

ELELEXION

**Capacity Market Advisory Group (CMAG)
Meeting 25**

15 October 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.

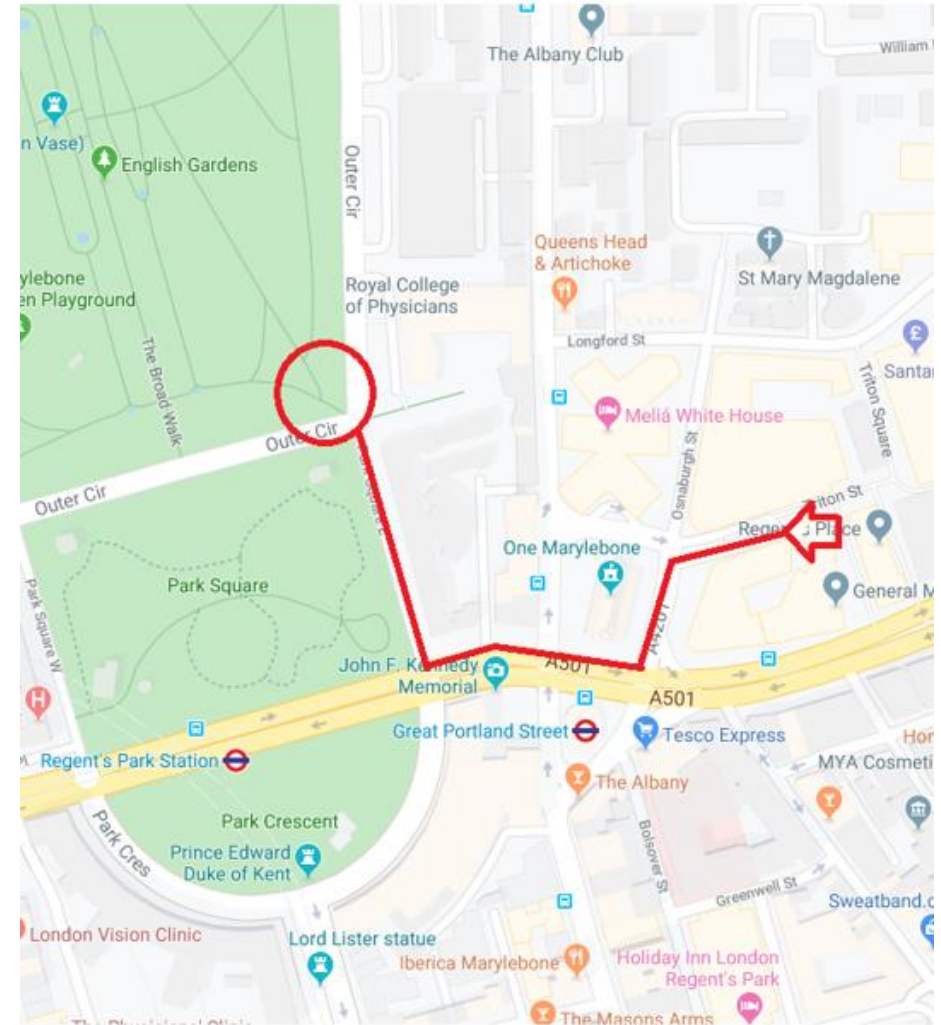
Evacuating 350 Euston Road

- 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	Guide Start Time
Standing Items		
1. Welcome and Apologies	Oli Meggitt (CMAG Facilitator)	10:00 (5 mins)
2. CMAG New Membership	Oli Meggitt	10:05 (30 mins)
3. CM Representative Updates	CMSB; EMR Delivery Body; Ofgem and DESNZ	10:35 (25 mins)
4. CMAG Secretariat Update	Oli Meggitt	11:00 (5 mins)
5. Industry Feedback	Oli Meggitt	11:05 (5 mins)
6. Self-submission Metered Data: Head-End System Project	Toby Hastings and Emily McGoohan (CMSB)	11:10 (20 mins)
Break (11:30 – 11:40)		
7. CMAG Forward Work Plan	Paul Farmer (CMAG Secretariat)	11:40 (20 mins)
8. 2025 Meeting Dates	Paul Farmer	12:00 (10 mins)
9. CMAG Surgery <ul style="list-style-type: none"> Full Review of Exhibits in the CM Rules 	Ofgem	12:10 (15 mins)
10. Developing CM Rules Change Proposals <ul style="list-style-type: none"> CP382 'ITE Report Requirements' 	Chris Arnold (CMAG Secretariat)	12:25 (20 mins)
Lunch (12:45 – 13:30)		
11. Action Log	Sean Dryden-Woods (CMAG Secretariat)	13:30 (15 mins)
12. Any Other Business (A.O.B)	All	13:45 (5 mins)

