


<h2 style="text-align: center;">Proposal for a Capacity Market Rule Change</h2>	 <p style="text-align: center;">Making a positive difference for energy consumers</p> <p>Reference number: CP394</p>
<p>Title (<i>a short title which summarises your CM rule change request</i>) 2026 Conditional Prequalification for assets that have applied for a new or modified connection date</p>	
<p>Name of organisation(s)/individual(s): Electricity Market Reform Delivery Body (EMR DB)</p>	<p>Contact e-mail address: bluebell.drummond@neso.energy</p>
<p>Contact Telephone Number: N/A</p>	<p>Date submitted: 1st December 2025</p>
<p>Proposal abstract (<i>a short summary, suitable for published description on our website</i>)</p> <p>NESO's licence obliges it to carry out connection application windows at least once a year. The first window is intended to be within a year of CMP434 (connections reform) being approved by Ofgem (i.e. before end of April 2026) and is therefore likely to open before the Capacity Market (CM) Prequalification 2026 (PQ26) window. A Prequalification submission window is typically open early August to the end of September. It is possible that some projects that wish to enter the CM would apply for a new or modified connection agreement but not be informed of the outcome before the CM PQ26 window closes.</p> <p>In this Proposal for a Capacity Market Rule Change, EMR DB proposes extending the Conditional Prequalification (CPQ) option that was put in place for PQ25, amending the previous Rule change to capture differences between the Connections Reform process and any future connections application window, as well as lessons learned through implementation of the CPQ Rules for PQ25.</p>	
<p>Description of the issue that the change proposal seeks to address:</p> <p>In order to be an eligible Applicant for a Capacity Auction at Prequalification, an Applicant for a New Build CMU that is or will be connected to the Transmission Network must confirm that one or more Grid Connection Agreements have been entered into which secure Transmission Entry Capacity for the relevant Delivery Years for the Generating Units comprised in that CMU at least equal, in aggregate, to the Anticipated De-rated Capacity of that CMU and any other CMUs to which any such Grid Connection Agreement (GCA) applies and provide a copy of each GCA as per Rule 3.7.3(a)(i). This must be completed as part of Prequalification processes.</p> <p>This means that a potential New Build CMU on the Transmission Network with a GCA for after 1 October 2030, or with no GCA at all, could not Prequalify for the 2027 T-4 Auction (PQ26).</p> <p>NESO's licence obliges it to carry out connection application windows at least once a year and the first window is intended to be within a year of CMP434 being approved by Ofgem (i.e. before end of April 2026). It is therefore likely that an additional connection window will open before CM PQ26. It is thus possible that some projects that wish to enter the CM would apply for a new or modified connection agreement but not be informed of the outcome before the CM PQ26 window closes, meaning they are unable to prequalify for the 2027 T-4 Auction even though they would be able to provide capacity in the relevant Delivery Years.</p> <p>For PQ25, a similar issue arose due to Connections Reform – to deal with this a Conditional Prequalification window was established to allow Transmission Network connected New Build CMUs that did not have a GCA that would allow them to be connected by 2029/2030, but that had requested an accelerated connection date from NESO, to submit an Application during the 2025 Prequalification Submission Window.</p>	

As part of their Application, relevant CMUs had to provide a valid current GCA and proof they had submitted evidence to NESO's evidence portal that they were eligible for an accelerated Gate 2 Connection by the start of the relevant Delivery Year. Subject to the EMR Delivery Body's assessment of their full Application, relevant New Build CMUs would be Conditionally Prequalified for the Auction. To become fully Prequalified, they are required to provide their signed accelerated Connection Agreement no later than 16 Working Days before the first bidding round in the relevant T-4 Auction. See [CP388](#) for the Change Proposal and [The Capacity Market \(Amendment\) \(No. 3\) Rules 2025](#) for the corresponding Rules.

We propose implementing a similar solution ahead of PQ26 to deal with the issue identified above.

