

Andrew Macdonell  
Ofgem  
10 South Colonnade  
Canary Wharf  
London  
E14 4PU

24 March 2026

## **RE: New Change Proposal P399 - request for Urgent Status**

Dear Andrew,

On 23 February EDF Energy and Drax Power raised Change Proposal [CP399 'Capacity Provider obligations when disconnected due to network operator infrastructure'](#) and requested it be treated as urgent. Please see the meeting materials at [CMAG Meeting 42 - Elexon CMAG](#).

### ***The Change Proposal***

The Proposers highlight that where Capacity Committed CMUs 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, the Capacity Provider must still meet certain obligations or face significant financial penalties.

CP399 proposes to introduce mitigations for meeting Satisfactory Performance Day testing requirements, demonstrating extended performance and obligations to deliver in System Stress Event, when a Capacity Obligated CMU's connection is interrupted or curtailed due to an event impacting the Network Operators infrastructure and where the remedy is the sole responsibility of the network operator.

This Change Proposal focuses on providing mitigations when in each case the Capacity Provider's equipment is fully functional and:

- the disconnection or curtailment is due to physical damage occurring on the network operator's infrastructure; and
- the responsibility for rectifying the fault sits solely with the network operator.

### ***Case for Urgency – CMAG discussion***

In seeking urgency, the proposers are mindful of Ofgem's Urgency Criteria and believe that this Change Proposal is linked to a current issue that, if not urgently addressed and implemented, may cause a significant commercial impact on Capacity Providers.

The Capacity Market Advisory Group (CMAG), at the CMAG Meeting on 17 March 2026, unanimously agreed to recommend to Ofgem that CP399 should be treated as an urgent Change Proposal. Additionally, in support of the materiality of the commercial impact of the issue, discussion highlighted that:

- at least 5 CMUs are currently impacted by the issue;
- these CMUs face significant financial penalties 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 (i.e. suspension of CM Payments beginning 1 May 2026 and liable for TF4 termination penalty (£15,000/MW) beginning 31 July 2026);

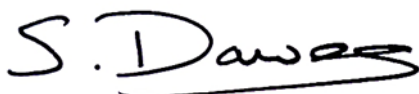
- other mitigations within the Regulations and Rules are not always viable in practice. Specifically, secondary trading could not be relied upon due to the timing of the fault and size of the required trade, and the appeals process is subject to limits on any extensions granted and considerable uncertainty in terms of outcome; and
- this is an issue that any Capacity Provider regardless of size, technology type, connection type, or location could face and are increasingly likely to face. On the latter point, it was noted that events which could impact energy infrastructure are expected to become more likely due to a combination of aging infrastructure, climate related risk, and geo-political supply chain risks. References were made to the [Electricity Transmission: annual report 2024 to 2025](#) and [Electricity Distribution: annual report 2024 to 2025](#).

Overall, CMAG felt that this situation exposes a clear gap in the current Capacity Market framework. While mitigations exist for connection issues occurring before the start of a Delivery Year, there is no equivalent mechanism for failures that arise within the Delivery Year and are solely attributable to network operator infrastructure. As a result, CMUs can face significant penalties despite being fully operational. CMAG agreed that CP399 therefore provides a pragmatic short-term remedy to an increasingly likely risk, while the group continues wider work to assess longer-term, more enduring options for addressing this issue in a proportionate way.

CMAG Secretariat will issue an update to CMAG once a decision on urgency is received from the Authority. If the Authority determines that CP399 should be treated as an urgent Change Proposal we will follow the urgent procedure agreed by Ofgem in section 4.4 of the CMAG Operating Procedure. If urgency is not granted, CMAG agreed that the Change Proposal would follow the standard assessment procedure process as the proposal raises a valid issue that needs addressing.

Please do not hesitate to contact us at [CMAG@elexon.co.uk](mailto:CMAG@elexon.co.uk) if you have any questions about this email, and I thank you in advance for your timely response.

Yours sincerely,

A handwritten signature in black ink that reads "S. Dawes". The signature is written in a cursive style with a horizontal line underneath the name.

Simon Dawes  
CMAG Facilitator