Meeting Agenda – Scheduled Breaks

- **Set breaks at:**

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



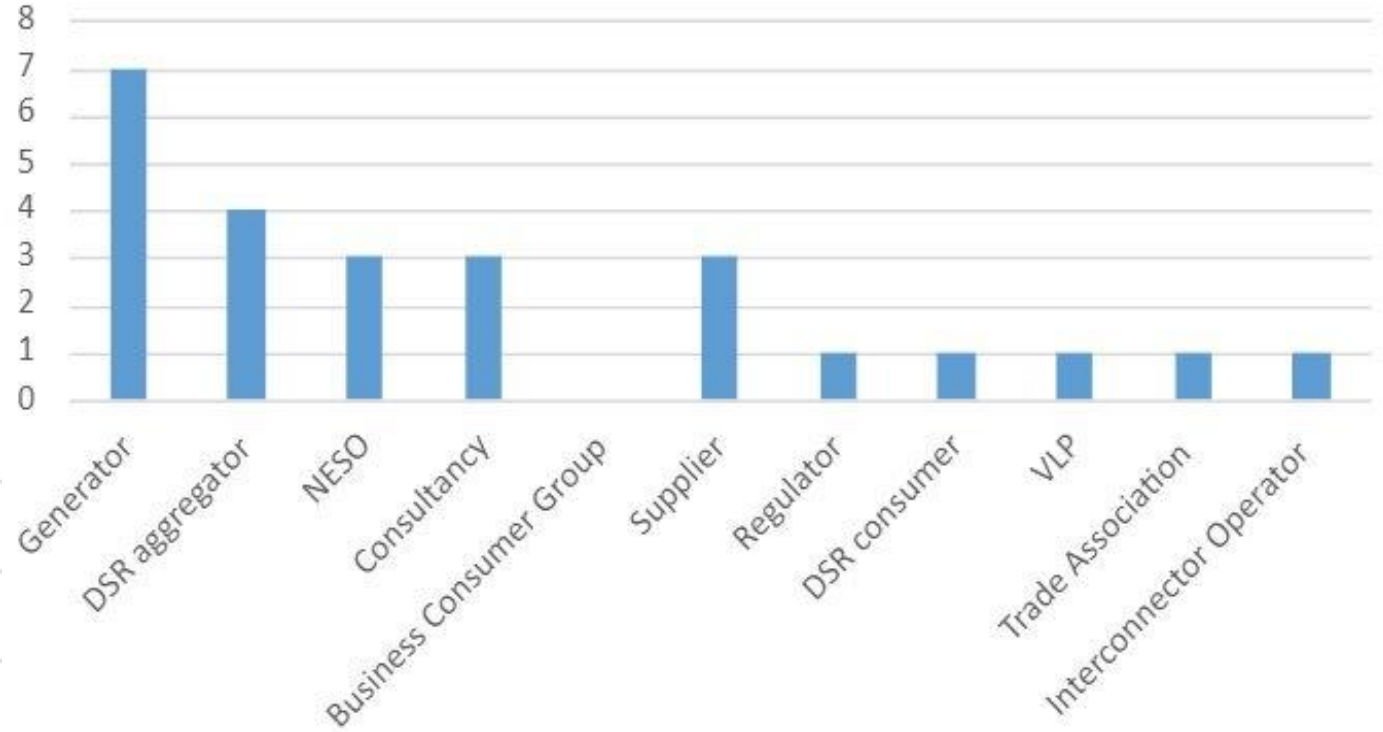
WELCOME AND APOLOGIES



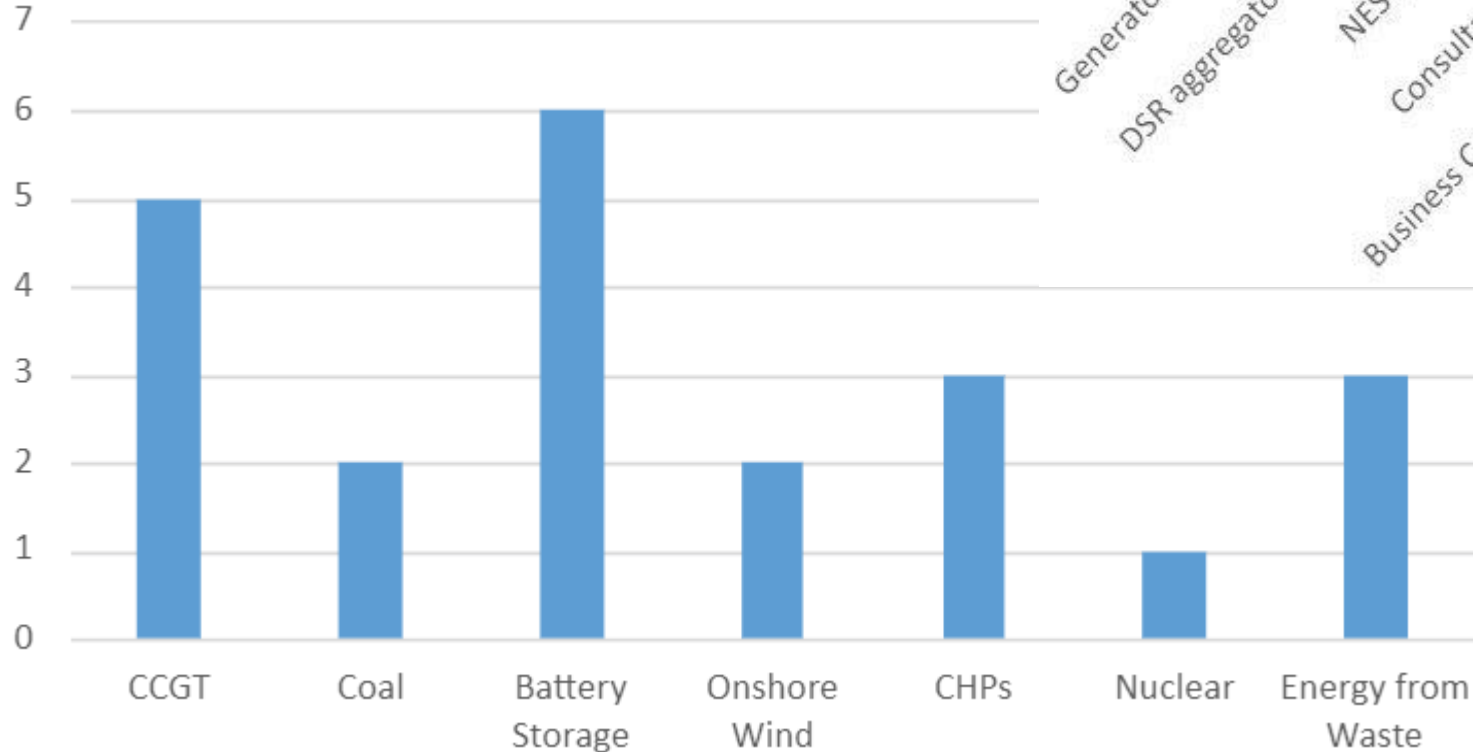
CMAG NEW MEMBERSHIP

Summary of new member responses to the application survey

Wide range of industry experience:

