

# Capacity Market Advisory Group Final Minutes

Meeting number **25**

Venue **Elexon Offices/MS Teams**

Date of meeting **15 October 2024 10:00-14:00**

Classification **Public**

## Attendance and apologies

Attendee	Initials	Type
Brian Lake	BL	Member
Eleanor Haynes	EHay	Member
Raoul Thulin	RaT	Member
Paul Jones	PJ	Member
Kyran Hanks	KH	Member
Mark Duffield	MD	Member
Shahena Begum	SB	Guest
Ann Beverley	AB	Guest
Ellen McGrath	EM	Representative (CM Settlement Body)
Emily McGoohan	EmM	Representative (CM Settlement Body)
Bir Virk	BV	Representative (CM Settlement Body)
Matt Bowen	MB	Representative (DESNZ)
Beth Hanna	BH	Representative (EMR Delivery Body)
Stuart Wells	SW	Representative (EMR Delivery Body)
Kat Gay	KG	Representative (EMRS)
Roan Chavez	RC	Representative (EMRS)
Will Tomblin Shaw	WTS	Representative (Ofgem)
Andrew MacDonnell	AM	Representative (Ofgem)
Oli Meggitt	OM	CMAG Facilitator (Elexon)
Chris Arnold	CA	CMAG Secretariat (Elexon)
Phillip Paul	PP	CMAG Secretariat (Elexon)
Sean Dryden-Woods	SDW	CMAG Secretariat (Elexon)
Jenny McGowan	JM	CMAG Secretariat (Elexon)
Paul Farmer	PF	CMAG Secretariat (Elexon)
<b>Apologies</b>		
Richard Thwaites	RT	Member

## 1. Welcome and Apologies

- 1.1 The CMAG Facilitator welcomed Members, Guests and Representatives and gave apologies from Richard Thwaites, who nominated Eleanor Haynes as alternate.

## 2. CMAG New Membership

- 2.1 OM welcomed the new CMAG membership group and presented new member responses to a survey that was sent out to help assess new member applications. Highlighting the wide-ranging areas of knowledge and experience in the group. There were two areas of knowledge in which members identified having lower confidence - Metering Recovery Faults and Repayment of Capacity Payments. OM invited members or other stakeholders to raise any needs for wider expertise when discussing future topics. OM also invited members and representatives to introduce themselves as this was the first meeting of the new membership group.

## 3. CM Representative Updates

### CM Settlement Body (CMSB)

- 3.1 BV highlighted that, as it was the start of the Delivery Year, CMSB has been monitoring data set ups and metering aggregation rules. Also, CMSB joined the CM System Stress Event working group when a meeting was triggered as a result of yesterday's published CM Notice.
- 3.2 KG gave an update on the EMRS portal, which overall is going relatively well. EMRS have not seen a huge number of new aggregation rules or DSR CMU Component reallocations. They have seen a lot of small capacity DSR CMU Components, which is causing concern about how quickly the data is processed through their systems. EMRS would welcome any feedback on component reallocation and the use of the service, as the process is currently split between EMRS and EMR DB.
- 3.3 BV raised the domestic DSR risk, which has been raised in the last few CMAG meetings, noting CMSB are speaking to DESNZ about the short-term risks of domestic DSR. They are still looking at a possible long-term solution and intend to discuss this with CMAG at future meetings.
- 3.4 PJ raised concerns related to the MyEMRS portal. PJ noted that the authorisation process has been slow and, in some instances, has not been completed on request. BV noted these concerns and agreed to look into resolving the specific authorisation issue raised.

### EMR Delivery Body (EMR DB)

- 3.5 BH confirmed new URLs and email addresses for NESO. Noting Pre-Qualification is still being processed and they have seen a ~20% increase in Applications for this year compared to previous years, but they are as yet unclear what this will mean for overall capacity entering auctions. BH also highlighted that the new [Portal issue list](#) has been published on their Guidance website. Also, some users will have received an emailed link to a Portal survey and EMR DB would appreciate feedback, what went well or what didn't. EMR DB are happy the Portal has had no major issues and will look to prioritise changes to the portal, whilst also expecting a lot of change from Ofgem and DESNZ.

