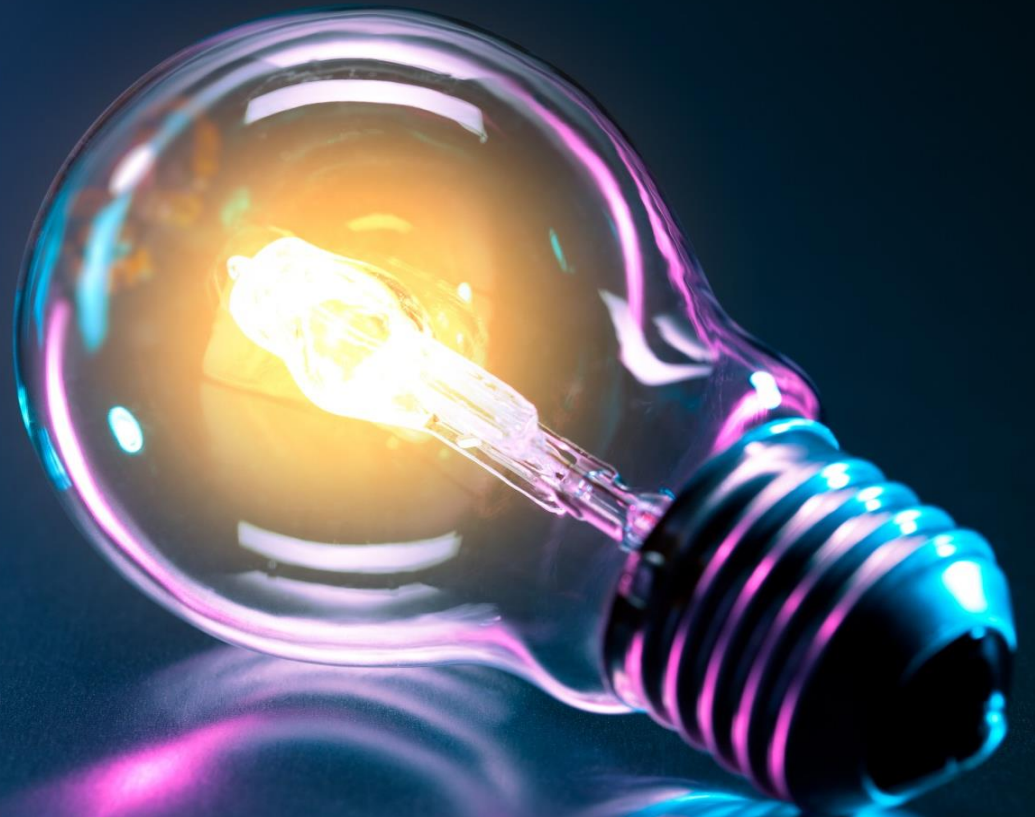


Further Submissions relating to Capacity Market Pre-Qualification

Guidance document for Capacity Market participants



Further Submissions

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Further Submissions

1) Introduction and Purpose

Applicants that have proceeded through the Capacity Market Prequalification process may be impacted by one or further processes described in the Capacity Market Rules that must be completed before the Applicant may either:

- a) enter the Capacity Market Auction for the relevant Capacity Market Unit or
- b) be eligible to have Credit Cover returned

This document covers the following processes which, if applicable must be completed prior to the auction:

- a) Conditional Prequalification: Applicant Credit Cover
- b) Conditional Prequalification: Planning Consents
- c) Provision of Price-Maker Memorandum and Certificate by Applicants
- d) Confirmation of Entry

The document also covers processes which do not have to be completed until after the auction:

- a) Independent Technical Export Report Guidance and Submission
- b) Conditional Prequalification: Connection Agreement
- c) Conditional Prequalification: TEC Deferral
- d) Release of credit cover.

In the annexes you will find templates for submission of notices.

Where this document refers to the Applicant, this is the company that registered for the capacity and submitted the application for a CMU. This may be the legal owner or the despatch controller. If you registered a sub-company and submitted an application under the sub-company then the sub-company is the applicant.

This guidance document is intended to aid Applicants in meeting the prequalification criteria and entering the auction. We have prepared this document on a non-legal basis, and it should not be taken as legal advice. In the event of any conflict or inconsistency between this document and the Regulations, the Rules or the Auction Guidelines those documents take precedence over this one.

