

ELEXON

CAPACITY MARKET RULES CHANGE PROPOSAL REPORT: CP368 – CVR PUBLICATION DEADLINE

This Change Proposal (CP) seeks to increase the Capacity Volume Register (CVR) publication deadline by 30 minutes (from 17:00 to 17:30), to account for time required by the Low Carbon Contracts Company (LCCC)/Electricity Settlements Company (ESC) to process Capacity Market Volume Registration Notification (CMVRN) submissions received.

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Document owner
Elexon

Document author
Chris Arnold

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Executive Summary

A summary of CP368, including the Proposal Form, can be found on the [CMAG Website](#).

Issue

Rule 10.5.1 requires the Capacity Market (CM) Settlement Body (LCCC/ESC) to publish the Capacity Volume Register (CVR) at 17:00, 10 Working Days (WD) after the end of a month where a CM Stress Event has occurred. The CVR must also be re-published every day thereafter from WD11 to WD19 after the end of a month where a CM Stress Event has occurred. The CVR must include the most recent data provided to the CM Settlement Body via Capacity Market Volume Reallocation Notification (CMVRN) submissions by CM participants.

The ESC requires around 30 minutes to process CMVRN submissions before it can publish the CVR and therefore submissions received after 16:30 on a given WD may not be included within the CVR published on that WD under current arrangements. The Proposer believes that this could result in the CVR not accounting for all daily submissions and thus being out of date as soon as it is published.

Solution

This Change Proposal seeks to adjust the deadline for CVR publication in Rule 10.5.1 and 10.5.2 from 17:00 to 17:30, to account for the additional time required by ESC to process and validate CMVRN submissions received at 17:00 on each CVR publication date. This ensures that the data contained in each day's CVR is correct as at 17:00 each day.

Impacts and Costs

Costs Estimates			
Organisation	Impacts	Implementation (£)	On-going (£/annum)
LCCC/ESC	Minor amendments to business processes and documentation will be required.	Low (<£100k)	None
EMR Delivery Body	No impacts on systems and processes have been identified.	None	None
Industry	More efficient operation and administration of CM.	None anticipated	None anticipated

There are minor implementation costs for ESC to amend business processes and documentation to align with CP368. No costs to CM Participants have been anticipated to implement CP368.

Implementation

The CMAG recommends an implementation date of as soon as practicable

Recommendation

The CMAG recommends to Ofgem:

- a) That CP368:
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- i. Better facilitates the efficient operation and administration of the Capacity Market
- b) An Implementation Date as soon as practicable;
- c) The legal text for CP368; and
- d) That CP368 should be **approved** subject to statutory consultation.

Issue

Rule 10.5.1 requires the Capacity Market (CM) Settlement Body to publish the Capacity Volume Register (CVR) at 17:00 (end of the defined working day), 10 Working Days (WD) after the end of a month where a CM Stress Event has occurred. The CVR must also be re-published every day thereafter from WD11-WD19 inclusive. Under the CM Rules, the CVR must include the most recent data provided to the CM Settlement Body via CMVRN submissions by CM Participants.

All CMVRN submissions made between WD11-WD19 inclusive by 17:00 are valid submissions as per Rule 10.2.4, and therefore should be included within the CVR published on these WDs. The ESC requires around 30 minutes to process CMVRN submissions and therefore it is difficult to ensure the CVR accurately reflects all CMVRN submissions in line with Rule 10.5.1 and 10.5.2 for a given WD if the register is published at 17:00 on each WD (meaning an effective cut-off for date in the daily register of 16:30).

Please note under the current arrangements on WD19 the CVR is published at 17:30 to make sure all CMVRNs up to the end of the WD11-WD19 window are counted.

Solution

This CP seeks to extend the deadline for CVR publication by an additional 30 minutes to 17:30 to allow for CMVRN submissions received at 17:00 to be processed by ESC and included within the CVR published on that WD.

Legal Text for CP368

10.5 Information

10.5.1 By 5:30pm on WD10, the CM Settlement Body must publish on the Capacity Volume Register, for each Settlement Period in the previous calendar month which was a System Stress Event and in respect of each CMU, using the most recent data provided to it under Regulation 35:

- (a) Eij;
- (b) the ALFCO;
- (c) (if any) the Initial Over-Delivery Volume; and
- (d) (if any) the Initial Under-Delivery Volume.