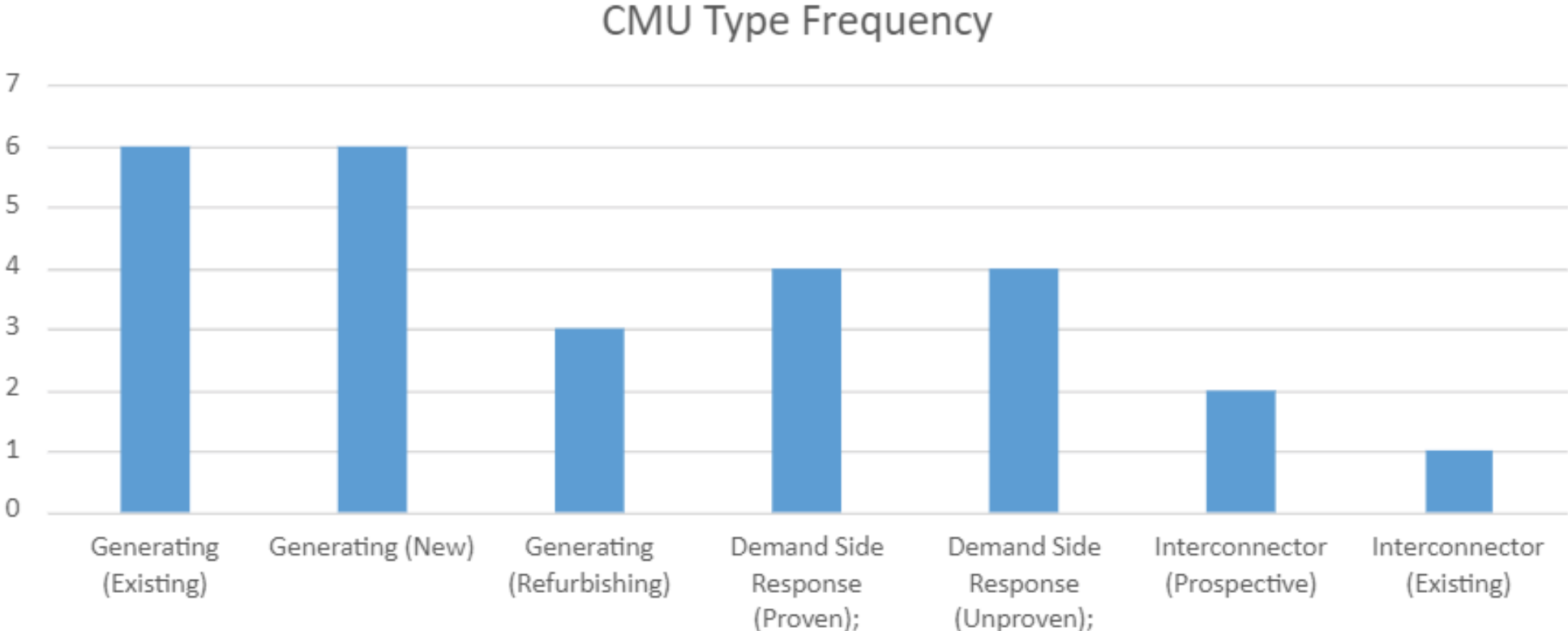


CMU Generating Technology Class categories:



Summary of new member responses to the application survey

CMU types



Summary of new member responses to the application survey

All members reported to having high to medium confidence in their knowledge of the following areas:

- Prequalification
- Capacity Auctions
- Capacity Agreements
- Transfers of Capacity Obligations and Secondary Trading
- Testing Regime
- Information and Data Provision
- Enforcement, Dispute Resolution and Appeals
- Obligations of CPs and System Stress Event
- Volume Reallocation.

The area with the least amount of knowledge is clearly:

- Metering Recovery Faults and Repayment of Capacity Payments.



CM REPRESENTATIVE UPDATES

- CMSB
- EMR DB
- OFGEM
- DESNZ

NESO changes for CMAG

We have already contacted portal users regarding the changes in EMR following the launch of NESO and wanted to share those details with CMAG

Our email addresses and URLs are changing:

emr@nationalgrideso.com has become **emr@nationalenergygyso.com** and is still the main avenue for any Capacity Market communications.

.box.emr.prequal@nationalgrideso.com has become **.box.emr.prequal@nationalenergygyso.com** and team members emails will be changing through October.

Emails will be redirected for an initial period



CMAG SECRETARIAT UPDATE

Review of the 2024 Rules Update

DESNZ and Ofgem have previously confirmed that they will not be publishing a redlined version of the 29/7/2024 Rules.

At CMAG24 DESNZ took an action to provide a Word version of those 29/7/2024 Rules so that the CMAG Secretariat could try and generate a redlined version.

We now have that Word document and have compared it to a 12/7/2023 version of the Rules (generated by reversing out CP373 proposals from an earlier Word version).

We have cleaned up that 'compare' document and published a PDF redline version of the 29/7/2024 Rules to the CMAG SharePoint site for Member use.

This can then be used to validate those redline changes against previous proposals and decisions.

