

ELELEXION

**Capacity Market Advisory Group (CMAG)
Meeting 27**

17 December 2024

Heath & Safety

In case of an emergency

- An alarm will sound to alert you.
- The alarm is tested for fifteen seconds every Wednesday at 9.20am.

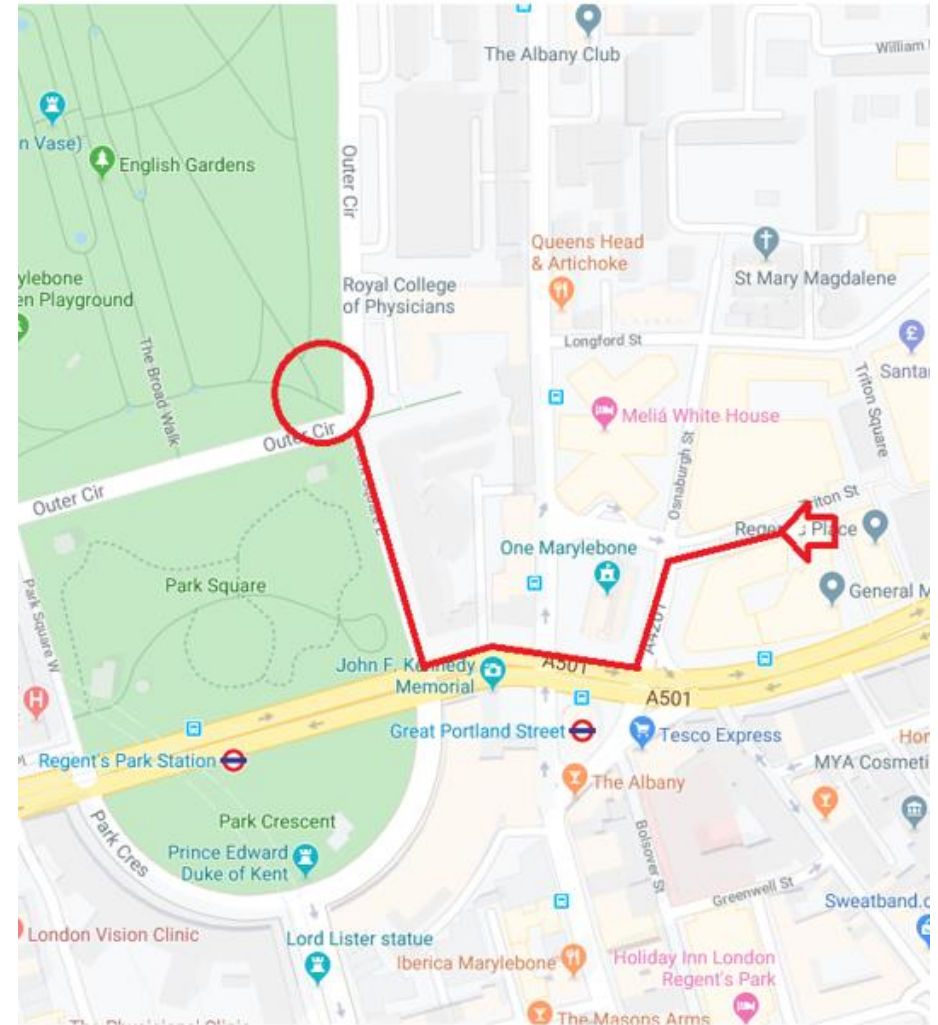
Evacuating 350 Euston Road

- If you discover a fire, operate one of the fire alarms next to the four emergency exits.
- Please do not tackle a fire yourself.
- If you hear the alarm, please leave the building immediately.
- Evacuate by the nearest signposted fire exit and walk to assembly point.
- Please remain with a member of Elexon staff and await further instruction from a fire warden.
- For visitors unable to use stairs, a fire warden will guide you to a refuge point and let the fire brigade know where you are.

When evacuating please remember

- Do not use the lifts.
- Do not re-enter the building until the all clear has been given by the fire warden or ground floor security.

Our team on reception is here to help you, if you have any questions, please do ask them.



Meeting Agenda

Agenda Item	Lead
Standing Items	
1. Welcome and Apologies	Chris Arnold (CMAG Facilitator)
2. CM Representative Updates	CM Settlement Body; EMR Delivery Body; Ofgem and DESNZ
3. CMAG Secretariat Update	Chris Arnold
4. Industry Feedback <ul style="list-style-type: none">Opportunity for stakeholders to provide positive or constructive feedback to Delivery Partners	Chris Arnold
Break (11:30 – 11:40)	
5. CMAG Surgery <ul style="list-style-type: none">Connection Capacity ReviewExhibit ReviewHousekeeping (CP373)	Chris Arnold Chris Arnold and Jenny McGowan (CMAG Secretariat) Paul Farmer (CMAG Secretariat)
6. Developing CM Rules Change Proposal <ul style="list-style-type: none">CP384 Rule - 6.10.1 Termination Reasons (g) & (ga)CP385 - Update to Load Following Capacity Obligation calculation inputs	Paul Farmer Chris Arnold and Jenny McGowan
Lunch (12:45 – 13:30)	
7. CMAG Forward Work Plan	Paul Farmer
8. Action Log	Sean Dryden-Woods (CMAG Secretariat)
9. Any Other Business (A.O.B)	All

