

Indicative timelines for the delayed 2018 T-1 capacity market auction

The following message is being sent to all capacity agreement holders and capacity market applicants.

The UK Government has published the outcome of its consultation regarding proposals for technical amendments to the Capacity Market Rules (as amended) (the “Rules”) and Electricity Capacity Regulations (2014) (as amended) (the “Regulations”) following the judgment of the General Court¹ which annulled approval for the main capacity market scheme in GB. You can find more information on the consultation response [here](#).

In the consultation response, the UK Government outlines the intention, subject to the amendments to the Regulations and the subsequent technical amendments to the Rules being approved by both Houses of Parliament, that the delayed 2018 T-1 auction should be run in the summer of 2019, for delivery in October 2019.

In response to feedback from capacity market applicants, we have decided to publish an indicative timeline of the potential dates for this delayed T-1 auction.

However, the final timeline for this auction is dependent on the determination of the Secretary of State that an auction should be undertaken; and when that determination is made. This in turn is dependent on the regulatory amendments to the Rules and Regulations being approved by both Houses of Parliament.

Therefore, as well as providing our (EMR Delivery Body) current view of when this T-1 auction is likely to occur, we have also set out the assumptions we have made in arriving at this view. We would encourage participants to make their own judgment on the accuracy of those assumptions and to modify their view on probable dates accordingly.

A parliamentary recess is planned to take place from 5 - 23 April, meaning that if the Rules and Regulations are not approved by Parliament before 5 April, the next earliest opportunity to do so will be 24 April. Therefore, we have identified two indicative auction date ranges.

Scenario 1 – approval before Easter Recess

If the amendments to the Rules and Regulations are approved by both Houses of Parliament prior to the Easter Recess, it is likely that the Secretary of State for BEIS will be able to determine whether a T-1 auction should be held and the likely dates will be between 21 May and 4 June.

¹ On 15 November 2018, the General Court of the Court of Justice of the European Union handed down its judgment in favour of Tempus Energy against the European Commission’s decision making process for giving State aid approval for the GB capacity market scheme. On 21 February 2019, the European Commission announced that it would be launching an in-depth formal investigation as required before the capacity market scheme can be approved again.

Scenario 2 – approval after Easter Recess

If the amendments to the Rules and Regulations are not approved by both Houses of Parliament before the Easter Recess, then it will be necessary to wait for Parliament to reconvene on 23 April. The earliest that a T-1 auction could be held in this scenario would be approximately the 25 June, provided that the amendments are approved by both Houses of Parliament on or very shortly after 23 April. There is, however, no guarantee that the amendments would be approved on that date. In order to provide a likely, but non-exhaustive, range of possible T-1 auction dates we have assumed that the amendments could take up to a month to pass through both Houses of Parliament after the Easter Recess. Therefore, in this scenario, we would expect the Secretary of State to be able to determine that a T-1 auction be held in the date range between 25 June and 24 July.

We appreciate that capacity market participants will also be keen to understand the likely timeline for specific activities and events that accompany a capacity market auction. Therefore, we have produced an accompanying spreadsheet tool. Parties may enter in the date that they believe the Secretary of State will determine whether an auction can be held and the tool will generate indicative auction dates and associated activity milestones.

We will endeavour to update our view of auction dates as more information becomes available.

This note has been prepared in consultation with UK Government. Whilst we have endeavored to provide our current and best view of the likely auction dates, as outlined above the exact timing of the delayed T-1 auction is dependent upon approval of the proposed amendments to the Rules and Regulations by both Houses of Parliament. At this stage, we can therefore only provide our best current view of likely dates as Parliament is responsible for the timing of any such approvals.

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