### Ofgem

- 3.6 AM noted that, after recent staff changes, Ofgem once again has a full CM team and the rescheduled Spring / Autumn combined consultation is planned to go out early December.
- 3.7 CA raised the question that, if there is a delay in that consultation, would it be possible to include the ITE change proposal [CP382] in that consultation, depending on the change proposal development conversation at today's CMAG. AM advised that they need the report by the end of the week or as early as possible, when they will make that assessment of whether they can include CP382 in that consultation. CA set the expectation that CP382 wouldn't be included in the rescheduled Spring / Autumn combined consultation in December.

### Department for Energy Security and Net Zero (DESNZ)

- 3.8 MB confirmed that he will attend CMAG every month and is hoping to have a policy colleague also attend depending on the topics under discussion. MB Noted that on 30/09/24 DESNZ have published an [open letter](#) on whether any new generating technologies can contribute to security of supply.
- 3.9 MB highlighted that the 10-year review response is still work-in-progress and will be published by the end of the year. DESNZ stated that they are still reviewing the policy question of interconnector treatment in CM non-

delivery penalties and are not in a position to comment at this time (CMAG 24 Item 6). MB also offered to add anyone to the DESNZ CM mailing list.

- 3.10 EHay noted that the updated Phase 2 Consultation Response from DESNZ had been published this morning. Also noting that yesterday was early in the year for issuing a Capacity Market Notice.

#### **4. CMAG Secretariat Update**

- 4.1 PP highlighted that a redlined pdf version of the 29/07/24 Rules is on the CMAG SharePoint for CMAG to use when reviewing the implementation of change proposals. Any issues found can be added to the CMAG Secretariat log of housekeeping changes, or raised as a CMAG Surgery item for discussion. This came from an issue raised at CMAG 23 on the implementation of CP373, which PP used to illustrate the differences in Rule 4.4.2(c)/(d) in Proposal / Consultation / Decision / Rule Amendment.
- 4.2 PP also noted an issue which had been raised on a lack of clarity for Rule 6.10.1 (g) and (ga). Capacity Providers are having to maintain TEC of a site comprising multiple CMUs sharing a common GCA, even if one CMU's Agreement had been terminated for whatever reason. In the rule, 'other CMUs' doesn't clarify them as must having effective CM agreements or transferred part (PTCO-in). If the TEC were reduced to reflect the terminated agreement, the agreements for the remaining operational CMUs would also risk termination under the current wording of these Rules. PP asked if CMAG agreed that the Secretariat should bring forward this issue as a surgery item.
- 4.3 KH highlighted that this is a significant issue which should be fixed and is in everyone's interest to do so. No further comments were received and the CMAG Secretariat will bring this forward as a surgery item at the next CMAG.
- 4.4 EHay noted a slightly separate point that maintaining TEC has been a valid concern in the past due to high TEC termination fees. CMAG agreed to look at TEC requirements as part of the upcoming CMAG review of Connection Capacity.

