RaT	Member
Richard Thwaites	RiT	Member
Sarah Honan	SHon	Member
Sophie Lethier	SL	Member
Andrew Macdonell	AM	Representative (Ofgem)
Grendon Thompson	GT	Representative (Ofgem)
Rebecca Yang	RY	Representative (NGESO)
Andy Hawkins	AH	Representative (LCCC/ESC)
Bir Virk	BV	Representative (LCCC/ESC)
Ross Haigh	RH	Representative (LCCC/ESC)
Eleanor Haynes	EHay	Guest (EDF Energy)
Elliott Harper	EH	Elexon (Facilitator)
Amy Stackhouse	AS	Elexon (Secretariat)
Ben Lathbury	BeL	Elexon (Secretariat)
Chris Arnold	CA	Elexon (Secretariat)
Danielle Pettitt	KG	Elexon (Secretariat)

Apologies

Lee Priestly	LP	Member
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1. Welcome and Apologies

- 1.1 Elliott Harper (EH) welcomed Members and Representatives and noted apologies from Lee Priestly (Raoul Thulin confirmed that he was acting as Alternate for Lee).

2. Developing CM Rules Change Proposal – CP364 (Secondary Trading / EDF)

- 2.1 EH noted Ofgem has suggested that the CMAG should review secondary trading as a whole and investigate the various issues relating to secondary trading that have been identified by Members and through various CM Rules change proposals.
- 2.2 EHay noted CP364 had been raised to address an issue with Dungeness B, which after an unplanned extended outage a decision was made to not bring this plant to operation. This resulted in 3 Delivery Years of CM Agreements that could not be fulfilled. This points to a wider issue with T-4 Agreements, CM Participants commit to Agreements several years in advance of delivery and often things outside of their control can result in non-delivery but there are limited options to avoid termination.
- 2.3 A Member queried what the original policy direction and history is for secondary trading being limited until after T-1 auctions had taken place.
- 2.4 The Ofgem representative highlighted that the purpose of restricting secondary trading until after the year ahead auction and the limited time window for physical trading was to prevent parties that fail to build new plants on time from profiting from higher prices in the year head auction. The Ofgem representative agreed to provide further clarity on the policy direction, history and limits of secondary trading within the CM Rules.
- 2.5 **1222/01 - BEIS and Ofgem to confirm the policy intention and history of Secondary Trading being limited till after T-1 auctions (and if possible, further history on deadlines around Secondary Trading).**
- 2.6 The Ofgem representative updated CMAG that it did not determine CP364 to be an urgent proposal as there is no clear impact if this proposal is not achieved within a certain timeframe which would necessitate urgent consideration.

Specific Change Proposal Questions

Is the only intention of CP364 to allow more time for secondary trading?

- 2.7 EHay noted the primary intention is to allow more time for secondary trading but CP364 will also allow multiple years of secondary trading to take place; which for the purpose of securing trades from a commercial perspective could be beneficial to CM Participants.
- 2.8 A Member noted it would also provide more clarity on overall available capacity to the Delivery Body prior to the T-1 auction and benefit all CM Participants overall.
- 2.9 EHay highlighted the number of Agreement terminations could be reduced thus reducing the target capacity for T-1 auctions and the total capacity being re-procured; this could reduce the total clearing price for all capacity procurement.
- 2.10 A Member stated that CP364 would make the administration of the CM more efficient for all CM Participants, by allowing them to manage their Agreements more effectively when facing possible termination
- 2.11 A Member noted CP364 will not address the issue of liquidity and capacity available in the market to carry out secondary trades. EHay highlighted that not all capacity that could have been available did enter the T-1 auction.

How do you see the weighting factor working as a weighted PTCO could potentially reduce bidding capacity?

- 2.12 EHay noted when drafting CP364, queries had been raised around how the Delivery Body could clearly work out from looking at the Portal or the CM Registers, what the existing obligations were as the result of a secondary trade. An example given was a CM Participant being allowed to hold a secondary trade, a T-1 Agreement and potentially a T-4 Agreement too, with different de-rating factors for each. It was queried how this would be accounted for. By including a weighting factor, it allows multiple obligations to be held by a single CM Participant that do not exceed the total capacity of the unit.