Does anyone have any other Rules 2024 redlining updates they wish to raise?

Use of Rules 2024 'redline' to validate proposed changes

The Rules 2024 'redline' can be used to validate those redline changes against previous proposals and decisions.

At CMAG23 a member raised concerns over the implementation of CP373 on Rule 4.4.2(c)/(d) and the following is an example of how the redline document can be used as part of that validation of proposed changes:

Rule	Draft	Proposal	Consultation	Decision	Amendment
<i>Example (as raised at CMAG23)</i>					
3.4.3(a)(ii)	Not used	Not used	Not used	Not used	Omitted
3.4.3(b)	Not used	Not used	Not used	Not used	Omitted
4.4.2(c)	Comment: propose to delete	unchanged	Not used	unchanged	unchanged
4.4.2(d)	Not used	unchanged	Not used	unchanged	unchanged

Rule 6.10.1 Termination Reasons over GCA TEC

It has been pointed out that the current wording in reasons (g) and (ga) can be interpreted as meaning a developer of a site comprising multiple CMUs, where one CMU is not delivered on time so is terminated, could require the original planned TEC to be maintained or risk the operational CMUs also being terminated. For example:

- (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 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;

This does not appear to clarify that the 'other CMUs' would need to have an effective capacity agreement, or transferred part (PTCO-in).

We propose to bring this forward as a surgery item to the next CMAG if Members agree.



INDUSTRY FEEDBACK



Self-submission Metered Data: HE System project

CMAG – October 2024

Agenda

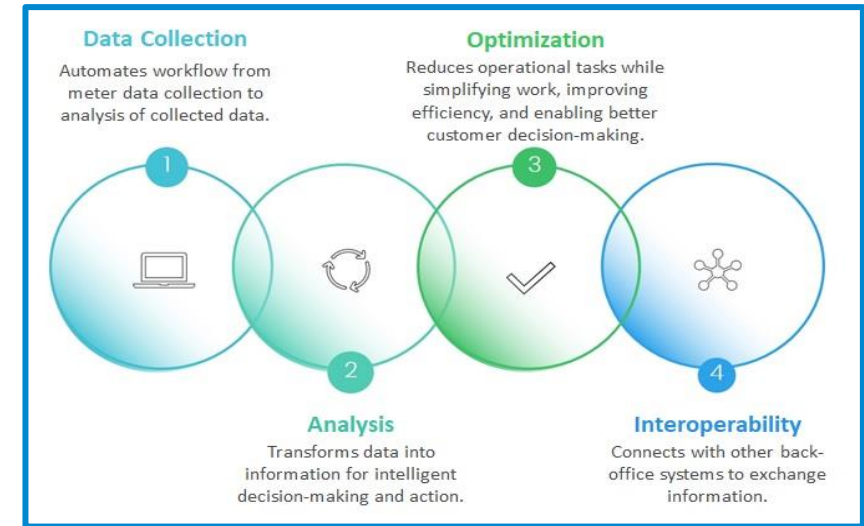
1. Background
2. Issue & Benefits
3. Head-End System application
4. Project overview
5. Key points and next steps



Background

Context

- A headend system is being developed by LCCC for the Hydrogen scheme and there is a possibility to use similar technology to read meters in the Capacity Market.
- A proof-of-concept is being developed which will require testing by Capacity Providers.
- A Head End System (HES) is an energy industry standard that works with common communications protocols and digital interfaces.
- HES's are used by:
 - Energy Networks
 - Generators
 - Suppliers



Issue

- A large amount of metered data for MSID CMUs, representing approximately 23% of 2023/24 DY CMUs have bespoke or balancing services components and manually submit metered data to the Settlement Body.
- Manual submission of metered data increases the difficulty in validating its accuracy, prevents monitoring trends of MSID metered data, and introduces the risk that data can be manipulated.

Proposed solution

- Implementation of a head end system that directly connects to meters and allows for scheduled and automatic provision of metered data

Scheme Capacity – self-submission components

Data item	2023/24		2024/25	
	MSID	Total	MSID	Total
Capacity (GW)	2.35	53.20	1.33	54.12
CMU Total	220	1066	187	1196
Components	456	31,277	72,920	~304,457*

*Subject to increase as CMUs still to submit Agg rules

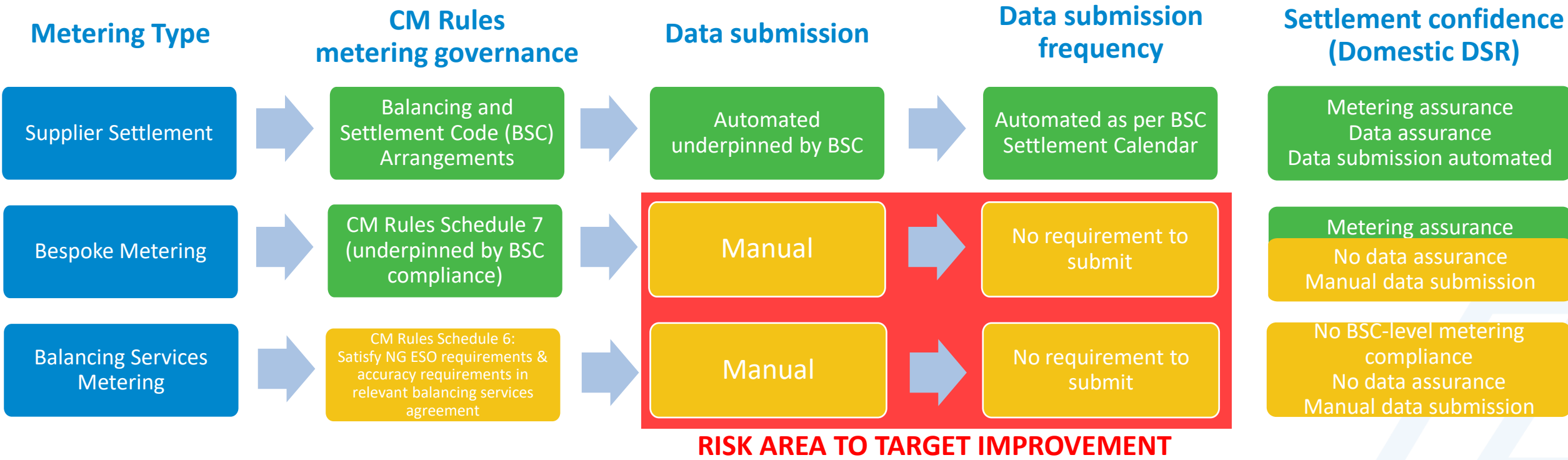
2023/24 Delivery Year – Metered Data flow setup (30 April 2024 – SPD/EPT deadline)

