

Capacity Market Auction Guidelines

2016 Four year ahead Capacity Auction

- Delivery year 2020/21

2017 Early Capacity Auction

- Delivery year 2017/18

2017 Transitional Capacity Auction

- Delivery year 2017/18



Capacity Market Auction Guidelines

July 2016

These Auction Guidelines must be used in conjunction with the Electricity Capacity Regulations 2014 and Capacity Market Rules 2014 (with 2015 amendments); failure to do so may result in unsuccessful pre-qualification or failure to gain a capacity agreement in the Capacity Auction.

Copyright National Grid 2016, all rights reserved. No part of these Auction Guidelines may be reproduced in any material form (including photocopying and restoring in any medium or electronic means and whether or not transiently or incidentally) without the written permission of National Grid except in accordance with the provisions of the Copyright, Designs and Patents Act 1988.

Note to reader – the Guidelines will be revised when the Rules have been published (with the 2016 amendments) which may alter some of the guidance but not the parameters.

Table of Contents

Executive Summary.....	3
Data	4
Timetable for 2016 Four Year Ahead Capacity Auction (T-4), the 2017 Early Capacity Auction(EA) and the 2017 Transitional Capacity Auction (TA)	4
Auction Parameters for Four Year Ahead Capacity Auction (T-4).....	4
Auction Parameters for the Early Capacity Auction.....	5
Auction Parameters for Transitional Capacity Auction	5
De-rating Factors for the 2016 Four Year Ahead Capacity Market Auction	5
De-rating Factors for the 2017 Early Capacity Auction and and Transitional Capacity Auction	7
Additional Information Concerning Auctions	8
Additional Information Concerning the Transitional Capacity Auction	8
Systems Overview	9
Accessing EMR Delivery Body Systems	9
Registration for EMR Delivery Body Portal and the IT Auction System	9
Prequalification.....	10
Dispute Resolution and Appeal process	15
Auction	16
Contingency Bidding Arrangements	16
Auction Monitor	17
Reporting of results.....	17
Capacity Market Register.....	18

Capacity Market Auction Guidelines for;

2016 Four year ahead Capacity Auction (T-4)

-Delivery year 2020/21

2017 Early Capacity Auction (EA)

-Delivery year 2017/18

2017 Transitional Capacity Auction (TA)

-Delivery year 2017/18

Executive Summary

The Electricity Capacity Regulations 2014 (“the Regulations”) and the Capacity Market Rules 2014 (“the Rules”), both as amended, oblige National Grid Electricity plc in its role as Delivery Body to publish Auction Guidelines. This document has been prepared to discharge that obligation.

The Regulations, the Rules, and these Auction Guidelines set out the requirements for market participants wishing to enter the Capacity Market and for owners of Mandatory CMU's not wishing to enter the Capacity Market. In addition to these obligatory Auction Guidelines, the Delivery Body is also preparing non statutory user support guides, providing information and training which is referenced in this document.

Capitalised terms used in these Auction Guidelines shall have the meanings given in the Rules.

In accordance with the Regulations and Rules the Auction Guidelines provide the following specific information for the December 2016 four year ahead (“T-4”) Capacity Auction, the January 2017 Early Capacity Auction and the March 2017 Transitional Capacity Auction (TA):

- The provisional date on which the Capacity Auctions will start
- The timetable for submission and determination of applications
- Details of how to apply to prequalify to participate in the Capacity Auction
- Instructions on using the EMR Delivery Body Portal and the IT Auction System
- The Auction Parameters determined by the Secretary of State
- The approved De-rating Factor for each Generating Technology Class, each DSR CMU and each Interconnector CMU
- Contingency arrangements for auction bidding, in the event of failure of a participant's access to the system

Other supporting documentation, will be provided in the form of:

User Support Guides¹- these will cover each key process and will:

- Set out the process steps
- Set out the provider data requirements, referencing the Capacity Market Rules or Auction Guidelines as appropriate
- Explain any actions that are to be taken by the Delivery Body.

¹ <https://www.emrdeliverybody.com/CM/CMDocumentLibrary.aspx>

Auction Guidelines

System Specific Training- these sessions will be available during prequalification and in the weeks prior to each Auction and will cover the following subjects:

- Registration and Prequalification
- Auction

This system will be accessed via the EMR Delivery Body Portal www.emrdeliverybody.com.