Meeting Agenda – Scheduled Breaks

- **Set breaks at:**

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



WELCOME AND APOLOGIES



CM REPRESENTATIVE UPDATES

- CMSB
- EMR DB
- OFGEM
- DESNZ



CMAG SECRETARIAT UPDATE



INDUSTRY FEEDBACK



CMAG SURGERY

CONNECTION CAPACITY REVIEW

Background and Context

- [CP381 'Change to the definition of SCEC in Rule 3.5.5'](#) is a proposal that allows SCEC to be determined from either the sum of each Generating Unit's Connection Entry Capacity (CEC) as it is now or station CEC. The CMAG recommended implementation of this proposal to Ofgem following [CMAG Meeting 23](#) (August 2024). As part of the development of this proposal CMAG Members indicated that there was a need for a wider review of the Connection Capacity provisions in Rule 3.5 which was first considered at the last CMAG Meeting.
- At [CMAG Meeting 26](#) (November 2024) CMAG considered a series of questions relating to the interpretation of Rule 3.5.1A which is given below:

'The aggregate Connection Capacity of all Generating Units comprised in a Generating CMU must not exceed the sum of the Transmission Entry Capacity (TEC) and Maximum Export Capacity (MEC) (as applicable) which apply to each of the Generating Units comprised in that Generating CMU.'

- The following slides consider the questions posed at the previous CMAG and detail possible amendments for Rule 3.5.1A for CMAG consideration.

Questions from previous CMAG meeting on Rule 3.5.1A

Q1: It is our understanding that not all Generating Units within a Generating CMU will have an associated TEC or MEC (e.g. where TEC/MEC is only given at the power station level and not at the GU level in the GCA or DCA) if this is the case how is the TEC/MEC for each Generating Unit within a Generating CMU under Rule 3.5.1A determined?

EMR DB Current Interpretation

The current test applied for 3.5.1A is to aggregate the Connection Capacities submitted in the portal at component level and compare this aggregate value for all components of all CMUs under the shared agreement for a given Delivery Year and compare this to the TEC/MEC, if the aggregate value is over the TEC/MEC this would not comply with 3.5.1A.

CMAG Secretariat believes that this means that the current 3.5.1A test is $\sum CMU_{CC} \leq TEC$ where:

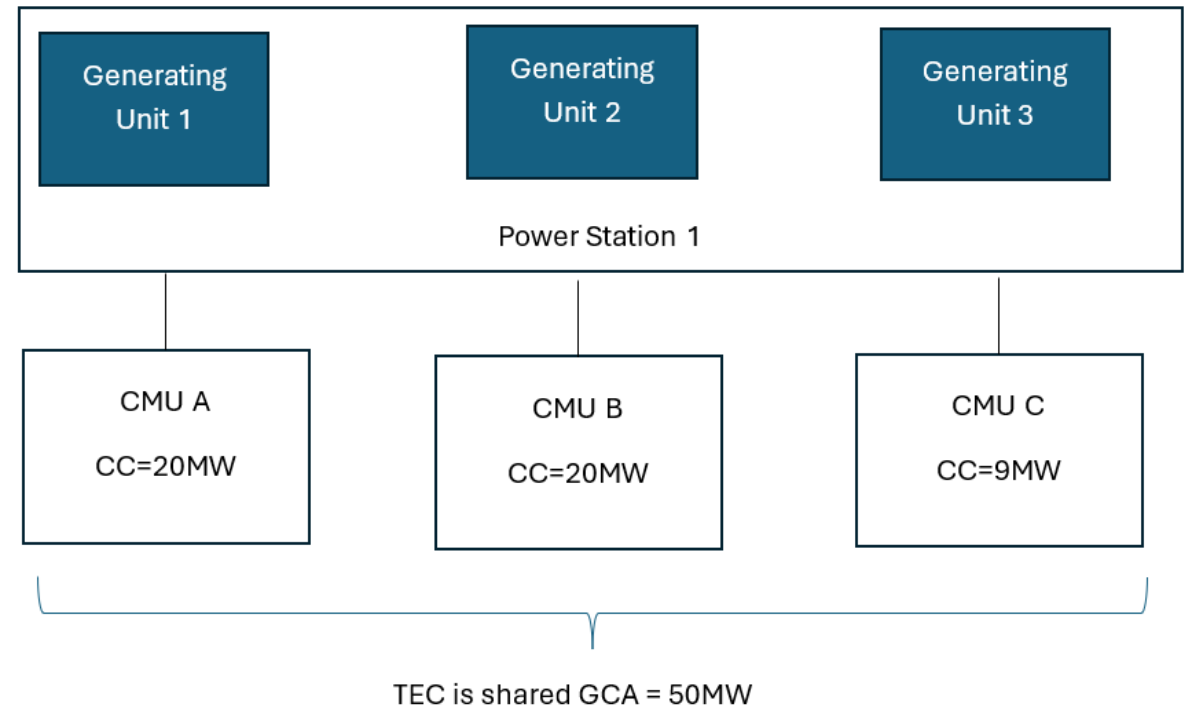
$\sum CMU_{CC}$ is the sum of the Connection Capacities across all CMUs that share a common TEC.

Please note that $\sum CMU_{CC}$ would equal the same value as the sum of the component Connection Capacities as per Rule 3.5.1.

Example 1 Current Interpretation

Q1: It is our understanding that not all Generating Units within a Generating CMU will have an associated TEC or MEC (e.g. where TEC/MEC is only given at the power station level and not at the GU level in the GCA or DCA) if this is the case how is the TEC/MEC for each Generating Unit within a Generating CMU under Rule 3.5.1A determined?