10.5.2 The CM Settlement Body must determine the Aggregate Traded Capacity Market Volume and Adjusted Eij for each CMU and submit this data to the Capacity Volume Register no later than 5:30pm on each Settlement Day from WD11 to WD19 inclusive.

Prioritisation

All CM Rules Change Proposals are assessed based on the impact and frequency/likelihood of the benefits and risks realised from the change. This assessment determines the priority of CM Rules Change Proposals and their priority for consideration by CMAG.

CMAG Members first considered CP368 at its meeting on Tuesday 15 November 2022, where CMAG determined CP368 as a low priority change, but one that is relatively simple to implement and therefore could be brought forward to consider as a quick win.

The justification from CMAG for this prioritisation was that CP368 was expected a simple change to implement with low costs to Delivery Partners and positive impacts on the CM.

CMAG Development/Discussions

CMAG discussed CP368 at [Meeting 3](#) (Tuesday 13 December 2022) and [Meeting 5](#) (Thursday 2 March 2023), below is a summary of all discussion.

Impacts

CP368 is expected to have a positive impact on Capacity Market participants directly as a result of an improved Volume Reallocation process through more accurate CVRs, if a stress event were to occur. The Change Proposal is also expected to have a small positive impact on the ESC by allowing sufficient time to include all CMVRN submissions in line with Rule 10.5.1 and 10.5.2 whilst ensuring accurate and up to date information published in the CVR is a full reflection of all data submitted in a WD up to 17:00pm. No other impacts are expected to the Delivery Body or CM participants as a result of this change. No impacts were identified on consumers.

No Implementation Costs to CM participants have been identified. Some Implementation Costs have been identified by ESC which are limited to minor process changes to support the later publication time and updating ESC guidance.

Solution development

CMAG Members highlighted that the Change Proposal was minor in nature and benefits associated with the change will be relatively minor and limited primarily to the efficient operation of the Capacity Market by allowing ESC to include all accepted CMVRNs in a given WD in the given CVR. Members also highlighted in that in practice it is expected that most CMVRNs would be submitted by parties towards the end of the WD and as a result the CVR is likely to be significantly out of date by the time it is published.

CMAG Members discussed whether CP368 would better facilitate promoting investment in capacity to ensure security of electricity supply. The Proposer expressed the view that the proposal would better facilitate this CM Rule Objective on the basis that more reliable and better understood processes regarding Volume Reallocation could lower investment risk and promote investment in the Capacity Market. CMAG Members believed that the impacts of CP368 on potential or existing Capacity Providers are likely to be too small to credibly make this argument and agreed that in their view this proposal is neutral against this objective.

In relation to the efficient operation and administration of the Capacity Market, the Proposer believes it is difficult for the ESC to ensure compliance with Rule 10.5.1 and 10.5.2 whilst providing useful and accurate information to stakeholders through the CVRs, the extended publication window would ensure that the ESC had sufficient time to validate CMVRNs for inclusion in the relevant CVR and ensure stakeholders had accurate and up to date information through the published CVRs. The CMAG agreed unanimously with the Proposer's rationale and in their view CP368 this proposal is positive against this objective.

ESC confirmed that 1 month will be required to implement the changes detailed in this proposal.

Impacts & Costs

CP368 Impacts and Benefits

Impact Summary			
Organisation	Item	High/Medium/Low	Comment
ESC	Compliance	Low	Will ensure that the ESC can comply with Rule 10.5.1 and 10.5.2
EMR Delivery Body	None	N/A	No impacts identified.
Industry	CVR Quality	Low	Will ensure the CVR is accurate and contains all valid CMVRN submissions received when published on each relevant WD

Rules Impact

- i. Section 10.5 Monitoring: Rule 10.5.1
- ii. Section 10.5 Monitoring: Rule 10.5.2

Costs

Cost Estimates		
Organisation	Implementation Cost (£k)	On-Going Costs (£k/annum)
LCCC/ESC	Low (<£100k)	None above current costs for publishing CVR
EMR Delivery Body	None	None
Industry	None anticipated	None anticipated

Regulation and Other Code Impacts

The CMAG determined there are no impacts on the Regulations or other industry codes.