- 2.13 A Member noted there had been previous issues for the Delivery Body with keeping track of when CM volumes were changed or traded but this was not specific to CP364.
- 2.14 Elexon, LCCC and the Delivery Body agreed to provide further clarity on this question and any possible impacts of introducing the weighted factor in CP364.
- 2.15 **1222/02 - NGENSO, LCCC and EDF to confirm the proposed concept and impacts of weighted PTCO noted in CP364.**

Have the impacts on the CM Credit Cover process, pre-qual and the other potential impacts on CM Rules been taken into account?

- 2.16 EHay noted the pre-qualification assessment window should be completed by the 6 weeks before the T-1 auction, but the credit cover process may overlap with this. EHay highlighted that she was unaware what the possible impacts may be on the Delivery Body.
- 2.17 The Delivery Body representative agreed to investigate any potential impacts of CP364 CM Credit Cover and prequalification.
- 2.18 **1222/03 - NGENSO and Elexon to confirm its view on the impacts of CP364 on CM Credit Cover and prequalification.**
- 2.19 A Member noted that DSR CMUs must post credit cover and therefore could be impacted if they were to trade away an obligation while still holding credit cover. Credit cover is returned once a CMU meets its financial commitment milestone, which is usually 18 months after it takes on the obligation.

Is rule 5.5.11 only intended for DSR CMUs?

- 2.20 EHay noted the intent behind Rule 5.5.11 only applies to DSR CMUs so CP364 has been drafted in line with this to only cover DSR CMUs.

Have DSRs by their nature of being able to turn on / off been factored into the calculation?

- 2.21 EHay noted the calculation does not currently factor in the range that DSR CMUs can have in terms of capacity, and CP364 applies this method to both generating and DSR CMUs.
- 2.22 **1222/04 – Elexon to provide clarity on whether DSRs turning on/off should be factored into the calculation for CP364.**

Would there be any unintended consequences?

- 2.23 EHay noted they have had an open dialogue with Ofgem and BEIS before submitting CP364 and had noted that concerns around speculative bidding had been raised.
- 2.24 EHay highlighted they do not believe this risk of speculative bidding from CP364 is high as the CMU needs to be fairly well established prior to participating in secondary trading. EHay noted they appreciate that speculative bidding risks do exist, and even if low, they could be of concern to CMAG and the Delivery Partners.
- 2.25 The Ofgem representative noted they would review internally if there are concerns of any unintended consequences of CP364, namely speculative bidding.
- 2.26 **1222/05 - Ofgem to confirm the history of any previous concern on unintended consequences of CP364, specifically speculative bidding as a result of secondary trading.**
- 2.27 A Member noted they do not see any risks provided absolutely that CP364 does not extend to allow for 15 year Agreements to be traded away without building a plant.

What other policy measures could impact views on this proposal and secondary trading?

- 2.28 EHay noted that BEIS will be reviewing delivery assurance in an upcoming CM consultation. This could result in changes being made to the penalty regime to mitigate non-delivery risks. EHay further noted that ensuring an effective secondary trading regime will be especially important in this context.

If this proposal is not implemented, could there be risks to non-delivery in future?

- 2.29 EHay stated CP364 would make the target capacity that is set for the T-1 auction more accurate by allowing a clearer view of what capacity is and is not available, where there are smaller units that NGENSO is not aware of that could not secondary trade, this extra capacity would not be entered into the T-1 auction. CP364 will allow for a secondary trade to be arranged in advance so this capacity is not re-procured.

Standard Change Proposal Questions

Are there any related changes to the CM Rules in the pipeline?

- 2.30 EH noted CP356 and CP362 both relate to secondary trading and queried whether it would be efficient for CMAG to group these proposals together for implementation.
- 2.31 The Ofgem representative noted CMAG and the Delivery Partners need to consider the extent to which it's possible or even desirable to think about secondary trading as a whole rather than a change by change piece meal approach.
- 2.32 The NGESO representative stated it may be more efficient to address the suite of secondary trading changes that are interlinked in tandem and have a holistic approach to secondary trading arrangements. EH noted secondary trading has been added as an agenda item.

Does the CP impact on the Regulations?

- 2.33 The proposer and CMAG Members did not determine any impacts on the Regulations.

Are there any impacts on any other central industry frameworks or obligations?

- 2.34 The proposer and CMAG Members did not determine any impacts on other central industry frameworks or obligations.

Are there any impacts on consumers, and if so, what are the impacts?