- CMU A, B and C share a Connection Agreement with a TEC of 50MW stated
- All three have a single component
- CMU A has a connection of 20MW, CMU B has a Connection Capacity of 20MW and CMU C has a connection of 9MW, all established through average output.
- The aggregate Connection Capacities (so 49MW) and compare that to the stated TEC (50MW), in this example the aggregate is lower than the TEC so meets 3.5.1A



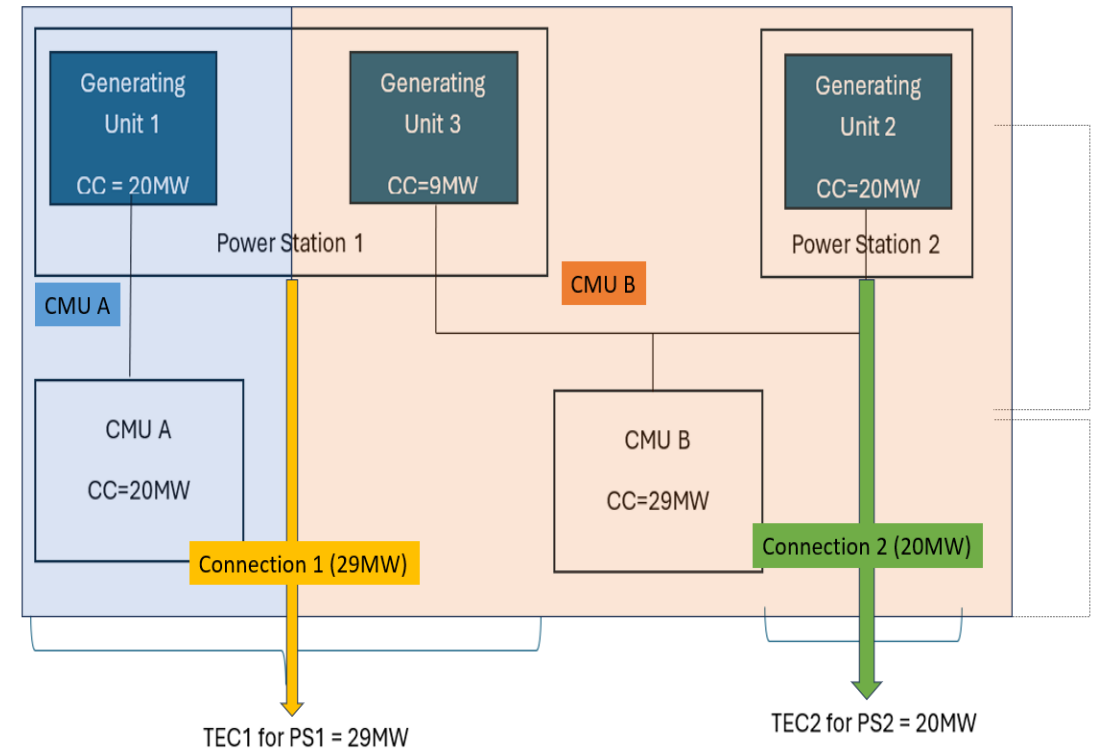
Example 2 Scenario for discussion

Q1: It is our understanding that not all Generating Units within a Generating CMU will have an associated TEC or MEC (e.g. where TEC/MEC is only given at the power station level and not at the GU level in the GCA or DCA) if this is the case how is the TEC/MEC for each Generating Unit within a Generating CMU under Rule 3.5.1A determined?

- CMAG Secretariat noted that the current interpretation assumes that a given TEC is split between multiple Generating Units and CMUs but it is not clear that this interpretation covers a more complex case where multiple TECs are split across multiple Generating Units and CMUs.
- EMR DB have indicated that this is not a case that they are aware of but indicated that the Rule 3.5.1A may be interpreted in the following manner for this case:

$$\sum CMU_{CC} \leq \sum TEC$$

- Where $\sum TEC$ is the sum across all power stations which contain at least one Generating Unit that forms part of a CMU



Questions from previous CMAG meeting on Rule 3.5.1A

Q2: In some cases Distribution Connected Prospective CMUs may defer providing their Distribution Connection Agreements (under Rule 3.7.3 (c)). In this case how is Rule 3.5.1A applied in practice given that MEC will not be available until after Application?