Data

Timetable for 2016 Four Year Ahead Capacity Auction (T-4), the 2017 Early Capacity Auction(EA) and the 2017 Transitional Capacity Auction (TA)

	T-4	EA	TA
Prequalification Window opens	1/8/16	1/8/16	1/8/16
Prequalification Window closes	26/8/16	26/8/16	26/8/16
Prequalification Results Day	23/9/16	23/9/16	23/9/16
Notification of updated Auction Parameters and confirmation of the conditional Prequalified Applicants which have fully Prequalified pursuant to Rule 4.6.3	28/10/16	28/10/16	28/10/16
Notification of Prequalified CMUs pursuant to Rule 5.5.10(b) and associated update of affected Auction Parameters	14/10/16	14/10/16	14/10/16
Confirmation of Entry and decisions under Rules 5.5.11, 5.5.13 and 5.5.14 notified to DB	T-15 to T-10 15/11/16 to 22/11/16	T-15 to T-10 10/1/17 – 17/1/17	T-15 to T-10 1/3/17 to 8/3/17
Mock Auction – users login, check CMU details, run through a scripted auction in readiness for live auction	T-8days 24/11/16	T-8days 19/01/17	T-8days 09/03/17
Auction start (T)	Tue 6th Dec 2016	Tue 31st January 2017	Wed 22nd March 2017

Table 1: Timetable for 2016 Four Year Ahead Capacity Auction (T-4), the 2017 Early Capacity Auction(EA) and the 2017 Transitional Capacity Auction (TA)

Auction Parameters for Four Year Ahead Capacity Auction (T-4)

The Auction Parameters for each Capacity Market Auction are determined by the Secretary of State. Parameters for the 2016 Four Year Ahead Auction are given in Table 2 below, and are expressed in 2015/16 prices.

T-4

Target capacity for 2016 T-4 Capacity Auction	52,000 MW
Demand curve coordinate – target volume at price cap	50,500 MW
Demand curve coordinate – target volume at £0/kW	53,500 MW
Price cap	£75/kW/year
Net Cone	£49/kW/year
Price Taker Threshold	£25/kW/year
15 Year Minimum £/kW Threshold	£255/kW De-rated capacity

Auction Guidelines

3 Year Minimum £/kW Threshold	£130/kW De-rated capacity
Indexation base period	2015/16 ²

Table 2: Auction Parameters for 2016 Four Year Ahead Capacity Market Auction

Auction Parameters for the Early Capacity Auction

The Auction Parameters for each Capacity Market Auction are determined by the Secretary of State. Parameters for the 2017 Early Capacity Auction are given in Table 3 below, and are expressed in 2015/16 prices.

EA

Target capacity for 2017 Early Capacity Auction	53,800 MW
Demand curve coordinate – target volume at price cap	52,800 MW
Demand curve coordinate – target volume at £0/kW	54,800 MW
Price cap	£75/kW/year
Net Cone	£49/kW/year
Price Taker Threshold	£25/kW/year

Table 3: Auction Parameters for the 2017 Early Capacity Auction

Auction Parameters for Transitional Capacity Auction

The Auction Parameters for each Capacity Market Auction are determined by the Secretary of State. Parameters for the 2017 Transitional Capacity Auction are given in Table 4 below, and are expressed in 2015/16 prices.

TA

Target capacity for 2016 Transitional Auction	300 MW
Demand curve coordinate – target volume at price cap	200 MW
Demand curve coordinate – target volume at £0/kW	400 MW
Price cap	£75/kW/year
Net Cone Proxy	£49/kW
Price Taker Threshold	£25/kW/year
Percentage of auction clearing price payable to time banded capacity obligations	70%

Table 4: Auction Parameters for 2017 Transitional Capacity Auction

If the Secretary of State notifies the Delivery Body any adjustments to the Auction Parameters for a Capacity Auction pursuant to Regulation 13 of the Regulations, the Delivery Body must publish such adjusted Auction Parameters within 5 Working Days of receiving such notification. Such adjusted Auction Parameters shall thereafter form part of the Auction Guidelines for the relevant Capacity Auction in substitution for the previous Auction Parameters.