- 2.35 EHay noted the facilitation of secondary trading prior to the T-1 auction could reduce costs to customers due to potentially lower clearing prices and the reduction in over procurement of capacity.

What are the expected impacts and implementation/enduring costs on CM Participants and Delivery Partners?

- 2.36 The LCCC/ESC representative noted CP364 has minor impacts for them and a formal impact assessment may not be required for CP364 from LCCC/ESC.
- 2.37 The NGESO representative noted they had previously reviewed secondary trading arrangements as an end-to-end process to determine areas for improvement and would highlight these findings within their impact assessment.
- 2.38 A Member noted they had raised CP364 with members of the ADE and no immediate concerns had been raised.
- 2.39 A Member noted the impact assessment should also note if the Delivery Partners have suggestions for alternative solutions.
- 2.40 **1222/06 – NGESO to complete an impact assessment for CP364.**
- 2.41 EH noted the draft legal text would be drafted by Elexon and presented at the next CMAG meeting for Members to review.
- 2.42 EH stated the proposed solution and expected timescales for implementation would be discussed at the next meeting.
- 2.43 **1222/07 - Elexon to deliver the draft legal text for CP364 for CMAG Members to review.**

Does the CP further the CM Rules Change Objectives and/or Ofgem's Principal Objectives?

- 2.44 Members unanimously agreed CP364 furthered Ofgem's Principal Objective.
- 2.45 Majority of Members agreed CP364 is neutral in promoting investment in capacity to ensure security of electricity supply.
- 2.46 Members unanimously agreed CP364 is positive in facilitating the efficient operation and administration of the Capacity Market.
- 2.47 Members unanimously agreed CP364 is neutral in ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013.

3. Action Log

- 3.1 The CMAG reviewed the Action Log, all 'Complete' actions will be marked as closed. Discussion on actions 'In Progress' are noted below.

- 3.2 The LCCC/ESC representative noted ESC would require a final draft of the Regulations and CM Rules at a certain point to formally prepare for implementation and deliverability.
- 3.3 **1122/02 - National Grid Delivery Body to confirm how it would respond to, and the impacts on the CM of a partial or total market suspension.** The NGENSO representative noted pursuant to Rule 8.5.1, Capacity Providers are obliged to deliver the ALFCO of their capacity committed CMU in the event of a Capacity Market Notice. They have no obligation, however, in any Settlement Period during which the Capacity Committed CMU is affected by a suspension under section G (Contingencies) of the BSC.
- 3.4 A Member highlighted that a CM notice does not create a market suspension and this needs to be clarified within the response to the action.
- 3.5 The NGENSO representative stated they have used the market suspension definition from BSC Section G and the response to the action covers total market suspension only not partial. Within the CM Rules, Participants in those settlement periods affected by market suspension are not obliged to provide a service.
- 3.6 EH queried where interested parties outside of CMAG can locate this clarity. The NGENSO representative noted this has been raised in the Operational Transparency Forum hosted by NGENSO Control Room and most CM Participants attend this forum.
- 3.7 A Member noted it would be useful to publish this information elsewhere as not all Participants attend the Operational Transparency Forum.
- 3.8 DP highlighted EMRS is updating its guidance documents and can include this within its updated stress event guidance.
- 3.9 A Member queried if CM notices would apply when linked to load shedding, noting this should be clarified within the updated guidance.
- 3.10 **1222/08 – LCCC/ESC to include additional clarity on CM suspension in the updated stress event guidance to be drafted.**

4. Operating Procedure

- 4.1 EH presented the CMAG Operating Procedure and informed CMAG this would now be sent to Ofgem for approval. It was confirmed that following approval from Ofgem, the CMAG Operating Procedure will be published on the CMAG website.