#### **5. Industry feedback Self-submission Metered Data: Head-End System Project**

- 5.1 BV highlighted that the self-submission of data is a risk area for settling CMUs, due to the lack of Rules and Regulations around accuracy and frequency of data updates. They have already developed a system to deal with disparate amounts of settlement data, and a new 'head-end system' is being developed as a proof-of-concept project for data submission from counterparties in new schemes. This head end system could directly connect to meters or via Capacity Provider's existing systems and allow for scheduled and automatic provision of data.
- 5.2 EmM presented the head-end system project background and overview, which is being developed for the new schemes CMSB are taking on, predominately the low-carbon Hydrogen production scheme. CMSB believe this has a potential to work for self-submission in the CM scheme. Instead of two-way communication this head-end system will be for collecting data only, and could be important in meeting the recent step change of 72,000 self-submitting components entering the CM.
- 5.3 BV presented the slides on CMSB's perceived Settlement risks, and a breakdown of potential issues and benefits of the project. Highlighting the current lack of controls for submitting data, therefore concluding any automation should improve assurances. BV requested that if any industry party is interested in participating to let CMSB know. They are also happy to feedback findings to CMAG.
- 5.4 EmM confirmed that they have reached out to some CM participants, which has been welcomed, but CMSB still think it needs further consideration and would welcome CM participants to discuss the technical proposal. EmM presented the two technical options they see as appropriate and CM participant feedback received so far. Highlighting that using the head-end system would reduce the capacity providers burden for self-submitting data. Noting final timelines of the project will be in place by the end of October so now is the time to engage. The project will move to a development phase later this year and integration with systems early next year. Aiming for a Minimal Viable Product by May 2025 and a full functioning system by January 2026. Next Steps are to continue engagement and interested parties should email [info@electricitysettlementscompany.uk](mailto:info@electricitysettlementscompany.uk)
- 5.5 PP questioned if there would be a metered data submission frequency rule because of the project. BV confirmed findings on reducing the identified risks to settlement could easily inform a policy discussion for improving assurance, but there is no current requirement for CM participants to submit data regularly under the rules and regs.

- 5.6 PJ questioned whether this is scalable, and that the solution will have appropriate assurances. BV added that there are already automated data submission solutions being used by CM participants, but that this would most likely be a useful option for a new entrant. EmM confirmed that they are building a scalable and flexible solution. The fixed costs of the head end system would be incurred by other schemes, so the cost to CM Capacity Providers would be relatively small and relate only to marginal operating costs

## **6. CMAG Forward Work Plan**

OM noted that the Forward Work Plan had been moved up the agenda for new members to review. CMAG Members were informed that the aim of this session would be to reach a consensus for prioritising the correct areas of change, noting that the current plan is what the CMAG Secretariat believes the order of progress for change proposals could be. PF presented the Forward Work Plan. KH questioned the timing of the change proposals that are with Ofgem. AM confirmed that the list for consultation (slide 30 in CMAG 25 slides) currently matches what Ofgem will be consulting on in December.

## **7. 2025 Meeting Dates**

- 7.1 OM presented the proposed CMAG meeting dates for 2025, which are currently scheduled for every third Tuesday of the month, noting there is a possibility for a small amount of flexibility if member's request it. No comments were received. OM opened a discussion of whether hybrid or fully remote meetings were preferable, noting that CMAG Secretariat were happy to continue with the current hybrid approach, perhaps going remote if there is a light agenda for one month. BH highlighted that there was more engagement when there were more people in the room, which was the CMAG Secretariat view of lessons learned from the trial of a remote only meeting earlier this year. CMAG Members agreed to continue with a hybrid approach.