Capitalised terms used in this guidance document shall have the same meanings given in the Rules.

If you have any questions on any of the information contained in the guide, please contact us at emr@nationalgrid.com or call 01926 655300.

Further Submissions

2) Conditional Prequalification – Applicant Credit Cover

Who this Section Applies to	Any party that has been advised by the Delivery Body that it must post Credit Cover pursuant to a Capacity Market Prequalification Decision (or a Reconsidered Decision following a Dispute)
What it impacts upon	Eligibility to participate in the Capacity Market Auction
What needs to be done	Evidence of the successful provision of Applicant Credit Cover by the Applicant to the CM Settlement Body
When must it be done by	No later than 15 Working Days after being informed of Conditionally prequalified Status: Prequalification results day (23/09/2016): by <u>5pm Friday, 14 October 2016</u> Disputes Results day (14/10/2016): by <u>5pm Friday, 4 November 2016</u>

Some Applicants are required to lodge “Approved Credit Cover” with the Settlement Body. Once they have done so, they will receive in writing a notice from the Settlement Body confirming this.

The Settlement Body will also issue the notice to the Delivery Body at the same time

Following receipt, and within 5 working days, the Delivery Body will notify the Applicant that the relevant CMU is fully prequalified by updating the corresponding entry of the CMU on the Capacity Market Register. The CMU may remain Conditionally Prequalified because of another reason (for example, outstanding Planning Consents).

Further Submissions

3) Conditional Prequalification – Planning Consents

Who this Section Applies to	Any party that has declared during its Prequalification Application that it will obtain all Relevant Planning Consents no later than 22 Working Days prior to the Capacity Market Auction
What it impacts upon	Eligibility to Bid in the Auction
What needs to be done	Declare to the Delivery Body that all Relevant Planning Consents have been obtained
When must it be done by	No later than 22 Working Days prior to the Capacity Auction. <u>T-4: by 5pm Friday 4 November 2016;</u> <u>Early Auction: by 5pm Friday 30 December 2016</u>

During Prequalification, the Applicant may have made a declaration, in accordance with Rule 3.7.1(a), that Relevant Planning Consents will be obtained by no later than 22 Working Days prior to the first Bidding Window of the Auction.

To provide the Planning Consent Declaration the Applicant must make a declaration to the Delivery Body that Planning Consents have been achieved **and** provide a directors certificate confirming that they are able to make this declaration. **It is a requirement that the relevant planning consents are also provided** alongside the declaration and directors certificate.

A sample Directors Certificate is included at Annex A to this guidance.

To provide the Planning Consent Declaration to the Delivery Body the Applicant should either:

- (a) Upload to the portal (prior to the 21st October)
- (b) Send the declaration by email to emr@nationalgrid.com.

All Planning Consent Declarations for the T-4 auction should be made no later than **5pm Friday, 4 November 2016**. The Delivery Body will confirm to all parties that have properly made the declaration by the deadline that they have successfully prequalified by **5pm on Monday 14 November 2016** – 16 Working Days prior to the first Bidding Round of the T-4 Capacity Market Auction.

All Planning Consent Declarations for the Early Auction should be made no later than **5pm Friday 30 December 2016**. The Delivery Body will confirm to all parties that have properly made the declaration by the deadline that they have successfully prequalified by **5pm on Monday 9 January 2016** – 16 Working Days prior to the first Bidding Round of the TA Capacity Market Auction.

If you do not make the necessary Declaration before the deadline you will not be able to enter the auction.

Further Submissions

4) Provision of Price-Maker Memorandum and Certificate by Applicants

Who this Section Applies to	Any party that wishes to be classified as a Price Maker for an Auction for which it has previously been notified that it is a Price Taker by the Delivery Body.
What it impacts upon	Ability to Bid in a Capacity Market auction as a Price Maker
What needs to be done	To send to the Delivery Body a copy of its Price Maker Certificate
When must it be done by	No later than 15 Working Days prior to the Capacity Auction. <u>T-4: 5pm Tuesday 22 November 2016</u> ; or <u>Early Auction: 5pm Tuesday 17 January 2017</u> <u>TA: 5pm Wednesday 8 March 2017</u>

Applicants for an Existing Generating CMU that wish to be a Price Maker must first lodge a Price-Maker Memorandum with Ofgem in accordance with Ofgem's published guidance (<https://www.ofgem.gov.uk/publications-and-updates/providing-price-maker-memorandum-authority-guidance>)

Once this has been completed successfully Ofgem will provide the Applicant with a receipt for the Price-Maker Memorandum provided to it. The Applicant must also complete and sign a copy of the Price-Maker Certificate in Exhibit B of the Rules.