De-rating Factors for the 2016 Four Year Ahead Capacity Market Auction

² Base Period for Indexation: October 2015 to April 2016 inclusive.

Auction Guidelines

The De-rating Factor for each Generating Technology Class and DSR has been calculated in accordance with the methodology in Rule 2.3.5. and is explained in more detail within the Electricity Capacity Report³ (ECR). These factors are set out in Table 5 below.

The interconnector De-rating methodology is detailed in the SoS Confirmation of Capacity Auction Parameters communicated 6th July 2016⁴.

2020/21 delivery year

Name for technology class	Plant Types Included	De-rating factor
Oil-fired steam generators	Conventional steam generators using fuel oil	85.44%
OCGT and reciprocating engines (non-autogeneration) (Please specify if Gas, Diesel or other).	Gas turbines running in open cycle fired mode Reciprocating engines not used for autogeneration	94.17%
Nuclear	Nuclear plants generating electricity	84.36%
Hydro	Generating Units driven by water, other than such units: (a) driven by tidal flows, waves, ocean currents or geothermal sources; or (b) which form part of a Storage Facility	86.16%
Storage	Conversion of imported electricity into a form of energy which can be stored, the storing of the energy which has been so converted and the re-conversion of the stored energy into electrical energy Includes hydro Generating Units which form part of a Storage Facility (pumped storage hydro stations).	96.29%
CCGT	Combined Cycle Gas Turbine plants	90.00%
CHP and autogeneration	Combined Heat and Power plants (large and small-scale) Autogeneration – including reciprocating engines burning oil or gas	90.00%
Coal/biomass	Conventional steam generators using coal or biomass	86.92%

³ <https://www.emrdeliverybody.com/CM/CMDocumentLibrary.aspx>

⁴ <https://www.emrdeliverybody.com/CM/CMDocumentLibrary.aspx>

Auction Guidelines

DSR		86.88%
Interconnector de-rating	IFA (France)	60%
	Eleclink (France)	65%
	BritNED (Netherlands)	74%
	NEMO (Belgium)	77%
	Moyle and EWIC (Ireland)	26%
	IFA2 (France)	62%
	NSL (Norway)	78%

Table 5: De-rating Factors for the 2016 Four Year Ahead Capacity Auction

De-rating Factors for the 2017 Early Capacity Auction and Transitional Capacity Auction

The De-rating Factor for each Generating Technology Class and DSR has been calculated in accordance with the methodology in Rule 2.3.5. and is explained in more detail within the Electricity Capacity Report⁵ (ECR). These factors are set out in Table 6 below.

The interconnector De-rating methodology is detailed in the SoS Confirmation of Capacity Auction Parameters communicated in July 2016⁶.

2017/18 delivery year

Name for technology class	Plant Types Included	De-rating factor
Oil-fired steam generators	Conventional steam generators using fuel oil	85.44%
OCGT and reciprocating engines (non-autogeneration) (Please specify if Gas, Diesel or other)	Gas turbines running in open cycle fired mode Reciprocating engines not used for autogeneration	94.17%

⁶<https://www.emrdeliverybody.com/CM/CMDocumentLibrary.aspx>

Auction Guidelines

Nuclear	Nuclear plants generating electricity	84.36%
Hydro	Generating Units driven by water, other than such units: (a) driven by tidal flows, waves, ocean currents or geothermal sources; or (b) which form part of a Storage Facility	86.16%
Storage	Conversion of imported electricity into a form of energy which can be stored, the storing of the energy which has been so converted and the re-conversion of the stored energy into electrical energy Includes hydro Generating Units which form part of a Storage Facility (pumped storage hydro stations).	96.29%
CCGT	Combined Cycle Gas Turbine plants	87.60%
CHP and autogeneration	Combined Heat and Power plants (large and small-scale) Autogeneration – including reciprocating engines burning oil or gas	90.00%
Coal/biomass	Conventional steam generators using coal or biomass	86.92%
DSR		86.88%
Interconnector de-rating	IFA (France)	59%
	Eleclink (France)	-
	BritNED (Netherlands)	74%
	NEMO (Belgium)	-
	Moyle and EWIC (Ireland)	30%
	IFA2 (France)	-
	NSL (Norway)	-