5. Ofgem update on CM Rules Change Proposals

- 5.1 The Ofgem representative noted Ofgem has reviewed the Regulations and CM Rules to provide a summary on the limits for Ofgem to enact CM Rules changes and highlighted two primary Regulations that govern this.
- 5.2 The Ofgem representative stated Regulation 31 governs the requirements for the Delivery Body to set up and maintain a CM Register and also states which details apply throughout the duration of a CM Agreement and cannot be amended. A set of specific circumstances are required to be met in order to amend these terms.
- 5.3 The Ofgem representative further noted Regulation 71 grants Ofgem, as the Authority, the power to make CM Rules changes. Any changes that conflict with the Regulations can only be made with the approval of the Secretary of State.
- 5.4 The Ofgem representative presented a list of the restrictions of component parts of CM Agreements that are grandfathered and cannot be amended with subsequent changes to CM Rules without approval from the Secretary of State.
- 5.5 EH noted it would be beneficial to highlight this list on the CMAG website so that it is available and clear to all CM Participants.
- 5.6 **1222/09 - Elxon to update the CMAG website with the information provided by Ofgem regarding its legal limits to enact CM Rules changes.**
- 5.7 A Member queried if these grandfathered terms would also apply to secondary trades. The Ofgem representative agreed to review this and feedback to CMAG
- 5.8 **1222/10 – Ofgem to confirm if the restricted component parts of CM Agreements that are grandfathered also applies to secondary trades.**

6. CM Representative Updates

- 6.1 The LCCC/ESC Representative noted there were no significant updates for this meeting.
- 6.2 The NGESO Representative noted there have been a record low number of disputes from the Tier 2 auction. NGESO continues to attend triparty meetings each month with Ofgem and BEIS to prepare for winter.
- 6.3 The Ofgem Representative noted they are currently working through the Tier 2 disputes process and expect this to conclude mid-January 2023.

7. CP367 (Fossil Fuel Emissions / Waters Wye Associates) CMAG Initial Views

- 7.1 AS noted Ofgem shared it's minded to position to reject CP367, which was circulated to all Members following CMAG meeting 2. Members were requested to provide their initial views on this CM Rules Change proposal and confirm if the CMAG wish to take it forward for development.
- 7.2 AS summarised Members views on CP367, noting 6 responses were received in agreement with Ofgem's minded to position to reject CP367. Members comments outline that it is important for BEIS to examine this proposal and the issues within it and consider bringing this forward within their own amendments to the CM Rules.
- 7.3 A Member noted the Environment Agency (EA) released a regulatory policy position statement in October which referred to concerns around system shortage electricity and stated if a station needed to operate at times of electricity shortage, then the EA would not necessarily seek action against them to do so.
- 7.4 The Member further noted a more appropriate approach would be to amend the Rules so that when calculating emissions for the purpose of a fossil fuel emissions declaration, any emissions during a declared ESO period would not be included within this calculation.

8. Developing CM Rules Change Proposals CP365 (ITE Reports / Engie)

- 8.1 LG provided background to CP365 noting that Rule 12.2.1 requires new build and refurbishing CMUs to submit progress reports from after the Auction to the start of the Delivery Year (8 reports in total). If milestone dates in these reports have moved forward or backward by more than 2 months compared to the last submitted report, Rule 12.2.1(c) requires an assessment report from an Independent Technical Expert. If the forecast earliest and latest dates are too close together then any changes to the project timeline are likely to cause a material change.
- 8.2 LG noted CP365 seeks to address this by removing the requirement for an assessment from an Independent Technical Expert if construction milestones have moved by more than 2 months from that set out in the Construction Plan in the pre-qualification application.
- 8.3 LG highlighted a mitigation accounted for within CP365 will still require 2 directors to provide a signed report on progress, an ITE report will only be required where a milestone is moved 2 months later than previously reported.
- 8.4 EH informed Members BEIS is intending to include both CP365 and CP366 in BEIS' upcoming consultation due in January 2023. This consultation does not yet have ministerial clearance for publication and there are no guarantees that these proposals will be consulted on until such clearance has been received. CMAG Members indicated a preference to continue development work on this proposal noting the consultation.

Standard Change Proposal Questions

Are there any related changes to the CM Rules in the pipeline?

- 8.5 LG noted there are no related changes in the pipeline.

Does the CP impact on the Regulations?

- 8.6 The proposer and CMAG Members did not determine any impacts on the Regulations.

Are there any impacts on any other central industry frameworks or obligations?

- 8.7 The proposer and CMAG Members did not determine any impacts on other central industry frameworks or obligations.

Are there any impacts on consumers, and if so, what are the impacts?

- 8.8 LG noted there is a consequential positive impact on consumers whereby cost efficiency and savings could be passed on to end consumers.
- 8.9 The LCCC/ESC representative noted it would be useful for NGENSO to confirm how many ITE reports are received each delivery year and how much this is costing the scheme. It would also be beneficial to understand in a wider conversation what benefits an ITE report provides compared to a report signed by directors.