Metered Data setup type	DY Start Capacity setup (%)	April Capacity setup (%)	Target
Supplier Settlement metering	80.1	90.3	99%
Bespoke metering - manual data submission (MSID)	10.4	20.4	99%

CM Metering assurance & data risk

PRESENTED
CMAG AUG 2024

Settlement
Risk



Settlement risk

DSR test risk – Baseline is chosen, risk data can be manipulated – harder to fully monitor for multi-thousand components

SPD & Stress Event risk – no assurance data submitted is accurate & no way to monitor data trends as submission is not regular/automated

Policy review and changes required to reduce settlement risk for increasing number of self-submitting components

Breakdown of issues and benefits

Issues	Benefits
Administrative burden on CP & SB due to issues with manual file creation, upload and file failure management	Reduced burden for CP and SB through direct connection to meters and the automatic submission of data
Lack of controls to ensure data submitted is not erroneous	Higher confidence in accuracy of collected data
Difficultly validating MSID data due to intermittent submission, without regular data it is harder to use trend analysis to monitor overall scheme performance	Continuous data collection allows for trend analysis and ongoing validation
Increased operational pressure to process self-submitted MSID data during peak operational periods and during a Stress Event	Streamlines peak operational periods: DSR Test deadline; SPD/EPT deadline; Stress Event data provision

Initial Capacity Provider engagement

Capacity Providers with the largest amount of bespoke or balancing servicing (MSID) components have been approached to discuss:

- Existing method to submit metered data
- Future testing of the proof-of-concept HE system

Aim is to engage with a range of CMU, metering and technology types.

Initial feedback received includes:

- Welcome news development is considered
- Current data submission process is manual work for auditor, PM and deployment engineer
- Some reluctance to change to a new process that could require more CP system uptime
- The required format for manually submitting data in the Capacity Market is uncommon and causes issues

Standardised

Accurate

Validated

The Head End System

- Allows for scheduled data collection from Capacity Providers
 - API edge connection to operational Meter Data Management systems or similar.
 - direct connection to meters via DLSP/COSEM.
- The HES will reduce the burden for Capacity Providers.
- Being developed for the new unprecedented data requirements in Hydrogen and Carbon Capture, where there is no centralised data systems.
- Cost to Capacity Providers would involve the set up and maintenance of the connection to the HES and proportional data.
- Will also enable evolution of the CfD.
- Ongoing reconciliation.

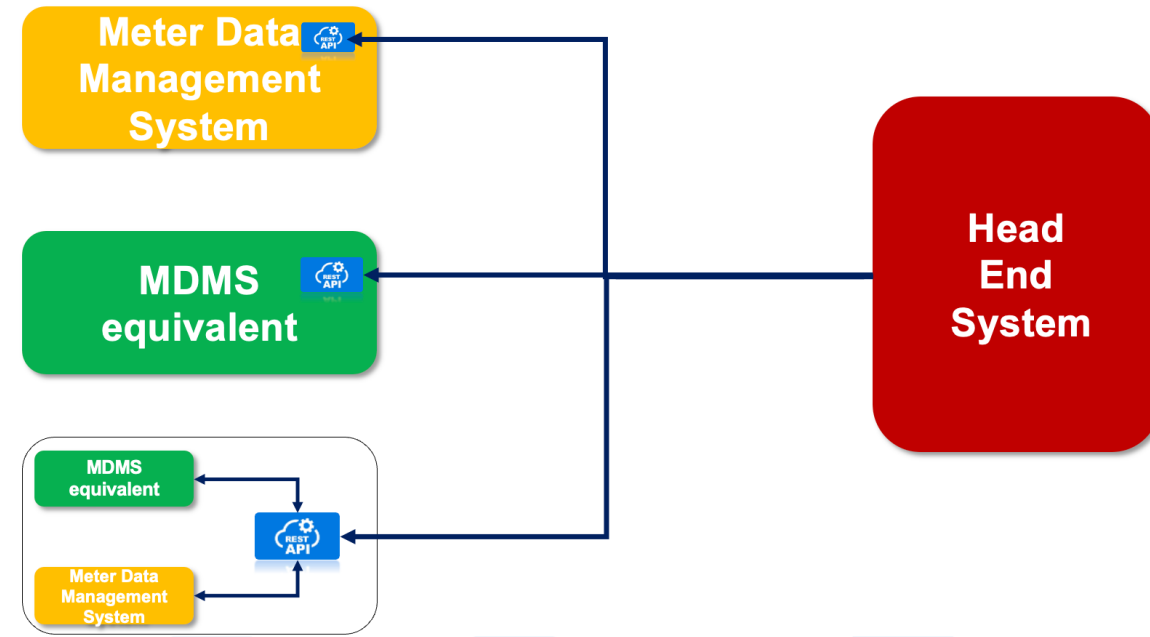
HES Interactions

– Traditional Self-Submitting Capacity Providers

- Connection to meters via DLMS/COSEM
- Readings taken direct from meters

– Disaggregated Capacity Providers

- API from operational systems
- the HES will connect to Capacity Provider Meter Data Management or similar operational systems
- Secure edge integration for HES data collection