Proposed solution to the issue:

EMR DB proposes allowing Transmission Network connected New Build CMUs that do not currently have a GCA that would allow them to be connected ahead of Delivery Year 2030/2031, and have requested an eligible connection date from NESO, to submit an Application during the 2026 Prequalification Submission Window. To achieve this, we propose amending the Rules 3.7.3(aza) and 4.7C.1, put in place last year to reflect the different scenario.

Furthermore, we propose adding a new Rule 3.7.3(aza)(iii) below – to enable Applicants that do possess a valid GCA (i.e. that would connect them ahead of Delivery Year 2030/2031) but not wish for their Application to be considered on the basis of the existing GCA to apply for Conditional Prequalification. This additional Rule will ensure that Applicants who have applied to NESO for a modification, and only want to receive a Capacity Agreement if that modification is granted, do not unintentionally Prequalify based on an existing GCA.

Applicants will need to provide proof they have submitted evidence to NESO that they are eligible for connection by the start of the relevant Delivery Year. Subject to the EMR DB's assessment of their full Application, relevant New Build CMUs will be Conditionally Prequalified for the Auction. To become fully Prequalified, they will be required to provide their Connection Agreement no later than 22 Working Days before the first bidding round in the relevant T-4 auction. We have increased the numbers of day ahead of Auction that this documentation to be provided (from 16 to 22 days) to be in line with other pre-auction deadlines.

List of alternative proposals already submitted which this proposal relates to (if any):

N/A

If you know the specific change to the Capacity Market (CM) Rules you wish to make, please select the type of change below and propose specific revised text, indicating the provision number from the CM Rules and highlighting the change (if left blank, the Capacity Market Advisory Group (CMAG)/Ofgem may suggest revised text to achieve the proposed solution above):

Amendment Addition Revocation Substitution

Amend paragraph 3.7.3(aza) as follows (amendments highlighted):

3.7.3(aza): For the Prequalification Window during ~~2025~~ 2026 only, an Applicant in respect of a T-4 Auction which is a New Build CMU that is or will be a Transmission CMU (a "relevant CMU") and ~~is unable~~ does not have a Grid Connection Agreement that would allow the Applicant to give the confirmation in Rule 3.7.3(a)(i), or does not intend to rely on that Grid Connection Agreement for Prequalification, may, instead of complying with Rule 3.7.3(a):

(i) provide with their Application:

(aa) a copy of the current Grid Connection Agreement, if they have one, for each Generating Unit comprising the CMU or, if they do not have a Grid Connection Agreement, then a declaration confirming they do not have one;

- (bb) a declaration that, in 2026, the Applicant has applied for an advanced connection date that would enable the Generating Units comprised in the relevant CMU to comply with the requirements under Rule 3.7.3(a)(i) and will, if that advanced connection date is granted, provide a copy of the revised Grid Connection Agreement on or before the date that is 46 22 Working Days prior to the commencement of the first Bidding Window for the T-4 Auction for the ~~2029/2030~~ 2030/2031 Delivery Year; and
- (cc) evidence of its request to the National Energy System Operator for a connection date that would enable the Generating Units comprised in the relevant CMU to comply with the requirements under Rule 3.7.3(a)(i) and a copy of the receipt issued confirming submission of the connection application.
- (ii) on or before the date that is 46 22 Working Days prior to the commencement of the first Bidding Window for the T-4 Auction for ~~2029/2030~~ 2030/2031 Delivery Year, provide a copy of the revised Grid Connection Agreement with a connection date that would enable the Generating Units comprising the CMU to comply with requirements under Rule 3.7.3(a)(i).

Add paragraph 3.7.3(aza)(iii) as follows:

- (iii) Provide with their application a declaration that:
 - (a) confirms that, by complying with requirements under Rule 3.7.3(aza)(i)(aa)-(cc), their intention is to apply for conditional prequalification; and
 - (b) confirms whether, if the conditionality is not met but their existing GCA, if held, complies with Rule 3.7.3(a)(i), they intend for their Application to be considered for Prequalification on the basis of the existing GCA.”