1222/11 - NGENSO to confirm the total number of ITE reports received in the last 5 years and what they are used for.

What are the expected impacts and implementation/enduring costs on CM Participants and Delivery Partners?

- 8.10 The LCCC/ESC representative noted CP365 has minor impacts for them and there are no expected enduring costs.
- 8.11 The NGENSO representative confirmed they would carry out an impact assessment for CP365 to determine if there are any impacts or enduring costs.
- 8.12 **1222/12 – NGENSO to complete an impact assessment for CP365.**
- 8.13 LG noted CP365 would not have any enduring costs on CM Participants, it may reduce costs for some Participants as ITE reports will no longer be needed.
- 8.14 LG highlighted CP365 would have a positive impact on CM Participants as it encourages competition in the CM and reduces initial costs for smaller Participants entering the CM.
- 8.15 A Member noted the assurance provided from ITE reports is not always of consequence compared to other mechanisms within the CM, CP365 will have a positive impact on participants by creating a more efficient scheme.
- 8.16 A Member highlighted CP365 would not make the scheme less robust as CMU applications currently require up to 95% self-certification which is deemed sufficient to enter the scheme
- 8.17 A Member noted CM Participants were not required to submit ITE reports during the COVID pandemic as this had been suspended and there were no issues raised as a result of this
- 8.18 LG highlighted CP365 will have a positive impact on CM Participants as it will require a reduced administrative effort and reduced costs estimated at £1.5 million per project depending on scale.
- 8.19 LG further noted the cost of ITE reports are the same for all Participants regardless of plant size, CP365 will therefore allow smaller plants to compete more effectively within the CM.
- 8.20 EH noted the draft legal text would be drafted by Elexon for CMAG Members to review at the next meeting and agree the expected implementation timeline.
- 8.21 **1222/13 - Elexon to deliver the draft legal text for CP365 for CMAG Members to review.**

Does the CP further the CM Rules Change Objectives and/or Ofgem's Principal Objectives?

- 8.22 Members unanimously agreed CP365 furthered Ofgem's Principal Objective.
- 8.23 Members unanimously agreed CP365 is positive in promoting investment in capacity to ensure security of electricity supply.
- 8.24 Members unanimously agreed CP365 is positive in facilitating the efficient operation and administration of the Capacity Market.
- 8.25 Members unanimously agreed CP365 is neutral in ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013.

Developing CM Rules Change Proposals CP366 (Total Project Spend / Engie)

- 8.26 LG noted New Build and Unproven DSR CMUs can include capital expenditure from 77 months before the start of the Delivery Year in their Total Project Spend. For Refurbishing CMUs, expenditure is measured from Auction Results Day to the start of the first Delivery Year. This prevents Refurbishing CMUs from including expenditure associated with the refurbishment prior to the Auction Results Day. It may mean that they cannot meet Minimum £/kW thresholds and so miss out on multi-year Agreements.
- 8.27 LG stated CP366 has been raised to address this issue by changing the definition of Total Project Spend so that capital expenditure for Refurbishing CMUs can be included 77 months prior to the commencement of the

first Delivery Year to which the application relates. LG further noted CP366 also applies this to interconnector CMUs.

- 8.28 LG highlighted mitigating factors have been considered for CP366 including Rule 8.3.6(aa) which states for multi-year agreements, an Independent Technical Expert must confirm that expenditure has not been previously claimed.

Specific Change Proposal Question

Is the proposal aligned with the declaration that is made in Exhibit A (f) for Refurbishing CMUs?

- 8.29 A Member noted as part of Exhibit A (f), when applying for a refurbishing multi-year agreement, providers must declare that you reasonably expect to need a multi-year agreement for the refurbishment to go ahead, so the decision to begin refurbishment is effectively not taken until after the results of the T-4 auction; if there are costs ahead of the auction these may not be relevant.
- 8.30 LG noted Exhibit A (f) only needs to be completed as a refurbishing CMU if seeking an agreement between 3 and 15 years. The concern that a CMU may include sunk costs ahead of auction also equally applies to New Build CMUs.
- 8.31 The NGENSO representative queried if this issue is materially preventing participation in the CM.
- 8.32 LG noted there have only been 2 CMUs that have refurbished so far. This issue could become greater as the CM sees the introduction of low carbon technologies like hydrogen in the future which will see more CMUs looking to refurbish but unable to include this expenditure and secure multi-year agreements.
- 8.33 A Member queried where the 77month term initially came from. A Member noted it was initially introduced to avoid an investment hiatus in the CM.