Proposed Project scope/timeframe

2024

- Feb Publication of Contract Notice & ITT
- Mar Tender closes
- Apr Notification of tender outcome
- Jun LCCC Board, DESNZ ICS, Cabinet Office approval
- Aug Discovery phase begins
- Sep Development begins
- Oct Capacity Provider Engagement

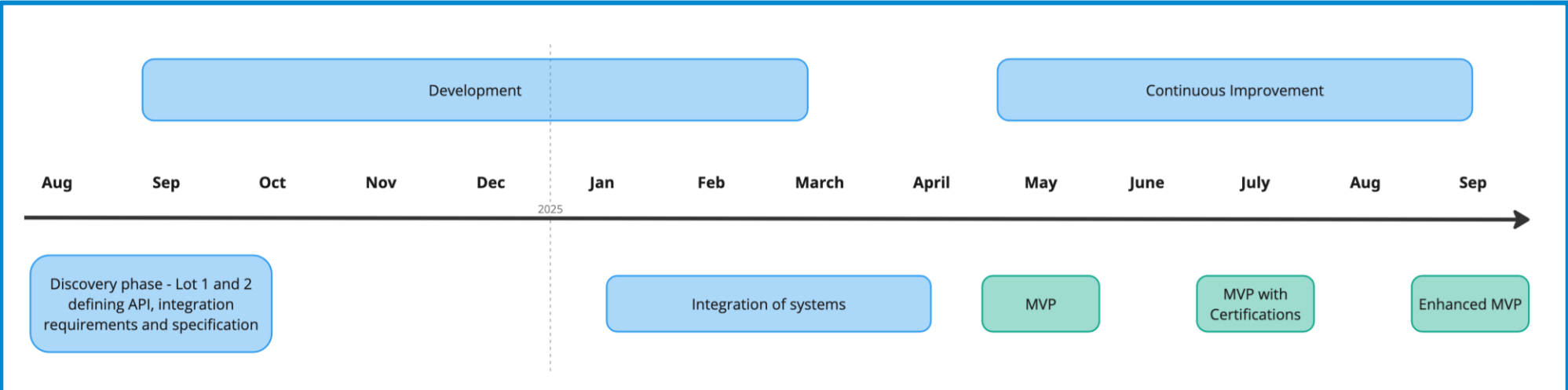
2025 (proposed)

- Jan Integration of systems
- May Delivery of MVP
- Sep Enhanced MVP

2026 (proposed)

- Jan Full functionality

2024/25 DY – Capacity Provider / Settlement Body proof of concept testing & development



Self-Submission Metered Data – HE System automation

Key Points

- Aim to develop project in 2024/25 DY – updates to be provided through lifecycle
- No change to existing data submission process, any solution will work with current settlement system
- Policy review and changes will still be progressed to work to reduce settlement risk for increasing number of self-submitting components

Next steps

- Continued engagement & discovery
- Development of proof of concept
- If there is any interest in participating in this project or any feedback on the Capacity Market, please contact us: info@electricitysettlementscompany.uk

Aim:

- 1) Support Capacity Providers to automate manual process**
- 2) Increase data submission frequency – Improve visibility of performance**
- 3) Reduce settlement risk in peak operational periods**



CMAG FORWARD WORKPLAN

CMAG Forward Work Plan

Title	2024		2025					Commentary
	October	November	December	January	February	March	April	
CP381 – Change to the definition of SCEC in Rule 3.5.5								Proposal to determine Station Connection Entry Capacity. Awaiting window of final report review to close
CP382 ‘ITE Definition Updates and Report Templates’								CMAG agreed to review the ITE Reporting Requirements. This proposal intends to improve the ITE requirements in the CM Rules.
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
DSR Bespoke Metering Tests								A number of concerns have been raised by the ESC and some Capacity Providers in relation to Metering requirements for bespoke metering, reporting and assurance.
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
Review of the implementation of CP373								Review to answer if the implementation of CP373 (transfer of roles and responsibilities from EMR DB to CMSB) been consistent and as anticipated.
Rule 3.5 Connection Capacity Review								The aggregate Connection Capacity of all Generating CMUs at a site with a common Connection Agreement should not exceed the Transmission Entry Capacity and Maximum Export Capacity (as applicable) which applies to that site.
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
EPT / SPD Review								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 GU/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;
Wider consideration of use the use of Agents – (CP376 follow up)								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
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.

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

CMAG Forward Work Plan

- The following changes are currently with Ofgem to consult on:
 - [CP362 'CM Agreement Transfers'](#)
 - [CP364 'Allow Secondary Trading from T-4'](#)
 - [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'](#)

- The following changes are currently with Ofgem for decision:
 - [CP372 'Change to Rule 4.4.4'](#)
 - [CP374 'Splitting Capacity Market Units'](#)
 - [CP375 'Merging Capacity Market Units'](#)

CMAG Forward Work Plan

Title	2024			2025				Commentary
	October	November	December	January	February	March	April	
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								Reviewing options for extending FCM deadline for an agreement arising from a T-4 auction

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

CMAG Forward Work Plan

Title	2024			2025				Commentary
	October	November	December	January	February	March	April	
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 Testing								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	
	Pre-raise Consideration
	Development
	Initial Consideration of Proposal
	CMAG Recommendation
	With Ofgem
	On hold



CMAG 2025 MEETING DATES

2025 Meeting Dates

Every 3rd Tuesday of the month at Elexon

- Tuesday 21 January 2025
- Tuesday 18 February 2025
- Tuesday 18 March 2025
- Tuesday 15 April 2025
- Tuesday 20 May 2025
- Tuesday 17 June 2025
- Tuesday 15 July 2025
- Tuesday 19 August 2025
- Tuesday 16 September 2025
- Tuesday 21 October 2025
- Tuesday 18 November 2025
- Tuesday 16 December 2025

T-1 2025/26 Auction	2 Working Days	04 March 2025 – 05 March 2025
T-4 2028/29 Auction	2 Working Days	11 March 2025 – 12 March 2025

Do CMAG Members agree?