Views against CM Rules Change Objectives and Ofgem's Principal Objective

Does CP368 better facilitate the CM Rules Change Objectives and Ofgem's Principal Objective		
Objective	Proposer's View	CMAG Views
Ofgem's Principal Objective	Neutral	Neutral
Promoting investment in capacity to ensure security of electricity supply	<p>Positive</p> <p>Investment decisions are by enlarge linked to risk/reward and the ability to mitigate risks. ESC believe that by having more reliable and better understood processes regarding how Volume Reallocation is treated by ESC would result in lower risk calculation by businesses that wish to participate in CM. As a result, this creates a greater understanding of the risk resulting in improvements to auction bidding calculations of businesses. Admittedly this change is tiny so the relative benefit is also likely very small.</p>	<p>Neutral</p> <p>CMAG Members noted the Proposers rationale but unanimously agreed that the benefits to parties would be so small that it would unlikely impact any investment decisions.</p>
facilitating the efficient operation and administration of the capacity market;	<p>Positive</p> <p>It is difficult for the ESC to ensure compliance with Rule 10.5.1 and 10.5.2 whilst providing useful and accurate information to stakeholders through the CVRs, the extended publication window would ensure that the ESC had sufficient time to validate CMVRNs for inclusion in the relevant CVR and ensure stakeholders had accurate and up to date information through the published CVRs</p>	<p>Positive</p> <p>The CMAG agreed with the rationale detailed by the Proposer.</p>
Ensuring the compatibility of capacity market rules with other subordinate legislation under Part 2 of the Act.	Neutral	Neutral

Delivery Partners Comments

LCCC/ESC have confirmed there minor amendments to business processes and documentation will be required but there is no expected ongoing cost associated with this change.

EMR DB have confirmed there is no material cost implications or system changes required for CP368.

There were no further comments provided by the Delivery Partners in relation to CP368

Implementation Date

The CMAG recommends an Implementation Date for CP368 of as soon as practicable

Recommendations

At its meeting on Thursday 2 March 2023, the CMAG made the following recommendations to Ofgem:

- a) That CP368:
 - i. Better facilitates the efficient operation and administration of the Capacity Market
- b) An Implementation Date for CP368 as soon as practicable;
- c) The legal text for CP368; and
- d) That CP368 should be **approved** subject to statutory consultation.

Appendix 1 – Key Questions for CP368 Summary

Questions Considered by the CMAG	
Question	Conclusion
Does the CP further the CM Rules Change Objectives?	<p>Members unanimously agreed CP368 is neutral to Ofgem’s Principal Objective.</p> <p>Members unanimously agreed CP368 is neutral in promoting investment in capacity to ensure security of electricity supply.</p> <p>Members unanimously agreed CP368 is positive in facilitating the efficient operation and administration of the Capacity Market.</p> <p>Members unanimously agreed CP368 is neutral in ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013.</p>
Does the CP impact on the Regulations?	CMAG determined no impacts on the Regulations.
Are there any impacts on any other central industry frameworks or obligations?	CMAG determined no impacts on other central industry frameworks or obligations.
Are there any impacts on consumers, and if so, what are the impacts?	CMAG determined no impacts on consumers
Does CMAG agree with the proposed solution?	CMAG unanimously agreed with the proposed solution.
Are there any suitable alternative solutions to address the defect?	No alternative solutions have been proposed by CMAG.
What are the expected impacts on: <ul style="list-style-type: none"> • CM Participants? • Delivery Partners? 	<p><i>CM Participants</i></p> <p>CP368 will ensure the CVR is accurate and contains all valid CMVRN submissions received when published on each relevant WD</p> <p><i>Delivery Partners</i></p> <p>CP368 will ensure that the ESC can comply with Rule 10.5.1 and 10.5.2 whilst providing useful and accurate information to stakeholders</p>
What are the expected implementation/enduring costs for: <ul style="list-style-type: none"> • CM Participants? • Delivery Partners? 	<p>CP368 would not have any enduring costs on CM Participants.</p> <p>There would be a small implementation cost to ESC (less than £100k) to implement this proposal. These costs are limited to minor process changes to support the later publication time and updating ESC guidance.</p>
What are the expected timescales for implementation?	LCCC/ESC has advised one month will be required for implementation.
Does the draft legal text deliver the intention of the solution?	Yes.
Does the CMAG recommend to Ofgem that the change be made?	CMAG recommends Ofgem approve CP368.