Table 6: De-rating Factors for the 2017 Early Capacity Auction and Transitional Capacity Auction

Additional Information Concerning Auctions

Should they wish, eligible participants are able to prequalify for all three auctions; the T-4, the early auction and TA auction. If successful at auction this participant is able to receive an agreement for the T-4 and the Early auction or any singular auction but a participant cannot receive a capacity agreement in both the early and TA auctions or the T-4 and TA auctions.

Additional Information Concerning the Transitional Capacity Auction

Auction Guidelines

In the TA, participants are requested to choose either a time banded product (09.00-11.00 and 16.00-20.00 on Working Days in Winter) or a non-time banded product. As per the Auction Parameters, the time banded product receives a clearing price of 70% of the full clearing price i.e. if the TA auction clears at £10/kW/year the participant receives £7/kW/year.

The Transitional Capacity Auction in 2017 has new eligibility criteria and applicants will have to declare that their DSR capacity is not achieved or will not be achieved by using a Generating Unit. A further amendment is that the CMU minimum threshold has been lowered from 2MW to 500kW.

Processes

Systems Overview

The following systems information will be detailed in the Capacity Market User Support Guide and further user support material:

- Instructions on using the EMR Delivery Body Portal
- How to Register, including how to complete security and identity checks for applicants
- How to submit Prequalification information (including the required file format for the uploading of any supporting documentation)
- How to access the Capacity Market Register and submit notifications to the Delivery Body.

Accessing EMR Delivery Body Systems

This section includes details on where to access the relevant forms to be completed by Applicants as part of the Prequalification process, relevant file formats for the application and additional information. It also includes instructions on using the EMR Delivery Body Portal and the IT Auction System, as required by Rule 2.2.3.

Registration for EMR Delivery Body Portal and the IT Auction System

The EMR Delivery Body Portal will be used to complete Prequalification and provide access to the IT Auction System in order to take part in any Capacity Auction. To set up an account and access these systems, registration is required. Registration is to be completed on a per company basis and requires submission of company specific details which will be cross checked against public records.

All information will be stored securely in the EMR Delivery Body Portal, and will only be accessible by authorised persons; it will not be shared (unless required the Regulations or Rules) and will only be used in accordance with the Rules.

Full instructions on how to complete the registration process are in the EMR Company Registration and User Management Support Guide.⁷

⁷ <https://www.emrdeliverybody.com/CM/CMDocumentLibrary.aspx>

Auction Guidelines

Prequalification

An Application for Prequalification must follow the steps set out below:

- Enter Applicant details
- Identify the Capacity Market Unit (CMU) and constituent components (unless unproven)
- Declare the type of CMU
- Submit information required for each CMU component
- Submit Opt-out Notification if choosing to Opt-out

Application Details

All CMUs must submit information as required by Rule 3.4 which sets out the information which all Applicants must provide. Additional information which also must be submitted varies by the type of CMU. Table 7 sets out the Rules that are relevant for these purposes.

The Delivery Body has developed an online system for Applicants to submit Applications and supporting information. This system will be accessed via the EMR Delivery Body Portal, www.emrdeliverybody.com.

Further information on how to submit Prequalification information will be included in the Capacity Market User Support Guide.

Type of CMU	Rules applicable to all types of CMU	Rules specific to each type of CMU
Existing	3.1, 3.2, 3.3, 3.4, 3.12	3.5 and 3.6
New Build		3.5 and 3.7
Refurbishing		3.5 and 3.8
Proven DSR		3.9
Unproven DSR		3.10
Opt Out		3.11

Table 7: Prequalification Data Requirements for information – subject to change following publication of the 2016 rules

Implementation of Capacity Market Rules *subject to change following publication of the 2016 rules*

Connection Capacity:

Rules 3.5.2, 3.5.3 and 3.5.5 offer Applicants three methods to determine the Connection Capacity of each component of a Generation CMU. Applicants will be asked to inform the Delivery Body which option(s) they have used to set the size of the components of the CMU.

