


<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: CP399</p>
<p>Title <i>(a short title which summarises your CM rule change request)</i> Capacity Provider obligations when disconnected due to network operator infrastructure.</p>	
<p>Name of organisation(s)/individual(s): Drax Power Limited, Shanelle Millage EDF Energy, Eleanor Haynes</p>	<p>Contact e-mail address: shanelle.millage@drax.com</p>
<p>Contact Telephone Number:</p>	<p>Date submitted: 23/02/2026</p>
<p>Proposal abstract <i>(a short summary, suitable for published description on our website)</i> Amend Rules 8.5.1(c) and 13.4.1 to include mitigations for meeting Satisfactory Performance Testing, demonstrating extended performance and obligations to deliver in a System Stress Event when a Capacity Committed CMU's connection is interrupted or curtailed due to an event impacting the Transmission Operator (TO) or Distribution Network Operator (DNO) physical infrastructure, and where the remedy is the sole responsibility of the network operator.</p>	
<p>Description of the issue that the change proposal seeks to address:</p> <p>Defined terms have that meaning under the Capacity Market Rules unless stated otherwise.</p> <p>CM Rules include mitigations for:</p> <ul style="list-style-type: none"> • meeting the Capacity Agreement's effective Auction Acquired Capacity Obligation (AACO) arising from achieving the Minimum Completion Requirement or Substantial Completion Milestone, and • the requirement to maintain a Connection Agreement for the duration of the Capacity Agreement. <p>when these requirements cannot be met due solely to the failure of the TO/DNO in providing an active connection in accordance with a valid Connection Agreement, mitigations are in place to prevent a Termination Event.</p> <p>The Rules relieve a Capacity Provider from their obligations to deliver during System Stress Event in any Settlement Period during which the Capacity Committed CMU is affected by a "Relevant Interruption" pursuant to section 5.10 of the CUSC and in each of the eight Settlement Periods falling after the Settlement Period in which the relevant interruption ceases to affect the Capacity Committed CMU.</p> <p>Despite this, the Rules do not include mitigations for testing or the obligation to deliver during a System Stress Event, when a Capacity Committed CMU's connections is interrupted due to an event impacting the network operator's infrastructure and where the remedy is the sole responsibility of the TO/DNO.</p>	
<p>Proposed solution to the issue:</p> <p>Defined terms have that meaning under the Capacity Market Rules unless stated otherwise.</p> <p>Amend Rules 8.5.1, 13.4.1ZB, and 13.4A.8 to include mitigations which would prevent a termination event when a Capacity Committed CMU's connection is interrupted due to events impacting the network operator's infrastructure and where the remedy is sole responsibility of the TO/DNO.</p>	
<p>List of alternative proposals already submitted which this proposal relates to (if any):</p>	

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

Defined terms have that meaning under the Capacity Market Rules unless stated otherwise.

During a System Stress Event

8.5.1 Response to a Capacity Market Notice

During a System Stress Event, a Capacity Provider must deliver the Adjusted Load Following Capacity Obligation of its Capacity Committed CMU, provided that a Capacity Provider has no obligation, pursuant to this Rule 8.5.1:

(a) unless a Capacity Market Notice has been issued with respect to the System Stress Event and the System Stress Event falls four or more hours after the expiry of the Settlement Period in which the Capacity Market Notice is published on the website of the System Operator;

(b) in any Settlement Period during which the Capacity Committed CMU is affected by a suspension under section G (Contingencies) of the Balancing and Settlement Code; or (ba) where the Capacity Committed CMU is an Interconnector CMU, in any Settlement Period during which the CMU is affected by a measure taken by the System Operator which has the effect of reducing the Net Output of that CMU to an amount lower than the Interconnector Scheduled Transfer;

(c) in any Settlement Period during which the Capacity Committed CMU is affected by a “relevant interruption” pursuant to section 5.10 of the CUSC and in each of the eight Settlement Periods falling after the Settlement Period in which the relevant interruption ceases to affect the Capacity Committed CMU; ~~or~~

(d) in any Settlement Period during which the Capacity Committed CMU is bound to comply with a direction issued by the Secretary of State pursuant to section 34 of EA 1989 and in each of the eight Settlement Periods falling after the Settlement Period in which the direction ceases to affect the Capacity Committed CMU; ~~or~~

(e) in any Settlement Period during which the Capacity Committed CMU’s connection has been interrupted or curtailed to the extent that it is not possible for the Capacity Provider to meet its obligations due to an event impacting the network operator’s infrastructure and where the remedy is the sole responsibility of the network operator.