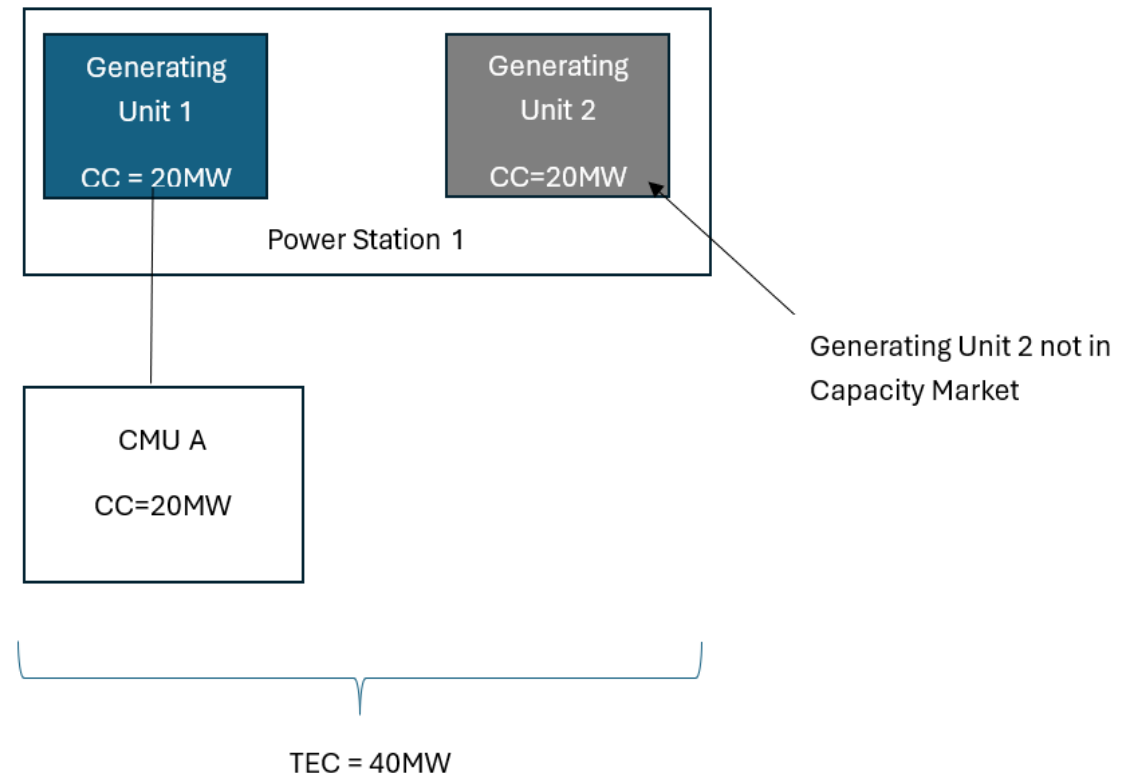
EMR DB Response

- There is no obligation under Rule 8.3.1 for the Connection Agreement to demonstrate that it meets the requirements of 3.5.1A and at present this is not tested. There would be an expectation that providers do not exceed their TEC or MEC based on 3.5.1A.
- If this is seen as a risk we would need to discuss how such a test would work, the obligation is for a Provider to submit a Connection Agreement and so our ability to reject this submission is very limited (similar to ITE reports)
- To illustrate the potential scale of Connection Capacity covered by these deferrals EMR DB have calculated that 200-300MW of Connection Capacity deferred for 2026/27 and 2027/28 representing around 70 CMUs

Questions from previous CMAG meeting on Rule 3.5.1A

Q3: Initial design intent of Rule 3.5.1A was to cap the sum of the Connection Capacity of the relevant units (i.e. Generating Units within a power station) at the site/power station level of TEC or MEC whereas 3.5.1 does this at a CMU level (As detailed by Raoul in supporting paper). Is there a reason this has changed as the current drafting does not meet this intention?

- Still awaiting response from DESNZ on historical policy intent
- CMAG Secretariat queries whether the difference in wording could be due to how the initial response would treat the scenario detailed in the diagram to the right
- Under a power station/site level cap (as detailed on page 11 of Rule 3.5.1A briefing on previous CMAG) the test under Rule 3.5.1A would be $CMUA_{CC} \leq TEC$ which in this case would be $20MW \leq 40MW$
- If a TEC value was apportioned to a Generating Unit in the scenario above it would not include a contribution to the cap from a Generating Unit that is not in the CM



Questions from previous CMAG meeting on Rule 3.5.1A

Q4: Private Networks (PN) are not included in the controls in Rule 3.5.1A (Rule 3.7.3(ba) refers to a 'maximum export' to the PN, which is not the defined MEC). Is there a need for additional controls for Private Networks under Rule 3.5.1A?

At CMAG Meeting 26 Members indicated that Private Networks should be considered as a separate item and out of scope for the Connection Capacity review work.

CONNECTION CAPACITY
RULE 3.5.1A AMENDMENT
MANAGING TEC, MEC,
CMUS AND GUS OPTIONS

Issue

- Rule 3.5.1A does not work as written in the CM Rules at the moment as TEC or MEC by GU is undefined.

Possible options for Rule 3.5.1A - Managing TEC, MEC, CMUs and GUs

Option 1 – Current interpretation of Rule 3.5.1A

This would be the test that $\sum CMU_{CC} \leq \sum TEC$.

Possible Pros	Possible Cons
Consistent with existing EMR DB interpretation	Can lead to an unusual situation where the TEC cap is significantly higher than the CC of the CMU which seems counter to the intention of minimising the overstatement of CC as per Q3 example
Does not require the calculation of new variables as with other possible options (option 2) simpler solution	

Possible options for Rule 3.5.1A - Managing TEC, MEC, CMUs and GUs

Option 2 – Rule 3.5.5 Equation

The purpose of the equation in Rule 3.5.5 is to apportion a station level TEC to individual GUs in accordance with what proportion of the CEC a GU makes up of all the GU CECs in the power station. This would be:

$$TEC_i = \frac{GU\ CEC}{SCEC} \times TEC_s$$

Possible Pros

Consistent with existing CM Rules

Possible Cons

If CP381 is implemented this will not necessarily be a single figure for the calculation of the CC as it will be either:

1) The current formula:

$$\frac{GU\ CEC}{\sum_s GU\ CEC} \times TEC_s$$

1) CP381:

$$\frac{GU\ CEC}{CEC_s} \times TEC_s$$

Where s = Power Station

Possible options for Rule 3.5.1A - Managing TEC, MEC, CMUs and GUs

Option 2 – Rule 3.5.5 Equation

The purpose of the equation in Rule 3.5.5 is to apportion a station level TEC to individual GUs in accordance with what proportion of the CEC a GU makes up of all the GU CECs in the power station. This would be:

$$TEC_i = \frac{GU\ CEC}{SCEC} \times TEC_s$$

Possible Pros

Minimises the cap when compared to other options reducing the size of any possible overstatement of the CC

Possible Cons

If a power station CEC option is used then sum of TEC using the CP381 equation above could be greater than the power station TEC which seems contrary to the intention of the cap.

e.g.

$$TEC_s = 10\text{MW}$$

$$CEC_s = 8\text{MW}$$

$$\text{GU1 CEC in PS} = 6\text{MW}$$

$$\text{GU2 CEC in PS} = 4\text{MW}$$

$$\text{3.5.5 formula} - TEC_{GU1} = (6/8) * 10 = 7.5\text{MW}$$

$$\text{3.5.5 formula} - TEC_{GU2} = (4/8) * 10 = 5\text{MW}$$

Sum TEC under 3.5.5 = 12.5MW which is greater than 10MW

Possible options for Rule 3.5.1A - Managing TEC, MEC, CMUs and GUs

Option 3 – Remove Rule 3.5.1A

Possible Pros	Possible Cons
Simplifies CM Rules	Removes a check if CP381 is implemented
	Removes a check where if TEC/MEC is reduced prior to the Application and the Average Output determination under Rule 3.5.4 allows a Capacity Provider to set the Connection Capacity as greater than TEC