Metering Assessment

Auction Guidelines

Applicants for Existing Generation CMUs and Proven DSR CMUs are required to complete a Metering Assessment at Prequalification; this is set out in Chapter 3 of the Rules. Applicants will complete the Metering Assessment via the EMR Delivery Body Portal. The questions below set out the information which must be provided for different types of CMU.

Transmission CMUs:

Applicants must submit MSID numbers for Balancing Mechanism Units making up the Transmission CMU. The Balancing Mechanism (BM) Unit registration process ensures that BM Units are appropriately metered. They must also answer:

- Is there any other generation on site (other than the CMU generating units)?

Existing Generating CMUs – CMRS Distribution Connected CMUs:

Applicants must answer the following questions:

- Meter location – Are the meters on the boundary with the Distribution Network (as opposed to embedded within the site)?
- Multiple Connections - Does the site have additional connections to the Distribution Network (other than the connection used by the CMU Component)?
- Is there any other generation on site (other than the CMU generating units)?

Existing Generating CMUs – Non-CMRS Distribution Connected CMUs and DSR CMUs:

In addition to the questions for Existing Generating CMUs – CMRS Distribution Connected CMUs, Applicants for Existing Generating CMUs – Non-CMRS Distribution Connected CMUs and DSR CMUs must provide information on which of the metering pathways will be used. Additional information is required depending on choice of metering pathway is set out in Table 6 below:

Metering Pathway Option	Description of option	Additional information
a)	The Applicant will request that the relevant data collector (appointed by its supplier) passes the half hourly, non-aggregated BSC metered data for the relevant CMU	Metering Dispensations / Complex Sites: • Does the CMU Component have a Metering Dispensation or is it classified as a complex site under BSCP514? • If yes, further information must be provided
b)	The Applicant will install / has installed appropriate half-hourly metering to measure delivery and provide the data to the settlement agent.	• Please provide a brief description of the metering arrangements including their main intended purpose (for example Operational, STOR, Landlord/Tenant billing etc.) and any standards/specification which are applicable.
c)	The appropriate metering will be provided using existing balancing services metering used to monitor the provision to the System Operator of a Short Term	• What is the overall accuracy of your metering system (including any CTs, VTs and any other connected equipment)? • Are your meters used for any other purposes? If yes please specify.

Auction Guidelines

	Operating Reserve (STOR) service, or relevant balancing services.	• Has your metering system been commissioned to verify correct operation? • Are your meters, current and/or voltage transformers calibrated to a reference standard?
--	---	--

Table 8: Metering Assessment Information

Historic Performance Data:

Rule 3.6.1 requires Existing Generating CMUs to identify when their highest output was delivered and specify what the output was.

For CMRS Generating CMUs, the output on the three occasions submitted by the applicant will be cross checked against SAA-I014 data, provided by Elexon in its role as BSCCo to the System Operator, to carry out the assessment required in Rule 4.4.2.

For Interconnector CMUs the output will be cross checked against file CDCE-I041 of the Central Data Collection Agent.

Applicants for an Existing Generating CMU that is a Non-CMRS Distribution CMU must provide a letter from their supplier (or former supplier) verifying their output; this is set out in Rule 3.6.1(b). The letter should separately identify the output of each component in the same settlement period.

The Delivery Body will use Balancing Services data to verify the past performance of components of Proven DSR CMU applications and to calculate the Proven DSR capacity.

Evidence of Connection Agreement for Existing CMUs:

Rules 3.6.3 and 3.6A require Existing Generating CMUs and Existing Interconnector CMUs to evidence holding a Connection Agreement.

Transmission CMU:

Where the Existing CMU is a Transmission CMU and able to give the confirmation required by Rule 3.6.3(a)(i), Applicants need to provide:

- The identifying cover page and signature page of the connection agreement to demonstrate that the agreement is in force:
 - This can be a signature on the original agreement, on the latest agreement to vary or on the bi-party agreement signed at the time of NETA which moved agreements to the CUSC framework;
 - In the latter case the signed bi-party agreement (which may have covered multiple sites) should be accompanied by the (unsigned) Bilateral Connection Agreement (BCA) which was appended to the bi-party agreement and which relates to the CMU in question; and
- Appendix C of the relevant agreement to give the technical information required for Prequalification. This should be the latest/current Appendix C to confirm CEC and TEC.