Standard Change Proposal Questions

Are there any related changes to the CM Rules in the pipeline?

- 8.34 LG noted there are no related changes in the pipeline.

Does the CP impact on the Regulations?

- 8.35 The proposer and CMAG Members did not determine any impacts on the Regulations.

Are there any impacts on any other central industry frameworks or obligations?

- 8.36 The proposer and CMAG Members did not determine any impacts on other central industry frameworks or obligations.

Are there any impacts on consumers, and if so, what are the impacts?

- 8.37 LG noted CP366 will allow for more refurbishing to be brought forward the costs savings of which can be passed on to consumers.
- 8.38 LG noted there are additional benefits to consumers to be considered but this is confidential and would be shared with EH directly for consideration.

What are the expected impacts and implementation/enduring costs on CM Participants and Delivery Partners?

- 8.39 The LCCC/ESC representative noted there are no expected impacts or costs from CP366 on LCCC/ESC.
- 8.40 The NGENSO representative noted an impact assessment would be required to determine any impacts or costs to the Delivery Body.
- 8.41 The NGENSO representative highlighted the new portal has been built and is currently undergoing user group testing, the impact assessment will determine what changes would need to be required to the portal and how these could be actioned.
- 8.42 **1222/14 – NGENSO to complete an impact assessment for CP366.**

Does the CP further the CM Rules Change Objectives and/or Ofgem's Principal Objectives?

- 8.43 Majority of Members agreed CP366 was neutral in furthering Ofgem's Principal Objective.
- 8.44 Majority of Members agreed CP366 is positive in promoting investment in capacity to ensure security of electricity supply.

- 8.45 Members unanimously agreed CP366 is neutral in facilitating the efficient operation and administration of the Capacity Market.
- 8.46 Members unanimously agreed CP365 is neutral in ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013.
- 8.47 A Member noted the definition of Maximum Obligation Period determines what length of capacity agreement each type of CMU is entitled to bid for and is entirely unaffected by CP366. As there is no discrimination between different types of Refurbishing CMU in the current definition, this should not be indirectly introduced by CP366 by including interconnector CMUs
- 8.48 EH noted the draft legal text for CP366 will be drafted by Elexon based on the original CP366 proposal which does not refer to interconnector CMUs to avoid any future conflict.
- 8.49 **1222/15 – Elexon to deliver the draft legal text for CP366 for CMAG Members to review.**

9. Developing CM Rules Change Proposals

CP368 (CVR Publication and CMVRN Submission Deadline / LCCC/ESC)

- 9.1 The LCCC/ESC representative noted CP368 has been raised to amend Rules 10.5.1 and 10.5.2 to allow for CVR Publication and CMVRN Submissions until 5:30pm. Currently Rule 10.5.1 requires the CM Settlement Body to publish the Capacity Volume Register at 5pm on the 10th Working day after the end of a month when a CM Stress Event occurred. This also needs to be re-published every day WD11-WD19. The issue is a small and technical one in that the intent of the rule is to allow CMVRN submissions to continue up to 5pm, however to generate and publish the CVR at 5pm ESC need 30 minutes to process the submissions, run calculations, carry out final sign offs and publish.
- 9.2 THE LCCC/ESC representative highlighted that most will submit trade files towards the end of the day and as a result, the CVR is likely to be out of date as soon as it is published.
- 9.3 THE LCCC/ESC representative noted CP368 is not deemed urgent but it is a minor change that could be implemented easily.
- 9.4 There were no specific questions raised by CMAG Members for CP368.