To be eligible to Bid in the Capacity Market Auction, the Applicant must submit to the Delivery Body **both**:

- a) A copy of the Price Memorandum receipt AND
- b) a copy of the Price-Maker Certificate

Further Submissions

5) Confirmation of Entry into the Capacity Market Auction

Who this Section Applies to	Refurbishing CMUs, New Build CMUs, Proven DSR CMUs, Interconnector CMUs and Unproven DSR CMUs
What it impacts upon	Participation in the Auction
What needs to be done	Applicant to send Confirmation of Entry to the Delivery Body
When must it be done by	T-4: Between Tuesday 15 November and Tuesday 22 November 2016 Early Auction: Between Tuesday 10 January and Tuesday 17 January 2017 TA: Between Wednesday 1 March and Wednesday 8 March 2017

Refurbishing CMUs, New Build CMUs and DSR CMUs are required, under Rule 5.5.14 of The Capacity Market Rules, to confirm they wish to participate in a Capacity Auction. To do this they must submit a notice to the Delivery Body, between 10 and 15 days before the auction, which:

- “(a) confirms that it will participate as a Bidder with respect to that CMU in the Capacity Auction; and*
- (b) in the case of a Prospective Generating CMU or a Refurbishing CMU, specifies the duration of Capacity Agreement in whole Delivery Years (not being greater than the Maximum Obligation Period for that CMU) that it requires at the Price Cap.”*

If Applicants for Refurbishing CMUs, New Build CMUs and DSR CMUs do not submit their confirmation of entry into the Capacity Market Auction by 10 working days prior to the commencement of the first bidding window, then as outlined in Rule 5.5.16

- *The CMU will not be able to enter the auction*
- *Any Credit Cover can be released.*

If you are a New Build, Refurbishing CMU and not an Interconnector CMU then you must ensure that in addition to confirming entry into the auction you confirm the duration of Capacity Agreement in whole Delivery Years that you are seeking for the CMU at the very start of the first round of the auction (i.e. what agreement length is required should the auction clear at the price cap). This duration may not be greater than that Maximum Obligation Period for that CMU as noted in the Capacity Market Register.

If you are a Refurbishing CMU in addition to confirming entry into the auction and the duration of the Capacity Agreement sought at the auction Price Cap and in accordance with Rule 5.5.15, you must specify whether you wish the pre-refurbishment CMU to also participate in the auction. In the case of a Mandatory CMU, the Pre-Refurbishment CMU must confirm participation.

If you are a DSR CMU (either Proven or Unproven), in addition to confirming the entry to the auction, you may nominate the capacity (in MW) that you wish to enter into the auction. This

Further Submissions

capacity is called the Bidding Capacity. If you do not nominate a Bidding Capacity, then the Bidding Capacity will default to be equal to the De-rated Capacity.

For an Unproven DSR CMU, where you submit a Bidding Capacity that is lower than the De-Rated Capacity of the CMU, part of the credit cover for the CMU can be released upon application to the Settlement Body in accordance with the Rules and Regulations.

Further Submissions

6) Achieving the Financial Commitment Milestone

Provision of an Independent Technical Expert Report Guidance and Submission

Who this Section Applies to	Any New Build Generating CMU that has not yet met its Financial Commitment Milestone
What it impacts upon	Termination or otherwise of an existing Capacity Agreement. Release or otherwise of Applicant Credit Cover
What needs to be done	Provide to the Delivery Body a copy of a report authored by an Independent Technical Expert verifying that the Financial Commitment Milestone has been reached.
When must it be done by	No later than <u>16 months after the Auction Results Day</u>

Prospective CMU(s) are required, under Rule 6.6 of The Capacity Market Rules, to satisfy a Financial Commitment Milestone by no later than 16 months after receiving Auction results. The fulfilment of the Financial Completion Milestone requires the submission to the Delivery Body of an Independent Technical Report (ITE) where:

- 1) The author of the technical report must declare that they are **Independent** which is defined in Rule 1.2
- 2) The author of the technical report must declare that they are an **Independent Technical Expert** which is defined in Rule 1.2
- 3) The author of the technical report must declare that the report satisfies the **Required Technical Standard** which is defined in Rule 1.2

The ITE report must then satisfy the requirements of Rule 6.6.2

Further Submissions

7) Conditional Prequalification – Connection Agreement

Who this Section Applies to	Any party that has declared during its Prequalification Application that it will provide a Distribution Connection Agreement to the Delivery Body no later than 18 months prior to the start of the relevant Delivery Year (for the T-4 auction)
What it impacts upon	Termination or otherwise of an existing Capacity Agreement. Release or otherwise of Applicant Credit Cover
What needs to be done	Provide to the Delivery Body a copy of the relevant Distribution Connection Agreement
When must it be done by	No later than 18 months prior to the start of the relevant Delivery Year. For the T-4 auction for Delivery Year commencing 1 October 2020: by <u>5pm Friday, 29 March 2019</u>

Applicants that declared during Prequalification, in accordance with Rule 3.7.3(c) that a Distribution Connection Agreement will be in place by the date 18 months prior to the commencement of the relevant Delivery Year (or 6 Months for the Early auction), will need to submit to the Delivery Body a copy of the Applicant's Distribution Connection Agreement by **5pm on Friday, 29 March 2019.**

Further Submissions

8) Conditional Prequalification – TEC Deferral

Who this Section Applies to	Any party that has declared during its Prequalification Application that it will Transmission Entry Capacity will be in place by no later than 18 months prior to the start of the relevant Delivery Year (for the T-4 Auction)
What it impacts upon	Termination or otherwise of an existing Capacity Agreement. Release or otherwise of Applicant Credit Cover
What needs to be done	Provide to the Delivery Body a copy of the relevant Grid Connection Agreement
When must it be done by	No later than 6 months prior to the start of the Early Auction For the EA auction for Delivery Year commencing 1 October 2017: by <u>5pm on Friday, 31 March 2017</u>

Applicants that declared during Prequalification, in accordance with Rule 3.10A.3 that Transmission Entry Capacity will be in place by the date 6 months prior to the commencement of the relevant Delivery Year, will need to submit to the Delivery Body a copy of the Grid Connection Agreement. which demonstrates sufficient TEC to meet the CMUs de-rated capacity, by **5pm on Friday, 31 March 2017.**

Further Submissions

9) Release of Credit Cover

Who this Section Applies to	Any party that has posted Credit Cover with the Settlement Body
What it impacts upon	Return of Credit Cover to the party
What needs to be done	<ol style="list-style-type: none">1. Liaise with National Grid to demonstrate that the condition triggering Credit Cover is no longer applicable2. Contact the Settlement Body to arrange return of the Credit Cover
When must it be done by	As soon as reasonably practicable after the condition triggering Credit Cover is no longer applicable

After prequalification results a CMU may have been Conditionally Prequalified and required to post Credit Cover with the Settlement Body, the possible reasons for this are:

- The CMU is Unproven DSR
- The CMU has not met the Financial Commitment Milestone (FCM)
- The Applicant deferred their Distribution Connection Agreement
- The Applicant deferred the Transmission Entry Capacity (TEC) requirements

It is important to note that these requirements are not mutually exclusive, and a CMU may be conditional for more than one reason. For example a New Build Distribution connected CMU may have deferred their Distribution Connection Agreement and have not yet satisfied their Financial Commitment Milestone. In such cases every outstanding condition must become no longer applicable before the Credit Cover can be released in its entirety.

There are a number of situations which will trigger the release of credit cover in its entirety; these are:

- The owner / despatch controller of a CMU that is required to confirm that it will participate in the Capacity Market Auction (New Build Generating CMUs, Refurbishing CMUs and DSR CMUs) does not inform the Delivery Body of their intention to bid in the CMU in the auction.
- A CMU is unsuccessful in the auction
- If the auction is cancelled
- The capacity obligation is transferred to another capacity provider
- If the CMU is an Unproven DSR CMU and subsequently proves at least 90% of its capacity
- Where a New Build CMU evidences to the Delivery Body achievement of its Financial Commitment Milestone
- Where a Distribution CMU which had previously deferred providing its Distribution Connection Agreement, provides a copy of such agreement to the Delivery Body.
- Where a Transmission Connected CMU, which had previously deferred evidencing TEC, provides a copy of a connection agreement which evidences sufficient TEC.