## **8. CMAG Surgery – Full Review of exhibits in the CM Rules**

- 8.1 AM presented the exhibit review slides, noting that the review has come about from last year's CM dispute process. In one dispute the EMR DB had rejected an exhibit because the Capacity Provider had not submitted it using the exact text detailed in the CM Rules. Following a review of the Rules, it was identified that there isn't an obligation in the CM Rules to use the exact text in the exhibits, despite the text being taken from parts of the rules. Therefore, Ofgem felt there was too much ambiguity, and a CP could submit their own edited version of an exhibit. Ofgem overturned the rejection, which cost a lot of work for the EMR DB with no benefit for the consumer. Therefore, Ofgem wants a CM Rule that states a CP must use the exact text in the exhibits. However, before they do that, Ofgem want CMAG to conduct a full review and check if there are any other required changes.
- 8.2 Ofgem wants to ensure that the text of all the exhibits is made as simple, straightforward and unambiguous as possible. Identifying how the text in the exhibit's lines up with the relevant CM Rules, whilst minimising/eliminating any confusing sections that involve deleting parts of the text if alternatives can be proposed. Ofgem proposes reviewing the exhibits one at a time and implementing all the Change Proposals at once.
- 8.3 BH proposed that most CPs should use the exhibit generator via the EMR DB portal. KH supports the initiative and questions whether this would be ready for Pre-Qual 2025. AM noted that the consultation planned for December 2024 would be the last chance to get any updates to those rules. Therefore, this review would not be ready for the new CM Rules in 2025, aiming to consult in Autumn 2025.
- 8.4 MD questioned if there is a need for urgency if exhibits can be changed. AM said they have only seen one example and it wasn't changed for a CPs benefit, therefore overall, the risk is perceived as low. PJ noted that changing an exhibit would likely result in a dispute, which is not ideal for any CP. AM noted that they see changes being made from honest mistakes, which don't create an advantage for a CP.
- 8.5 PP proposes CMAG needs some guidance on what the exhibit generator can and can't do when drafting a Change Proposal. CMAG agreed that they want exhibit templates that can work with the generator, but can also be used as editable Word templates for submission by upload or via email.
- 8.6 OM ran through the Standard Questions for a surgery item. CMAG agreed this is a valid issue and the Rules are the correct place to fix the issue. CMAG will progress the issue as a CMAG surgery item and Ofgem are not expecting this to be included in the Spring 2025 consultation. No further comments were received.

## **9. Developing CM Rules Change Proposal - CP382 'ITE Report Requirements'**

- 9.1 CA presented the slides and went through questions on the legal text. Highlighting differences in the language used for 'commissioning' between the different Operational cases. CMAG agreed that the legal text will be changed to include the 'fully commissioned' declaration. Also, that the CMAG Secretariat will raise any further issues with the language at a future CMAG Meeting CA updated members and representatives with CMAG Secretariat updates to the ITE declarations since the last meeting. No comments were received.
- 9.2 CA asked if the ITE report templates will be available in Word from EMR DB. SW confirmed EMR DB will host these, but it is unlikely the exhibit generator tool will be used as this is for CPs and ITEs wouldn't necessarily have access to the generator. However, the conversation is on-going, and SW may come back for CMAG views. PP noted that this could change drafting.
- 9.3 CA asked the question of whether the FCM ITE report should qualify the earliest date that actual expenditure incurred, or the earliest date which qualifies for actual expenditure, as per the TPS legal text. RaT asked whether the question would create ambiguity of what counts within the qualifying period. CA took an action to clarify the legal text.
- 9.4 CA went through further specific questions. No comments were received and CMAG agreed with the proposed solution. CA went through the Standard Questions. No comments were received. OM conducted the vote for CP382. CMAG recommends to Ofgem with unanimous approval.
- 9.5 CP382 furthers Ofgem's Principal Objective.
- 9.6 CMAG agreed with the legal text amendments and that CP382 should be implemented.

## **10. Action Log**

- 10.1 SDW went through the Action Log. DESNZ had already spoken about their action to clarify policy intent of Rule 8.5.1. (Interconnectors). CA noted that CMAG Secretariat still had an action to clarify the action for how a change to Rule 2.3.3 is taken forward. AM stated that after their review of secondary trading, they will likely take the issue forward.
- 10.2 BV advised that the action on EMR DB to review where the term Reserve and Response is used and should be changed can be closed as EMR DB have confirmed the base case and will raise a non-urgent Change Proposal.
- 10.3 RaT confirmed that he will update CMAG Secretariat on the Connection change to Rule 3.5.1A.

## **11. AOB**

- 11.1 EHay raised whether the website could be updated with CMAG members photos and biographies as we have a new membership. OM asked that members send those into CMAG@elexon.co.uk. No further business was raised and the meeting was closed. The next CMAG meeting is on Tuesday 19 November 2024.