CP369 (Secondary Trading with CMU Metering Aggregation Rules / LCCC/ESC)

- 9.5 THE LCCC/ESC representative noted CP369 has been raised to include an additional control point for Secondary Trades (within Delivery Year and any trades 20 business day before the start of a Delivery Year) that require aggregation rules to be fully set up. Currently, if CMUs secondary trade without setting up aggregation rules, and there were to be a stress event prior to CMUs setting up metering aggregation, ESC would automatically produce the maximum penalty amounts as part of the Penalties process due to there being no associated data for the CMU. Once this has occurred the Rules intentionally do not allow any retrospective adjustments to Penalties.
- 9.6 THE LCCC/ESC representative informed CMAG this change proposal centres on data and provides multiple benefits to CM Participants including allowing Participants to monitor CMU Metered Volumes using My EMRS. It will also create a shift of the data quality initiative to before a Capacity Obligation is issued, this will reduce future reliance on the Settlement Body's payment suspension mechanism where CMUs are suspended due to failure to submit Aggregation Rules.
- 9.7 THE LCCC/ESC representative highlighted that analysis of the data CP369 is requesting CMUs to submit would allow all CM Participants and the Settlement Body to better understand the CM effectiveness.
- 9.8 The LCCC/ESC representative noted previously before they automated the SPD process, a number of CMU's had not completed their aggregation rules or set up their metered data. CP369 is looking to rectify this by shifting this process to the start of the delivery year and introducing an additional checkpoint for secondary trades.
- 9.9 A Member queried what the penalty would be for CMUs that do not have aggregation rules set up 20 days in advance of the delivery year. The LCCC/ESC representative noted NGENSO would reject the secondary trade made by this CMU.

- 9.10 The LCCC/ESC representative noted currently where aggregation rules are not set up at the start delivery year, payments will be suspended until they are fully set up.
- 9.11 A Member highlighted CP369 would result in secondary trades being treated differently in the CM, as the obligation of aggregation rules would result in no secondary trades being allowed if not met rather than a suspension of payments.
- 9.12 THE LCCC/ESC representative noted CP369 is not deemed urgent.
- 9.13 EH noted the standard change proposal questions would be posed for CP369, and queried if Members had any further specific questions to agree. No specific change proposal questions were raised for CP369.

10. Secondary Trading

- 10.1 EH noted due to limited time in the meeting, this agenda item would be tabled until the next meeting to be held on 17 January 2023.

11. CMAG Website Update

- 11.1 AS presented the CMAG website and informed the CMAG that individual pages have been created for each CM Rules Change proposal.
- 11.2 AS noted the website will be updated to provide a drop-down list to access each of the CM Rules Change proposal pages from the main menu.
- 11.3 AS highlighted the features of each CM Rules Change proposal page, noting they display a summary of the change; identified impacts and any associated documentation.
- 11.4 EH noted the CMAG website will continue to be updated and evolve with the CMAG and welcomed feedback from Members on any further developments.

12. CM Rules Change Prioritisation

- 12.1 EH noted some Members were yet to provide their prioritisation scores for CP368 and CP369 and requested for all Members to provide their scores by Friday 16 December 2022. These scores are used to inform the CMAG Forward Work Plan and future CMAG agendas so it is useful to have them in advance of meetings.
- 12.2 A Member noted they had found it difficult to prioritise these 2 change proposals due to the frequency and impact scoring in the prioritisation tool. Both changes are easy to implement but this is not taken into account by the prioritisation tool.
- 12.3 CA noted Members can score CM Rules Change proposals on their own merit and change their scores at any point if they wish.
- 12.4 A Member highlighted it is important that each proposal is scored in relation to its priority in comparison to the other proposals rather than whether it is viewed as a 'good' or 'bad' change.
- 12.5 EH noted once Members have submitted their scores, the CMAG can then have a discussion on the determined prioritisation score and confirm any specific questions for each proposal.
- 12.6 **1222/16 - Members to provide their prioritisation scores for CP368 and CP369 by Friday 16 December 2022.**

13. CMAG Forward Plan

- 13.1 CA presented the CMAG Forward Plan, noting that each CM Rules Change proposal has been scheduled according to its current priority score provided by Members.
- 13.2 CA noted the CMAG Forward Plan will be reviewed at each CMAG Member and will inform all future CMAG meeting agendas.

14. Any Other Business (AOB)

- 14.1 EH noted a survey would be circulated to all CMAG Members to ascertain feedback on how the first 3 meetings of CMAG have gone and any areas for improvement.
- 14.2 **1222/17 – CMAG Secretariat to circulate a survey for feedback on CMAG meetings to all CMAG Members.**

- 14.3 **1222/18 – CMAG Members to respond to the survey and provide feedback to the CMAG Secretariat.**
- 14.4 There was no further business and the meeting was closed. The next CMAG meeting will take place on 17 January 2023.