Credit cover may be eligible for a partial return

Further Submissions

- If an Unproven DSR nominates a bidding capacity less than the prequalification capacity, then the excess credit cover can be released.

Regulations 58 to 60 of The Capacity Regulations 2014 cover the situations that result in the release of credit cover in more detail.

When any of the triggers that permit the full or partial release of the credit cover occur, National Grid will inform the Settlement Body of such an event as soon as reasonably practicable after that event occurs. Regulation 58 stipulates that you must apply to the Settlement Body in writing to have your Credit Cover returning. When the Settlement Body is satisfied it has both notifications they will release the credit cover in the manner which it was provided.

Further Submissions

Annex A: Planning Consents Declaration and Directors Certificate

Planning Consents Declaration and Directors Certificate

Part 1: Company with two Directors:

[NAME OF APPLICANT]

(Incorporated in England and Wales or Scotland under Registered No. [●])

[ADDRESS OF REGISTERED OFFICE]

Planning Consents Declaration and Directors Certificate

Unique CMU Identifier associated to the Prospective CMU	
---	--

We, being directors of [APPLICANT] (the “**Company**”), HEREBY CERTIFY as at the date of this certificate that, having made due and careful enquiry and to the best of our knowledge, information and belief, the Company has, in relation to the Prospective CMU associated to the Unique CMU Identifier indicated above, obtained all Relevant Planning Consents required for the construction and commissioning of the Prospective CMU (but excluding any ancillary infrastructure associated with, but not comprised in, the Prospective CMU) and has the Legal Right to use the land on which the CMU is or will be located.

Capitalised terms in this certificate have the meaning given to them in the Capacity Market Rules 2014 (as amended) unless otherwise indicated.

DATED: [●]

Signed

.....
Director

.....
Director

Print Name:

Print Name:

Further Submissions

Part 2: Sole Director Company:

[NAME OF APPLICANT]

(Incorporated in England and Wales or Scotland under Registered No. [●])

[ADDRESS OF REGISTERED OFFICE]

Planning Consents Declaration and Directors Certificate

Unique CMU Identifier associated to the Prospective CMU	
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I, being the director of [APPLICANT], HEREBY CERTIFY as at the date of this certificate that, having made due and careful enquiry and to the best of my knowledge, information and belief, the Company has, in relation to the Prospective CMU associated to the Unique CMU Identifier indicated above, obtained all Relevant Planning Consents required for the construction and commissioning of the Prospective CMU (but excluding any ancillary infrastructure associated with, but not comprised in, the Prospective CMU) and has the Legal Right to use the land on which the CMU is or will be located.

Capitalised terms in this certificate have the meaning given to them in the Capacity Market Rules 2014 (as amended) unless otherwise indicated.

DATED: [●]

Signed

.....
Director

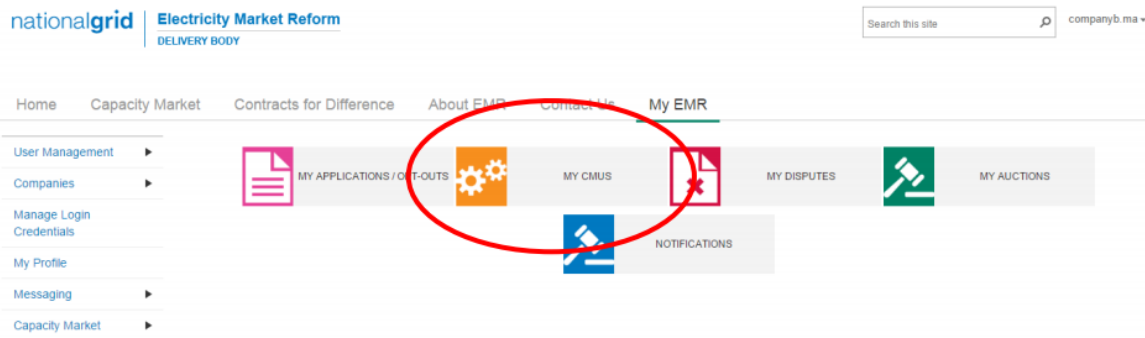
Print Name:

Further Submissions

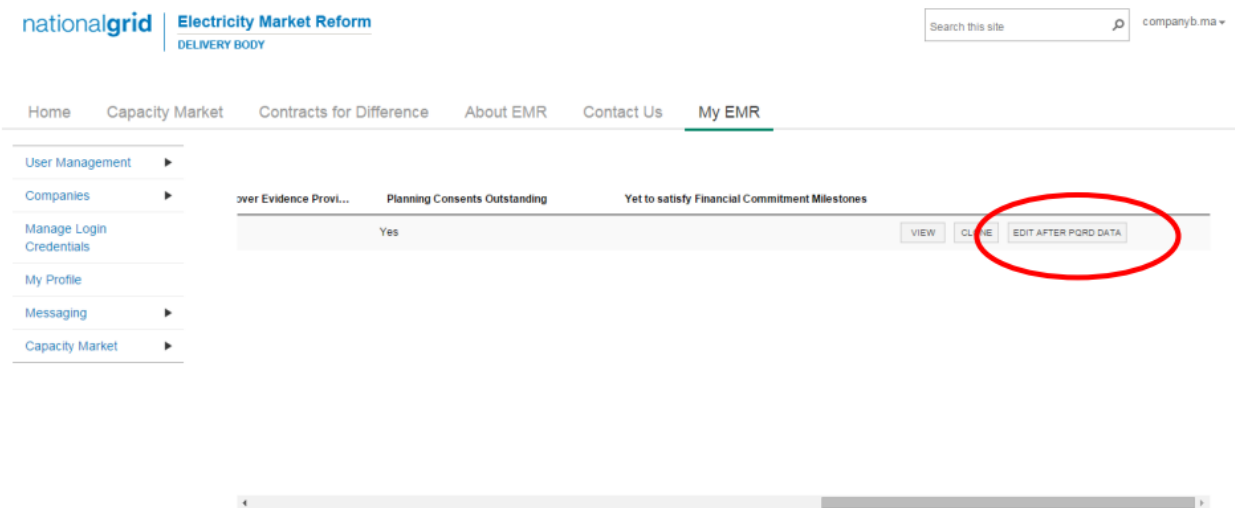
Annex B: Uploading information to the Portal

a) Planning Consents

Sign in to the EMR Delivery Body Portal and click on My CMUs



Look for the Application for which the Planning Consent relates, and click “EDIT AFTER PQRD DATA”.



This will open the application on the landing page and a selection of tabs is visible at the page.

Further Submissions

Select “Planning Consents”

User Management ▾
Companies ▾
Manage Login Credentials
My Profile
Messaging ▾
Capacity Market ▾

Main Page Construction Plan Metering Information **Planning Consent**

Planning Consent - Director's Certificate *
Please Upload the directors certificate confirming that Planning Consent has been achieved
 No file chosen

Planning Consent - Supporting Information *
Please upload any further supporting evidence that you wish to provide in support of the above directors declaration
 No file chosen

All Relevant Planning Consents have been obtained and I have the Legal Right to use the land

CMU Components

Upload the relevant documents and tick the box confirming “All Relevant Planning Consents have been obtained and I have the Legal Right to use the land” before clicking submit.

You will then be directed to the landing page and if you re-enter the application you will not be able to edit the Planning Consents field. You only have one chance to upload the right documents so ensure you double check before submitting. If you have multiple CMUs you will have to repeat this process for each.