For the avoidance of doubt the Delivery Year commences on the 1st October 2019, the connection agreement should secure Transmission Entry Capacity from this date or earlier.

Auction Guidelines

Applicants do not normally need to provide both the signed BCA and signed bi-party agreement. However, if the evidence provided is the bi-party agreement then only this agreement will be signed and not the attached BCA. In this case the Applicant should submit the signed bi-party agreement and the unsigned BCA which was attached to it. If this BCA has subsequently been amended then the Delivery Body will need to see the signed copy of the relevant amending agreement together with the Appendix C.

Distribution CMU:

Where the Existing Generating CMU is a Distribution CMU, Applicants should upload the relevant sections of the Distribution Connection Agreement showing the signatures, contract reference, registered capacity and the capacity that Generating Unit is permitted to export to the Distribution Network. Where there is a range of figures the page showing the full range and any accompanying details should be provided. Where a Distribution Connection Agreement or connection offer states a range of values for the registered capacity or inverter rating then the lowest value will be taken for the connection capacity value.

Where the Registered Capacity or Inverter Rating has been calculated from other information contained in the Connection Agreement as per Rule 3.5.2 (c) (iii) the Applicant should highlight which numbers they have used and how they have calculated that figure.

If the Applicant cannot provide a connection agreement, in line with Rule 3.6.3(c) the Applicant may provide written confirmation from the Distribution Network Operator (DNO) that a connection agreement is in place and confirming the registered capacity and export capacity of the Generating CMU. Any Applicant unable to provide a copy of their connection agreement may wish to consider engaging with the relevant DNO as soon as possible.

CMUs connected to a Private Network:

Where the Existing Generating CMU is connected to a Private Network must provide a letter from the owner of the Private Network to which the CMU is connected. Such letter must confirm

- The full output that the CMU is permitted to Export onto that Private Network; and
- That the owner of the Private Network has an agreement with the relevant Distribution Network Operator for the connection of the Private Network to, and use of, a Distribution Network.

Any Applicants for Distribution CMUs (prospective or existing) converting a kVA figure stated in a connection agreement or confirmatory letter to MWs should include the relevant Power Factor utilised for the conversion in their Application.

Prospective CMUs Relevant Planning Consents

Prospective CMUs who make a declaration further to 3.7.1(b) must provide documentary evidence of the Relevant Planning Consents. Relevant Planning Consent is defined in the CM Rules and includes, but is not limited to, Section 36 consents, Town and Country Planning Consents, or a marine licence under the Marine and Coastal Access Act 2009. Applicants should provide a full electronic copy of the latest version of their Relevant Planning Consent.

Demand Side Response Business Plan:

Rules 3.9.3 and 3.10.1 require Proven and Unproven DSR CMUs to submit a business model containing a summary of the relationship between the DSR Provider and DSR CMU component. This summary should state whether the DSR Provider is the DSR customer, owns the DSR

Auction Guidelines

customer or has contractual control over the DSR customer as defined in Regulation 5 of the Regulations.

Results

The Delivery Body will provide a notification to each Applicant that submitted an Application informing them if they were successful or otherwise by 5pm on Prequalification Results Day.

Prequalification results templates:

<u>Notice of Prequalification success</u>	
Prequalification Decision	Prequalified or Conditionally Prequalified
Applicant	Applicant xxxa
Identity of CMU	CMU xx1
Type of CMU	CMU Type
De-rated Capacity	XMW
Whether the unit is currently prequalified as a Price-Maker or Price-Taker	Price-Maker/ Taker
If successful at Auction is the CMU subject to a Metering Test	Metering test required/not required
Whether Prequalification is conditional on providing credit support pursuant to Rule 4.5.1 (b) (ii) or 4.5.1 (b) (iii) or 4.5.1 (b) (iv)	Conditional – Please provide [the required amount of collateral] to the Settlement Body.
Whether Prequalification is conditional on providing Planning Consents requirement of Rule 4.7	Conditional - Planning consent declaration required
The Maximum Obligation Period of the Capacity Agreement it may bid for	Agreement duration x years
Additional Information	Any other pertinent information.