CONNECTION CAPACITY
RULE 3.5.1A AMENDMENT
MANAGING DEFERRED
DCA

Issue

- In some cases Distribution Connected Prospective CMUs may defer providing their Distribution Connection Agreements (under Rule 3.7.3 (c)).
- In these cases the CM Rules allows a good faith estimate of the maximum capacity which will be physically capable of being transmitted from the Generating Unit to the Distribution Network to be used as the Connection Capacity on Application.
- If the Connection Capacity in the DCA (when it is available) is materially different to the good faith estimate of the Connection Capacity, should this be updated and how?

Possible options for Rule 3.5.1A – Managing Deferred DCAs

Option 1 – Capacity Provider to provide evidence of MEC once available to EMR DB

Possible Pros	Possible Cons
Provides some assurance to avoid issues with the good faith estimates provided under Rule 3.5.2(c)(bb)	Less assurance than solution option 2
	Assumes that the pertinent information (registered capacity/inverter rating) is assured appropriately under DCA arrangements
	Extra administration for EMR DB that might not be required under option 2

Possible options for Rule 3.5.1A – Managing Deferred DCAs

Option 2 – Alter Operational ITE report to include an additional declaration to confirm that the aggregate Connection Capacity of Generating Units in a CMU does not exceed the MEC for cases where no MEC is available

Possible Pros	Possible Cons
Provides more assurance to avoid issues with the good faith estimates provided under Rule 3.5.2(c)(bb) than under option 1	Potential extra costs for Capacity Providers when compared to option 1

* A variant of the above could be to include a separate bespoke ITE Report

Possible options for Rule 3.5.1A – Managing Deferred DCAs

Option 3 – Remove MEC requirement for Rule 3.5.1A for Capacity Providers deferring the provision of their Distribution Connection Agreements (under Rule 3.7.3 (c)).

Possible Pros	Possible Cons
Simplifies Rule 3.5.1A	No assurance for compliance with Rule 3.5.1A
No administration costs for Capacity Providers	
No administration costs for EMR DB	

CONNECTION CAPACITY
RULE 3.5.1A AMENDMENT
NEXT STEPS

Next Steps

- CMAG Secretariat to develop legal text for next month based on the session outputs
- Rule 3.4.5 (c) suggested amendment for consideration at next meeting
- Other Connection Capacity issues to be shared and considered

EXHIBITS REVIEW

Review of Exhibit A, B and E

We distributed draft versions of Exhibit A, Exhibit B, and Exhibit E along with this month's meeting materials.

Last month, we shared a reformatting of Exhibit A for feedback.

This month, the drafts have been further reformatted, with additional comments on interpretation and wording from the Secretariat.

Does anyone have any comments or feedback on the Exhibits?

CP373 - HOUSEKEEPING CHANGES

CP373 Audit of Rules Implementation

- CP373 sought to move responsibility for some CM functions from DB to CMSB and was implemented by Ofgem as part of Rules 2024.
- At CMAG23 it was noted that it appeared some proposed changes had not been made, so it was agreed that an 'audit' of the CP373 proposed changes with Rules 2024 should be undertaken.
- To undertake this exercise a redlined version of Rules 2024 was required, which was provided at CMAG25 and is available on CMAG SharePoint.
- The following housekeeping changes have been identified.

CP373 Audit Outcomes – Housekeeping Changes

Rule 1.2 Definitions

Capacity Provider – capitalise 'Transferee' as a defined term

Capacity Market Metering Register – capitalise 'Approved Metering Solutions' as a defined term

CM Settlement Body Portal – capitalise 'Approved Metering Solutions' as a defined term

Rule 4.4.2 Prequalification Criteria (as previously raised by Eleanor and discussed at CMAG23)

4.4.2(c) make Omitted as originally proposed

4.4.2(d) make Omitted as originally proposed

Added since discussion at CMAG 26

Rule 7.4.1 (d) Contents of the Capacity Market Register in relation to any Prequalified CMU

7.4.1(d)(ix) make Omitted?

7.4.1(d)(xii) make Omitted?

7.4.1(d)(xvi) make Omitted?

Added since discussion at CMAG 26

Rule 7.5.1 Delivery Body amendments to the Capacity Market Register

7.5.1(ee) make Omitted? Now duplicates 7.5.1(n) since 8.3.6(c) omitted.

7.5.1(na) make Omitted? Now duplicated by 7.5.1(ff).

7.5A insert 'CM' before 'Settlement Body'

CP373 Audit Outcomes – Housekeeping Changes

Rule 8.3.3(c) Metering Assessment requires Metering Test

8.3.3(c)(i) make **Omitted** instead of simply deleted

8.3.3(c)(ii) make **Omitted** instead of simply deleted

Rule 8.3.3(d) Obtain Metering Test

8.3.3(d)(i) delete 8.3.3(c)(~~ii~~) leaving just 8.3.3(c)

8.3.3(d)(ii) delete 8.3.3(c)(~~ii~~) leaving just 8.3.3(c)

Rule 9.2.4 last paragraph inserted text about CMMR should be within the () relating to CMR

‘in each case such transfer of the Capacity Agreement to be in accordance with the Regulations and the Rules (including the requirements relating to the updating of the Capacity Market Register) and the Capacity Market Metering Register).’