Regarding Satisfactory Performance Days

13.4.1ZB If the Capacity Committed CMU is subject to, and fails to satisfy the requirements of, Rule 13.4.1ZA(a), the Capacity Agreement of the Capacity Committed CMU will be terminated in accordance with Rule 6.10.1(r). ~~Except where the Capacity Committed CMU’s connection has been interrupted or curtailed to the extent that it is not possible for the Capacity Provider to meet its obligations due to an event impacting the network operator’s infrastructure and where the remedy is the sole responsibility of the network operator. In which case the testing period shall be extended to allow a reasonable amount of time to meet testing requirements once the connection capacity is fully restored.~~

Regarding Extended Performance Tests

13.4A.8 If the Capacity Committed CMU is subject to, and fails to satisfy the requirements of 13.4A.7(a), the Capacity Agreement of the Capacity Committed CMU will be terminated in accordance with Rule 6.10.1(s). ~~Except where the Capacity Committed CMU’s connection has been interrupted or curtailed to the extent that it is not possible for the Capacity Provider to meet its obligations due to an event impacting the network operator’s infrastructure and where the remedy is the sole responsibility of the Network Operator. In which case the testing period shall be extended to allow a reasonable amount of time to meet testing requirements once the connection capacity is fully restored.~~

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:

- Failing SPD/EPT because of TO/DNO driven failed/restricted connections leads to a Termination Notice being issued, which the Capacity Provider may appeal against.
- If the appeal is not allowed, then the Capacity Provider could seek judicial review.
- If the Termination is withdrawn, then all of the above admin burden will have been unnecessary.
- Effecting this CP399 avoids the above admin burden where the fault lies with TO/DNO.
- The option of a more complex change deferring SPD/EPT until the connection is restored, or allowing the tests to be met based on the constrained TEC/MEC, could further reduce the admin burden.
- If this CP399 is not progressed, then Capacity Agreements could end up:
 - If there were a System Stress Event, having to purchase Over-Delivery Volume or risk incurring Capacity Penalties;
 - Having Capacity Payments suspended for failing to meet SPD/EPT;
 - Having Capacity Payments recovered on termination;
 - Incurring Termination Fees that ESC passes over to HMT, so do not reduce costs to Suppliers nor therefore to Consumers; and
 - Re-procurement of the terminated capacity is not possible for the current DY, only for some future DY if the Capacity Agreement was multi-year from a T-4 Auction.

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)

We are aware of at least 3 Capacity Committed CMUs which have either been disconnected entirely or have had restrictions placed on the level of export due to events impacting the network operator’s physical infrastructure and where the remedy is the sole responsibility of the network operator.

On 30 December 2025, a fire damaged the network operator’s infrastructure. The infrastructure damaged is bespoke equipment that cannot be readily replaced. As a result, 2 Capacity Committed CMUs have been disconnected entirely. The network operator has not provided a timeframe for when the infrastructure will be repaired and the connection restored. Until the connection is restored, it is not possible for these CMUs to satisfy the requirement that 1 SPD occur during the Winter Period.

In mid-January, a fault on the network operator’s connection equipment has resulted in a Capacity Committed CMU’s export level being restricted to the extent that it is not possible for the CMU to satisfy its Extended Performance Testing.

Due to the timing of both events, it was not possible to Secondary Trade the agreements before the obligation to complete one SPD between 1 January and 30 April was triggered. Additionally, the illiquidity of the Secondary Trading market does not allow for the CM Agreements to be traded at this point in the Winter Period.

The faults and the required repairs are outside the Capacity Committed CMUs’ control, but under the current Rules, these CMUs will be subjected to suspension of CM Payments which cannot be recovered beginning 1 May 2026 and liable for TF4 termination penalty (£15,000/MW) beginning 31 July 2026 despite the non-delivery being solely due to events impacting the network operator’s physical infrastructure and where the remedy is the sole responsibility of the network operator.

Should a System Stress Event occur, these CMUs would not be able to deliver due to events impacting the network operator’s physical infrastructure and where the remedy is the sole responsibility of the network operator and would be liable for penalties up to 100% of the annual Capacity Payments.

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.