CMAG SURGERY

Exhibit Text Review



Andrew Macdonell
15/10/24

In this year's CM disputes process, we had a dispute where the applicant had used an older version of an exhibit. This resulted in an exhibit that had missing sentences.

However, there is no CM rule that requires the exhibit text to be identical to the text included in the CM rules themselves. Instead, any omitted text must be rejected based on a failure to meet a specific CM rule.

We plan to amend the CM rules to state that the exact text of the exhibits must be used.

However, we want to ensure that the text of all the exhibits is made as simple, straightforward and unambiguous before we add this requirement.

We want to minimise/eliminate any sections of the exhibits that involve deleting parts of the text if alternatives can be proposed.

We also want to review how the text of the exhibit lines up with the relevant CM rules.

Questions on Issue and Government Policy

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

Questions on Issue and Policy

Is there a valid issue?

Is the CM the right place to address the issue?

Would any solution be counter to the policy objectives of the CM? What is the impact on:

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

Would any solution explicitly affect any functions granted to the Secretary of State?

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

Is there an impact on subsidy control?

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

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

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



DEVELOPING CM RULES CHANGE PROPOSALS

CP382 - INDEPENDENT
TECHNICAL EXPERT
DEFINITION UPDATES
AND REPORT TEMPLATES

Issue

- **Significant variance in the nature of ITE providers** – CMAG Members have highlighted that the expertise, quality standards and experience of ITE organisations/individuals varies enormously.
- **Significant variance in the nature of ITE reports submitted to EMR DB** – CMAG Members have highlighted that the content of ITE reports that are submitted to EMR DB varies enormously.
- **EMR DB has limited powers to reject poor quality ITE reports** – EMR DB have highlighted that they only have powers to assess ITE reports against the requirements set out in the CM Rules. As a result, the ITE report rejections reasons are primarily limited to whether relevant ITE declarations have been made and whether an ITE that has prepared a given report meets the requirements to be an ITE. Importantly, EMR DB have stated their powers to reject on the basis of the evidence and content of a submitted report is limited.
- **Level of Assurance** – Concerns have been raised as to whether the current CM Rules ITE Reporting requirements deliver the appropriate level of assurance intended by policy. Members have raised specific concerns in relation to:
 - o A lack of consequence for providing poor quality ITE reports;
 - o Whether, in some cases, ITE reports may be required when they are not adding any value, or not required when they could add a level of assurance; and
 - o It is not clear what assurance value some requirements of ITEs or ITE reports add.
- **Suitability of ITE reporting requirements** – Questions have been raised as to whether the current provisions suitably distinguish between relevant CMU types and Generating Unit attributes

Proposed Solution

The ITE Subgroup have made a number of recommendations. For full details see the materials available on the CMAG website but in summary the proposed solution seeks to:

- Update the ITE definition to remove the requirement for international experience;
- Move to a report template based approach – This is easier for both the ITE to complete and for the Delivery Body to assess whilst still confirming a similar level of checks from one ITE to another. All ITE areas considered which are:
 - Total Project Spend
 - Financial Commitment Milestone
 - Extended Years Criteria
 - Long Stop Date Extension
 - Operational
 - DSR Partial Credit Cover Release
 - Construction Progress Remedial Plan
- No changes suggested to the timescales for the ITE reports, and any additional declarations are seen as being implicitly required to make informed declarations under the existing CM Rules

CP382 LEGAL TEXT QUESTIONS

CMAG Drafting Questions

Questions from Members

- For the Operational ITE report, the CM Rules state (definition section) that for a Refurbishing CMU, the ITE must confirm that “the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations)”. However, the ITE form E for Operational doesn’t seem to include this requirement. Unless I’ve missed / forgotten anything from previous discussions, I think this check would need to be made and confirmed by the ITE in order to complete the Operational assessment for a Refurbishing CMU, and so I think it should be in the report.
- CMAG Secretariat notes differences between the language used with ‘commissioning’ between the different Operational cases. Within the Operational definition we see:
 - (b) Distribution Connected
 - **‘all DNO commissioning tests required to commence export’;**
 - (c) Refurbishing (TC or DC) where Connection Capacity has increased over pre-refurb and
 - (d) Refurbishing (TC or DC) where Connection Capacity \leq pre-refurb, both cases use
 - **‘CMU and supporting infrastructure has been fully commissioned’**
- At initial Operation a site might not be ‘fully commissioned’ as used in the above Refurbishing CMU case because of phased Connection or phased operation of the generating plant, e.g. achieving MCR/SCM < 100% of AACO, which might then be increased towards 100% within 18 months of the start of the 1st DY by 6.7.6.