Rule 13.2.12E insert ‘**CM**’ before ‘Settlement Body’

Rule 13.2B.20 insert ‘**CM**’ before ‘Settlement Body’

Rule 13.2B.23 insert ‘**CM**’ before ‘Settlement Body’



DEVELOPING CM RULES CHANGE PROPOSALS

CP384 - CLARIFY RULE
6.10.1 TERMINATION
REASONS OVER GRID
CONNECTION
AGREEMENT
TRANSMISSION ENTRY
CAPACITY

What is the Issue?

As discussed at CMAG 25 and 26, existing Termination reasons (g) / (ga) concerning Transmission Connected CMU Grid Connection Agreement (**GCA**) and TEC require clarity. For example, (g) does not appear to clarify that the 'other CMUs' would need to have an effective capacity agreement or transferred part (PTCO-in).

Termination reasons (g) & (ga):

- (g) where the Capacity Agreement relates to a Generating CMU or an Interconnector CMU, the Capacity Provider ceases to have a Grid Connection Agreement that secures Transmission Entry Capacity for each relevant Delivery Year at least equal to the De-rated Capacity [DRC] of the Capacity Committed CMU and any other CMUs to which the Grid Connection Agreement applies, except as a result of a failure by a Transmission Licensee to provide a connection point when required to do so in accordance with a valid Grid Connection Agreement;
- (ga) where the Capacity Agreement relates to a Generating CMU or an Interconnector CMU, the Capacity Provider reduces the Transmission Entry Capacity secured by its Grid Connection Agreement for a relevant Delivery Year so that it is no longer at least equal to the aggregate of all Capacity Obligations applying at any time in that Delivery Year in respect of:
 - (i) the CMU to which the Capacity Agreement applies, and
 - (ii) any other CMUs to which the Grid Connection Agreement applies,

except where such a reduction in Transmission Entry Capacity arises as a consequence of a failure by a Transmission Licensee to provide a connection point when required to do so in accordance with a valid Grid Connection Agreement;

Rule 6.10.1 Termination Events (g) and (ga)

Discuss legal text review which closes 17:00 Friday 13 December

CP384 – Standard Questions

Question	CMAG Comment
Does the CP further the CM Rules Change Objectives?	
Are there any related changes to the CM Rules in the pipeline?	n/a
Does the CP impact on the Regulations?	
Are there any impacts on any other central industry frameworks or obligations?	

CP384 – Standard Questions

Question	Comments
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?	To be discussed within CMAG

CP384 – Standard Questions

Question	Comments
What are the expected impacts and implementation/en during costs for CM Participants?	Does the CMAG need to consult to determine the possible CM Participant impacts? If not, what are the impacts on CM participants?
What are the expected impacts and implementation/en during costs for Delivery Partners	Does the CMAG request an Impact Assessment from CMSB or EMR DB? If not, what are the impacts?

CP384 - Standard Questions

Question	CMAG Comment
What are the expected timescales for implementation?	TBC
Does the draft legal text deliver the intention of the solution?	TBC
Does the CMAG recommend to Ofgem that the change be made?	TBC

CP384 - Standard Questions

Does the CP further the CM Rules Change Objectives and/or Ofgem's Principal Objectives?
(Yes, No or Neutral)

Ofgem's Principal Objective:

protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases in the security of the supply of gas and electricity to them and in the fulfilment by the Authority...

CM Rules Change Objectives:

- (a) Promoting investment in capacity to ensure security of electricity supply
- (b) Facilitating the efficient operation and administration of the Capacity Market
- (c) Ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013

CMAG View

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CP385 - 'UPDATE TO LOAD FOLLOWING CAPACITY OBLIGATION CALCULATION INPUTS'

What is the Issue?

Currently, the Capacity Market (CM) Rules detail in **8.5.3** on how to calculate Load Following Capacity Obligation (LFCO).

The Load Following Capacity Obligation of a Capacity Committed CMU “i” in Settlement Period “j” (“LFCO_{ij}”) is a Volume in MWh calculated as follows:

$$LFCO_{ij} = \frac{AACO_{ij} + PTCO_{ij} - SCO_{ij}}{2} \times \min\left(\frac{\left([2 \times \sum_i E_{ij}] + [2 \times ILR_j] + RfR\right)}{\sum_i AACO_{ij} - SCO_{ij}}, 1\right)$$

RfR is the reserve for response amount (in MW) which shall be published by the Delivery Body in the most recent electricity capacity report prior to the relevant Auction Window for the relevant Delivery Year.

The intent of RfR is for capacity to be held back for large infeed losses on the system. However, in practice to maintain system operability in the event there is a loss of generating capacity/transmission loss the National Energy System Operator (NESO) holds **Reserve and Response** (RaR) capacity as it is what is used within the Electricity Capacity Report (ECR). Therefore, the Rules and practice are not aligned. This is an issue as it could affect the understanding by Capacity Providers of their obligation during and a System Stress Event.

Further, to introduce additional clarity into the Rules, to avoid any future issues, the RaR figure used within the LFCO calculation should be defined as the ‘Base Case’ published in the most recent ECR containing that Delivery Year.

CMAG discussed these issues at [Meeting 23](#).

What is the Proposed Solution?

To resolve the issues it is proposed to amend the CM rules by:

- updating the term used in the LFCO calculation to be **RaR** as well it's definition;
- adding wording that clarifies **RaR** will be associated with the Base Case published in the Electricity Capacity Report (ECR); and
- introducing wording to clarify that the applicable **RaR** is the one published in the most recent ECR that contains that Delivery Year.

Rule 8.5.3 Load Following Capacity Obligation (LFCO)

~~RfR~~ RaR is the reserve ~~for~~ and response amount ~~for largest loss~~ (in MW) applicable to the Base Case which shall be published by the Delivery Body in the most recent Electricity Capacity Report ~~that includes an RaR value prior to the relevant Auction Window~~ for the relevant Delivery Year.