Amend paragraph 4.7C.1 as follows:

4.7C.1: An Applicant that has provided with its Application a declaration pursuant to Rule 3.7.3(aza)(i)(bb) must provide to the Delivery Body no later than 46 22 Working Days prior to the commencement of the first Bidding Window for the T-4 Auction for the ~~2029/2030~~ 2030/2031 Delivery Year:

- (a) the revised Grid Connection Agreement for each Generating Unit comprised in the CMU evidencing the capacity requirements in 3.7.3(a)(i); or
- (b) where the applicant is unable to provide a signed copy of the revised Grid Connection Agreement, the unsigned revised Grid Connection Agreement for each Generating Unit comprised in the CMU evidencing the capacity requirements in 3.7.3(a)(i).

Analysis and evidence for the impact of the proposed change on industry and/or consumers, highlighting how the proposal meets the Ofgem/Capacity Market objectives set out in Regulation 78 of The Electricity Capacity Regulations 2014, any risks to consider and any implications for industry codes:

The ongoing Gate 2 to Whole Queue (G2tWQ) process will ensure projects progressed into the reformed queue meet readiness and strategic alignment criteria (based on Clean Power 2030 (CP30) permitted capacities). Once the queue has been reformed, NESO will know what CP30 permitted capacity targets have not been met.

NESO will open the next connection application windows for new projects that demonstrate readiness and contribute to meeting the remaining CP30 permitted capacities, as well as for existing projects seeking a modified connection agreement (including for earlier connection dates).

Given the volume of projects that were previously in the connections queue, before reforms began, we expect most of the CP30 permitted capacities to be nearly or fully met through the reformed queue. This means that the volume of projects applying through the connection

application window will be relatively small and the process should not be as complex or lengthy as the current G2tWQ process.

This proposal ensures that timing of the Prequalification Application Window opening does not prevent benefits of NESO's Connection Reforms Package from being realised by not permitting assets awaiting connection dates potentially beginning on or before October 2030 from participating in the 2027 CM auction.

We have proposed an increase in the number of Working Days (from 16 to 22) before which the Applicant must submit their revised GCA to the Delivery Body. This brings the Rule in line with other Conditional Prequalification requirements in Rule 4.7.

Urgency

Select this box if you would like this proposal to be treated as “urgent” (see 1.14 of “The Change Process for the Capacity Market Rules – Guidance” (2022) for details on the requirements of an urgent proposal)?

If selected, please include a justification, including any dates by which the CM Rule Change needs to be made and the consequences of not acting in time (*Note that urgent proposals may be deprioritised or rejected if the Rule Change suggested cannot be implemented before the date(/s) set out in this section*)

Confidentiality

We want to promote transparency in the Capacity Market Rule Change process. Submitting proposals directly to the Capacity Market Advisory Group (CMAG) supports transparency whilst ensuring that proposals benefit from the input of a panel of impartial capacity market experts whose role it is to support the development, scrutiny, and prioritisation of proposals to improve CM Rules.

Proposals submitted directly to Ofgem may be shared with CMAG or published on our website as part of a public consultation before any rule change is enacted, provided the information shared has not been marked as confidential.

To submit your proposal directly to CMAG, e-mail this document to cmag@elexon.co.uk

If you wish to submit confidential information to Ofgem as part of your proposal, there are two routes to do this:

1. Submit this document directly to CMAG (cmag@elexon.co.uk) excluding the confidential information, then submit a copy of this document plus an additional file containing the confidential information (marked as confidential) to emr_cmrules@ofgem.gov.uk
2. Submit this document plus an additional separate file containing the confidential information (marked as confidential) directly to Ofgem at emr_cmrules@ofgem.gov.uk

Nothing marked confidential will be shared outside of Ofgem without the express permission of the proposer.