<u>Notice of Prequalification Rejection</u>	
Prequalification Decision	Rejected
Applicant	Applicant xxxa
Identity of CMU	CMUxx1
Type of CMU	CMU Type
De-rated Capacity	XMW

Auction Guidelines

Additional Information	The reasons for rejection
------------------------	---------------------------

Dispute Resolution and Appeal process

Capacity Market participants have access to an Appeal process, as set out in Part 10 of the Regulations. Appeals may be raised against a 'delivery body reviewable decision', defined in Regulation 68 of the Regulations as:

- A Prequalification Decision
- A refusal of a request for rectification of the Capacity Market Register on the basis of factual inaccuracy
- A refusal of a request to amend a Capacity Agreement Notice on the basis of factual inaccuracy
- The issue of a Termination Notice, or a Notice of Intention to Terminate (as defined in Rule 6.8.2) a Capacity Agreement

Appeals must be submitted in writing to the Delivery Body within 5 Working Days of the date of receipt of notice of the decision. Appellants should lodge an appeal via the EMR Delivery Body Portal within this 5 Working Day period.

Auction Guidelines

Auction

The Capacity Auction is a descending clock auction, pay as clear, where Bidders withdraw capacity as the price drops subject to the conditions set out in Chapter 5 of the Rules. Provisional Capacity Auction results are notified to Bidders within 24 hours of the Capacity Auction clearing. Results are published and the Capacity Market Register updated within 8 working days, subject to Rule 5.10.6.

Following a rule change to permit DBA and exit bids to be 'active' at the same price a DBA can only be entered at a price above an Exit Bid for the same CMU. More details in the user guide material on the Portal.

For the auctions in 2016/17 (T-4, EA & TA) they will be a Non Variable Price Duration Auction. All successful Bidders receive the Clearing Price (unless time banded). Actual capacity payments made will be based on the 2015/16 prices price indexed to a point ahead of the Delivery Year (CPI All Items). The table below sets out further information pertaining to each Auction.

Parameter	Value T-4	EA	TA
Non Variable or Variable Price-Duration auction	Non Variable Price Auction	Non Variable Price Auction	Non Variable Price Auction
Bidding round price spread	£5/kW/year per round	£5/kW/year per round	£5/kW/year per round
Auction start time	09:00	09:00	09:00
Bidding Round duration	tbc	tbc	tbc
Time between rounds (recess)	30mins	30mins	30mins
Number of auction rounds planned	tbc	tbc	tbc
Number of auction days planned	4 days	4 days	4 days

Table 9: Other Relevant Auction Information note the bidding round duration is currently being reviewed

The IT Auction System is an online system, accessed by standard web browsers. Prequalified Applicants will be provided with access details to allow them to enter via the EMR Delivery Body Portal. Within the IT Auction System, bidders will be able to enter and modify their exit bids and eligible bidders will be able to change their agreement length by entering data directly on the online system.

Training on use of the system, including placing Exit Bids, will be available in advance of system go-live. Training will commence from October 2016 and will include a bidder manual, screen casts, user trials and a mock auction.

Contingency Bidding Arrangements

This section describes the backup systems referred to in Rule 5.5.21 and which are to be utilised in the circumstances where a Bidder is unable to submit a Duration Bid Amendment or Exit Bid through the IT Auction System due to a technical fault in their connection to the system. In such circumstances the Auctioneer can place bids on behalf of Authorised Individuals (AI's) by telephone. AI's are the named users registered to bid Prequalified CMUs. This is only available as a contingency arrangement for loss of systems.

Auction Guidelines

The procedure for placing bids by phone will be as follows:

- AI is unable to place bids on IT Auction System
- The AI contacts Auction Manager by telephone
- Using a pre-defined unique code, the identity of the bidder is confirmed by the Auction Manager
- The AI requests the Auction Manager to place a bid in that round
- The Auction Manager enters the bid in the auction system on behalf of the bidding company and confirms, in the call the value entered
- All telephone calls will be recorded and a confirmation fax can be requested
- The placing of the bid on the auction system on behalf of the bidding company will be shown in the audit log

Note It is recommended that the identity verification codes (instructions in the user guide for the auction system) are printed off and retained by participants before the auction starts as they would be needed for the auctioneer to authenticate the caller in the event of IT failure or disaster recovery.