CP385 – Standard Questions

Question	Comment
Are there any related changes to the CM Rules in the pipeline?	N/A
Does the CP impact on the Regulations?	CMAG to determine
Are there any impacts on any other central industry frameworks or obligations?	CMAG to determine

CP385 - Standard Questions

Question	Comment
Does CMAG agree with the Proposer's solution?	
Are there any suitable alternative solutions to address the defect?	
Does the draft legal text deliver the intention of the solution?	

CP385 - Standard Questions

Question	Comment
Are there any impacts on consumers, and if so, what are the impacts?	
What are the expected impacts and implementation/enduring costs for Delivery Partners?	<p>Does the CMAG request an Impact Assessment from CMSB or EMR DB?</p> <p>If not, what are the impacts?</p>
What are the expected impacts and implementation/enduring costs for CM Participants?	<p>Does the CMAG need to consult to determine the possible CM Participant impacts?</p> <p>If not, what are the impacts on CM participants?</p>

CP385 - Standard Questions

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

(Yes, No or Neutral)

Ofgem's Principal Objective:

protect the interests of existing and future consumers in relation to gas conveyed through pipes and electricity conveyed by distribution or transmission systems. The interests of such consumers are their interests taken as a whole, including their interests in the reduction of greenhouse gases in the security of the supply of gas and electricity to them and in the fulfilment by the Authority...

CM Rules Change Objectives:

(a) Promoting investment in capacity to ensure security of electricity supply

(b) Facilitating the efficient operation and administration of the Capacity Market

(c) Ensuring the compatibility of the Capacity Market Rules with other subordinate legislation under Part 2 of the Energy Act 2013

Proposer View

- The actual impact is unknown, as there has never been a System Stress Event. However, clarity in the Rules would enable participants to better understand their potential obligations.
- We consider this to also be consistent with Ofgem's Objective (b), as it provides clarity around how the Rules apply and better reflects the capacity that is held by NESO and therefore adjusted in the LFCO formula.

CP385 – CMAG Recommendations

The CMAG recommends to Ofgem:

- a) That the Proposer's solution better facilitates Ofgem's Principal Objective;
- b) That the Proposer's solution better facilitates the CM Rules Change Objectives:
 - Facilitating the efficient operation and administration of the Capacity Market.
- c) The Proposer's draft legal text; and
- d) That CP385 **should be implemented**.



CMAG FORWARD WORKPLAN

CMAG Forward Work Plan

- The following changes are currently with Ofgem to consult on (expected 11/12/24):
 - [CP371 'Protection from very late Network Connections'](#)
 - [CP376 'Clarifying the restrictions on the role of Agent'](#)
 - [CP377 'Increasing Flexibility for SPD Portfolios'](#)
 - [CP378 'Removing the 50MW Limit on Individual CMUs in a Portfolio'](#)
 - [CP380 'Extending the Financial Commitment Milestone'](#)
 - [CP381 'Change to the definition of SCEC in Rule 3.5.5'](#)

- The following changes are currently with Ofgem for decision:
 - [CP362 'CM Agreement Transfers'](#)
 - [CP364 'Allow Secondary Trading from T-4'](#)
 - [CP372 'Change to Rule 4.4.4'](#)
 - [CP374 'Splitting Capacity Market Units'](#)
 - [CP375 'Merging Capacity Market Units'](#)

CMAG Forward Work Plan

Title	2025									Commentary
	December	January	February	March	April	May	June	July	August	
CP382 - 'ITE Definition Updates and Report Templates'										CMAG agreed to review the ITE Reporting Requirements. This proposal has been approved by CMAG and is awaiting the final report.
Clarify the scope of Rule 8.5.1 for Interconnectors										Review Rule 8.5.1 to take into consideration possible System Operator restriction on Interconnector Net Output
CP383 - CM Register to include storage duration										To give greater clarity around the contracted CMUs, the CM Register would include the duration of the storage assets as submitted at pre-qualification and reported in the auction results.
CP384 - Rule 6.10.1 Termination Reasons (g) & (ga)										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
CP385 - Update to Load Following Capacity Obligation calculation inputs										Update the LFCD calculation reference to the term RfR (Reserve for Response) with a reference to Reserve and Response (RaR) for largest loss
Rule 3.5 Connection Capacity Review										Surgery Items to discuss questions raised by CMAG Secretariat on Rule 3.5
Full review of the Exhibits in the CM Rules										Ofgem wishing to conduct review of all Exhibits. Amendments to be implemented in Rules (Amendment) 2025
Housekeeping (CP373)										Housekeeping changes from the CMAG Secretariat audit of CP373
Consequences / Reconfiguration of a CMU (CP373)										CMAG26 Slides 37-41. Consequences of implementing CP373. Plus slide 45 as CP373 has not taken the opportunity to address that the Rules currently consider a CMU's connection as fixed.
DSR Alternative Delivery Periods / Metering Assessment Long Stop Date / Metering Statement Terminology / Metering Configuration (CP373)										CMAG 26 Slides 42-44, 47-48, 50, 53
Provision of information by System Operator (CP373)										CP373 has not addressed that Rule 14.4.2(b) which requires SO to provide 'Declared_Availability' and 'Contracted_Output' variables to CMSB. Considering changing responsibility to DB.
CMMR / Data Retention Policy (CP373)										HMRC require accounting records be retained for 6 years after financial year end and considering reworking 7.2A.5 accordingly. Also the CMMR format replicated the CM Register format, however the data is different so considering reformatting CMMR.
Total Project Spend										Seperated out from ITE subgroup
Foreign Currency methodology for Capex										Seperated out from ITE subgroup
Remedial Plan Review										Seperated out from ITE subgroup
Extended Years Criteria Review										Seperated out from ITE subgroup