Only users with approver privileges are able to submit the Credit Cover notice, users with operator rights are able to upload. User privileges can be checked in the User Management section of the portal.

b) Provision of Price Maker

Sign in to the EMR Delivery Body Portal and click on My Applications/Opt-Outs

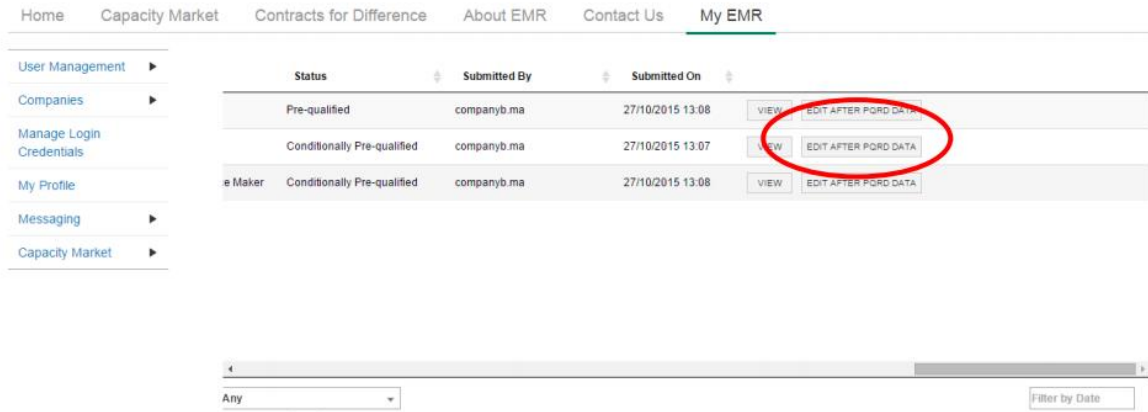
User Management ▾
Companies ▾
Manage Login Credentials
My Profile
Messaging ▾
Capacity Market ▾

MY APPLICATIONS / OPT-OUTS **MY CMUS** **MY DISPUTES** **MY AUCTIONS**

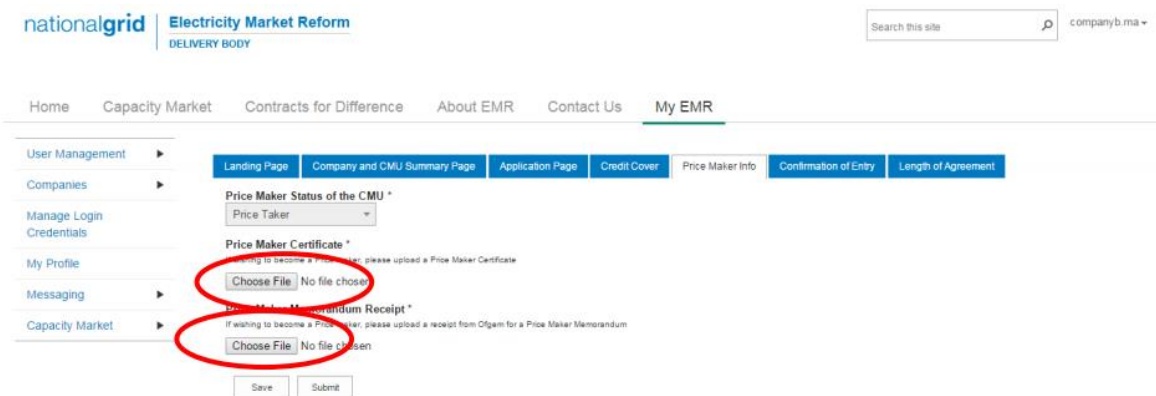
NOTIFICATIONS

Look for the Application for which the price maker relates, and click “EDIT AFTER PQRD DATA”.

Further Submissions



This will open the application on the landing page and a selection of tabs is visible at the page select "Price Maker Info".



On the price maker tab, you have the option to upload a Price Maker Certificate and Price Maker Memorandum Receipt. After uploading click submit In order for your status to change from Price Taker to Price Maker you will have to upload both of these documents.

You will then be directed to the landing page and if you re-enter the application you will not be able to edit the Price maker info field. You only have one chance to upload the right documents so ensure you double check before submitting.

If you have multiple CMUs you will have to repeat this process for each. Only users with approver privileges are able to submit the Price Maker, users with operator rights are able to upload. User privileges can be checked in the User Management section of the portal.

c) Confirmation of entry

Sign in to the EMR Delivery Body Portal and click on My Applications/Opt-Outs

Further Submissions

The screenshot shows the 'My EMR' section of the portal. A horizontal navigation bar contains several tabs: 'Landing Page', 'Company and CMU Summary Page', 'Application Page', 'Credit Cover', 'Price Maker Info', 'Confirmation of Entry', and 'Length of Agreement'. The 'Confirmation of Entry' tab is highlighted with a red circle. Below the navigation bar, the 'Applicant Company' section displays 'Company B', 'CMU BNB001', 'Company B 01', 'Auction RobynDemo', and a 'Save' button.