No telephone instructions cannot be actioned unless the caller can provide the relevant unique identification code.

Auction Monitor

As per Rule 5.14 the Delivery Body must appoint a third party to monitor the conduct of each Capacity Auction (an “Auction Monitor”). The Auction Monitor must carry out the role as described in the Rules.

The Auction Monitor must report to the Secretary of State, with a copy to the Authority, within 2 Working Days of the conclusion of the Capacity Auction on whether the procedures in the Rules and Auction Guidelines have been properly followed in the conduct of the Capacity Auction. The identity of the Monitor will be made available 15 days prior to the start of the Capacity Auction.

The Auction Monitor is Deloitte LLP, Athene Place, 66 Shoe Lane, London, EC4A 3BQ, United Kingdom

Reporting of results

Intra-round reporting

As per Rule 5.5.18; prior to the start of each round the high level round results will be made publically available. This will include the Bidding Round Price Spread, Potential Clearing Capacity at the price floor for that round, Excess Capacity rounded to 1GW for T-4 and EA and rounded to 100MW for TA (subject to change following publication of the 2016 rules).

Detail around the Auction reporting following the clearing round

Auction Guidelines

In order to allow participants the opportunity to prepare for the release of results the below describes the timeline and process which differs depending on the round that clears.

If the auction clears in the first or second round of the day, the provisional results would be published at 20.00 that night:

- First/Second round of the day the Auction clears.
- DB publishes on website the Clearing Round price range within the cleared round recess.
- DB sends the individual Provisional Results to bidders via the auction system at 20.00 and also publishes the Clearing Price on the Portal.
- DB will upload the full Provisional Results report to the EMR Portal⁸ at 20.00 the same evening.

If the auction clears in the third or fourth round of the day, the provisional results would be published at 7am next morning:

- Third/Fourth round of the day the Auction clears.
- DB publishes on website the Clearing Round price range within the cleared round recess.
- DB sends the individual Provisional Results to bidders via the auction system at 20.00 and also publishes the Clearing Price.
- DB will upload the full provisional report to DB website at 07.00 next morning.

The Delivery Body must within 24 hours of the Capacity Auction clearing notify Bidders whether, based on the Provisional Results, they have been provisionally awarded a Capacity Agreement with respect to a Bidding CMU. Such notification is provisional only and does not constitute notification of a Capacity Agreement.

Final results

The Auction Monitor will send a report to DECC (and copy to Ofgem) with their findings within 2 working days following the Auction and unless instructed otherwise at 8 working days after the auction the DB publishes the final results to Bidders (this becomes the 'Auction Results Day'). The result is final when it is entered into the Capacity Market Register. Within 8 working days of the Auction Results Day the DB notifies each bidding CMU whether or not they have been awarded a capacity agreement.

Capacity Market Register

The Capacity Market Register will be established before the close of the Prequalification Window and electronic access for public users will be made available by 5pm on Prequalification Results day. From this point the Capacity Market Register will be available to view via the EMR Delivery Body Portal.

Prior to Prequalification Results day, entries held on the CM Register at the time and which can be disclosed in accordance with the Regulations, the Rules and National Grid's Transmission Licence will be available to be viewed on specific request. Interested parties can submit their request by emailing the EMR Delivery Body at emr@nationalgrid.com.

⁸ <https://www.emrdeliverybody.com>

Auction Guidelines

As required by Rule 3.14.1 all entries on the Register, and supporting information, are retained for a period of 10 years from the end of the relevant Delivery Year. After fifteen months after the end of the Delivery Year information will be archived and available upon request to the EMR Delivery Body.

From Prequalification Results day notifications to change the Register and submit deferred information should be done through the EMR Delivery Body Portal.

For the avoidance of doubt the 2014 T-4 / 2015 T-4 and 2016 TA Register entries will be maintained and available on the EMR Delivery Body Portal throughout the 2016 Prequalification window.