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

CMAG Forward Work Plan

2025										
Title	December	January	February	March	April	May	June	July	August	Commentary
EPT / SPD Review										<p>Issues to be considered for grouping into Change Proposals: Amend Rules where granularity should be by Generating Unit or DSR Component rather than by CMU, even if the outcome is then aggregated by CMU (impacts ITE, Connection Capacity, SPD/EPT, etc.); Ensure 3.5 Connection Capacity (CC) covers pertinent scenarios, including multiple CMUs on a site and CMUs comprising GUI/Components from multiple sites, as well as DC CMUs where the basis of CC may vary between GUs; Replace 3.5.1A with an effective Site level control over CMU Connection Capacities. Clarify GCA/DCA and Connection Capacities around Refurbishing CMUs; Make 13.4A demonstrating extended performance (EPT) work more effectively;</p>
Wider consideration of use the use of Agents - (CP376 follow up)										<p>Looking at wider CM roles such as NEDs/consultants/advisers and whether there are any cases where sensitive information relating to bidding behaviour could potentially be shared inappropriately between parties. At CMAG#15 Ofgem noted they are considering a broader issue of how much information is shared between parties and how transparent this is, looking at data flows and bidding behaviours prior to Auction, which could feed in to future reviews with DESNZ</p>
Prequalification Updates										General area of consideration flagged by CMAG in it's initial view of issues
Housekeeping Changes										Administrative changes for the Spring 2025 consultation, To be implemented for Rules (Amendment) 2025.

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CMAG Forward Work Plan

Title	2025									Commentary
	December	January	February	March	April	May	June	July	August	
CP362 - CM Agreement Transfers										CMAG recommended to Ofgem that CP362 be approved
CP364 - Allow Secondary Trading from T-4										This proposal seeks to allow secondary trading for a Delivery Year from the conclusion of the relevant T-4 auction, rather than the conclusion of the relevant T-1 auction.
CP371 - 'Management of connection delays by network companies'										The CMAG recommended to Ofgem that the CP371 solution be implemented
CP372 - 'Change to Rule 4.4.4'										The CMAG agreed not to progress further with this on the basis that DESNZ expect to lead on this work as part of its Phase 2 consultation. CMAG discussions including the outcome of the industry survey will be presented to Ofgem and DESNZ.
CP374 - 'Splitting CMUs'										CMAG agreed not to progress the proposal at Meeting 15 as there was a significant risk this proposal was contrary to the Regulations and policy intent (as expressed by DESNZ at CMAG Meeting 14), seen as a low priority (due to likely impact of the issues applying to a low number of sites) and work could be superseded by the wider review of Rule 4.4.4
CP375 - 'Merging CMUs'										CMAG agreed not to progress the proposal at Meeting 15 as there was a significant risk this proposal was contrary to the Regulations and policy intent (as expressed by DESNZ at CMAG Meeting 14), seen as a low priority (due to likely impact of the issues applying to a low number of sites) and work could be superseded by the wider review of Rule 4.4.4
CP376 - Clarifying restrictions on the role of Agents										CMAG Recommended that CP376 be implemented. Amending Rule 3.3.5 to clarify that an Agent cannot also be a member of a Group
CP377 - 'Increasing Flexibility for SPD Portfolios'										After splitting out the 50MW limit element, CMAG recommended that CP377 be implemented
CP378 - 'Removing the 50MW Limit within a CMU Portfolio'										Separated out from proposal CP377. Amend Rule 13.4.1B to remove the 50MW limit to allow Capacity Providers to aggregate delivered capacity across a Portfolio
CP380 - Financial Commitment Milestone Extension										Extending FCM deadline for 10% TPS if applied for correctly, only for an agreement arising from a T-4 auction
CP381 - Change to the definition of SCEC in Rule 3.5.5										Proposal to determine Station Connection Entry Capacity.

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CMAG Forward Work Plan

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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
CP363 - Changes to EMR Delivery Body Portal										The Proposer has agreed to keep this change on hold. EMR DB to review and advise following Portal 2.0 roll out.
CP370 - Changes to Extended Performance Test										At CMAG Meeting 7, DESNZ and Ofgem highlighted the policy interactions with CP367. It was agreed this Proposal would be discussed offline and not be progressed further by CMAG due to the interactions with policy
CP379 - Confidential Information Definition										CMAG agreed at Meeting 23, no action was required of CMAG Secretariat and the sharing of confidential information on Exhibit C would be picked up in the general Exhibit review.
CPXXX - DSR Component Reallocation										On hold pending outputs of DESNZ Phase 2 consultation work
CPXXX - Rule 2.3.3 De-rating Factors										Ofgem/DESNZ/EMR-DB in discussions to clarify policy intent.
CPXXX - Extension of Secondary Trading Principles for Extended Performance										Placed on hold as this is expected to be considered by DESNZ separately.
CPXXX - Managing SPDs and Secondary Trading										Number of changes expected in July, as per DESNZ's decision on Phase 2 consultation. Any legal drafting cannot begin until then.

Key	
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Any concerns, issues or improvements you want to make the CM Rules?

To enable us to assess, develop, and implement changes to the CM Rules you should complete a [CM Rules Change Proposal](#). This will allow us to provide support and guidance to develop the proposal along with our CM Delivery Partners.

Additional information on how to raise a Change Proposal can be found online via:

- [Submitting a CM Rules Change Proposal](#) (Elexon CMAG webpage); and
- [The Change Process for the Capacity Market Rules – Guidance](#) (Ofgem webpage).

Alternatively, before raising a Change Proposal, you can also raise a CMAG Surgery Item. This allows you to discuss/workshop an idea with CM experts before formally raising a Change Proposal.

For any support or additional information, you can contact: CMAG@Elexon.co.uk



[ACTION LOG](#)

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