On the landing page select “Confirmation of Entry” tab

The screenshot shows the 'Confirmation of Entry' page. The 'Confirmation of Entry' tab is selected in the navigation bar. The main content area contains the heading 'Confirmation of Entry *' and the instruction 'Please tick this box if you wish to participate in the selected upcoming Capacity Market Auction for this CMU'. A red arrow points to a small checkbox. Below the checkbox are 'Save' and 'Submit' buttons.

On this page, you will need to check the box and click the submit button. This will confirm that you wish to enter the auction.

You will then be directed to the landing page and if you re-enter the application you will not be able to edit the Price maker info field. Once you have confirmed entry you will not be able to change the decision.

Only users with approver privileges are able to confirm entry, users with operator rights are able to upload. User privileges can be checked in the User Management section of the portal.

d) Length of Agreement

Sign in to the EMR Delivery Body Portal and click on My Applications/Opt-Outs

The screenshot shows the 'My EMR' section of the portal. The 'Length of Agreement' tab is highlighted with a red circle in the horizontal navigation bar. Below the navigation bar, the 'Applicant Company' section displays 'Company B', 'CMU BNB001', 'Company B 01', 'Auction RobynDemo', and a 'Save' button.

On the landing page select “Length of Agreement” tab

Further Submissions

The screenshot shows the National Grid Electricity Market Reform portal. The top navigation bar includes 'Home', 'Capacity Market', 'Contracts for Difference', 'About EMR', 'Contact Us', and 'My EMR'. The 'My EMR' section is active, showing a breadcrumb trail: 'Landing Page > Company and CMU Summary Page > Application Page > Credit Cover > Price Maker Info > Confirmation of Entry > Length of Agreement'. The 'Length of Agreement at Price Cap' field is highlighted with a red circle and contains the value '15'. Below the field are 'Save' and 'Submit' buttons. The left sidebar contains navigation options: 'User Management', 'Companies', 'Manage Login Credentials', 'My Profile', 'Messaging', and 'Capacity Market'.

In the box you can change the length of agreement between 1 and 15 years (If you are a Refurb CMU, you will have the option between 1 and 3 years), once you have chosen your desired period just click the submit button.

You will then be directed to the landing page and if you re-enter the application you will not be able to edit the Length of Agreement info field. You only have one chance to input the correct number so ensure you double check before submitting. If you have multiple CMUs you will have to repeat this process for each.

Only users with approver privileges are able to confirm entry, users with operator rights are able to upload. User privileges can be checked in the User Management section of the portal.

On this page you will have to upload the relevant documents:

- TEC deferral – Distribution Connection Agreement
- Connection deferral – Distribution Connection Agreement

Once you have submitted either of these documents you will be directed to the landing page and if you re-enter the application you will not be able to edit the documents. You only have one chance to input the correct number so ensure you double check before submitting. If you have multiple CMUs you will have to repeat this process for each.

e) Refurbishing CMU

Refurbishing CMUs will have more options available to them, as they will have to carry out certain tasks twice (once for pre-refurb and once for post refurb.)

Refurb CMUs will have to confirm entry Pre and Post Refurb and have the option to change the length of agreement Post-Refurb (although it is only possible to view the length of agreement in pre-refurb tab).

There is also the option to add metering information if you have deferred this for post-refurb.

Further Submissions

User Management ▾	Landing Page	Company and CMU Summary Page	Refurbishing CMU Structure	Application Page (Pre-Refurb)	Credit Cover	Application Page (Post-Refurb)
Companies ▾	Opt-Out Notification	Price Maker Info	Confirmation Of Entry (Pre-Refurb)	Confirmation Of Entry (Post-Refurb)	Length of Agreement (Pre-Refurb)	
Manage Login Credentials	Length of Agreement (Post-Refurb)					
My Profile	Applicant Company					
Messaging ▾	Company B					
Capacity Market ▾	CMU					
	BRF004					
	Company B 04					
	Auction					
	RobynDemo					