Questions from Members & Representatives

- Should there be an explicit statement that all items and questions are mandatory unless stated otherwise?
- In Operational report ITE declaration it was highlighted the requirement for transmission connected CMUs is for an ION (Interim Operational Notification) rather than a FON. Declaration amended to included '(where applicable)' language.
- In Operational report a Member suggested the need to capture new-build in the definition (a), which refers to ION. CMAG Secretariat view is that the definition of Operational does not include this requirement. (CM Rule reference on next slide)

Operational

means, for a Generating CMU or its physical capacity and for an Interconnector CMU or its physical capacity:

- (a) for a Transmission CMU, the issuance of an ION for that Generating Unit and that physical capacity;
- (aa) for an Interconnector CMU, the issuance of an ION for that CMU and that physical capacity;
- (b) for a Distribution CMU, an **Independent Technical Expert** has issued a certificate confirming that all Distribution Network Operator commissioning tests required to commence export have been completed such that that Generating Unit is permitted to despatch that physical capacity into the Distribution Network; and
- (c) for a Refurbishing CMU, whose Connection Capacity is greater than the Connection Capacity of its equivalent Pre-Refurbishment CMU, an **Independent Technical Expert** has issued a certificate confirming that the relevant test from “(a), (aa) or (b) above has been met (substituting FON for ION where applicable), and the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations); and
- (d) for any Refurbishing CMU, whose Connection Capacity is less or equal to the Connection Capacity of its equivalent Pre-Refurbishment CMU, an **Independent Technical Expert** has issued a certificate confirming that the CMU and supporting infrastructure has been fully commissioned (as defined in the Regulations)

General Questions

- Will Word document templates be available from the EMR DB Portal?

Total Project Spend

- Should the requirement to specify the actual spend incurred start and end dates be optional? This is currently mandatory in the draft ITE legal text.
 - There is no specific requirement in the current CM Rules for the ITE to specify this;
 - If the ITE cannot state the latest and earliest spend included how does the ITE know that they haven't included spend outside of the Qualifying Period?
- Should the scope of the report be extended to include the below?
 - Rule 8.3.6 (aa) – For Refurbishing CMUs extra declarations relating to not declaring the stated TPS incurred wasn't declared in another relevant application or terminated etc.
 - Rule 8.3.6 (ab) – Multi year Unproven DSR CMU requirements.

Financial Commitment Milestone

- Should the following additional items be added?
 - The earliest date to which Qualifying Capital Expenditure applies (depending on New Build Retrospective), ie 77 months before 1st DY or ARD before 1st DY;
 - The earliest date of actual expenditure incurred?

These are included in the draft TPS legal text.

CP382 INDEPENDENT TECHNICAL EXPERT DEFINITION
UPDATES AND REPORT TEMPLATES

CP382 – Specific Questions

Question	Comments
Does the CP further the CM Rules Change Objectives?	<p>The CMAG believes that these changes provide additional assurance to projects in the Capacity Market, and this assurance will contribute to an improved quality of projects, ensuring only projects that meet the rule requirements progress and are awarded multi-year contracts. This will ultimately lead to better value for money for consumers (Ofgem’s Principal Objective).</p>
Are there any related changes to the CM Rules in the pipeline?	<p>The Subgroup have highlighted the following areas for further consideration by the CMAG:</p> <p>Clarifications on the use of Total Project Spend - There is currently ambiguity over TPS at Application changing for FCM</p> <p>Foreign Currency Transaction treatment – There is currently no specified methodology in how foreign currency transactions should be treated (IAS21).</p> <p>Review of the Remedial Plan ITE provisions – Fundamental concerns have been raised as to the suitability of these provisions.</p> <p>Extended Years Criteria Review – Issues with pertinent definitions and whether certain provisions should apply on a Generating Unit or CMU basis were identified.</p>

CP382 – Specific Questions

Question	Comments
Does the CP impact on the Regulations?	No impacts on the Regulations have been identified
Are there any impacts on any other central industry frameworks or obligations?	No impacts on any other central industry frameworks or obligations have been identified

CP382 – Standard Questions

Question	Comments
<p>Are there any impacts on consumers, and if so, what are the impacts?</p>	<p>These changes provide additional assurance to projects in the Capacity Market, and this assurance will contribute to an improved quality of projects, ensuring only projects that meet the rule requirements progress and are awarded multi-year contracts. This will ultimately lead to better value for money for consumers.</p>
<p>Does CMAG agree with the proposed solution?</p> <p>Are there any suitable alternative solutions to address the defect?</p>	<p>To be discussed within CMAG</p>

CP382 – Standard Questions

Question	Comments
What are the expected impacts and implementation/en during costs for CM Participants?	The CMAG subgroup believes the impact on participants will be limited. Ultimately participants are responsible for appointing appropriate ITEs and these improved reports should level the playing field between different ITEs, ensuring providers will know what kind of checks to expect and provide confidence that a report will be suitable for submission.
What are the expected impacts and implementation/en during costs for Delivery Partners	<p>These changes do not give the Delivery Body any further responsibilities to judge the decisions from an ITE, as intended, but do prescribe a minimum level of detail which is much more robust than existing rule wording. These reports will take the Delivery Body more time to assess but this is seen as valuable for the additional assurance provided.</p> <p>No EMR DB or CMSB impact assessment conducted</p>

CP382 - Standard Questions

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

CP382 - 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

The Proposer believes that these changes provide additional assurance to projects in the Capacity Market, and this assurance will contribute to an improved quality of projects, ensuring only projects that meet the rule requirements progress and are awarded multi-year contracts. This will ultimately lead to better value for money for consumers (Ofgem's Principal Objective).

CP382 – CMAG Recommendations

The CMAG recommends to Ofgem:

- a) That the solution better facilitates Ofgem's Principal Objective;
- b) The Proposer's draft legal text; and
- c) That CP382 should be **implemented**



ACTION LOG

Action Log

- [Link](#)



AOB AND MEETING CLOSE