

Electricity Market Reform

Capacity Market Operational Plan

This plan identifies the key milestones and activities required to deliver the Capacity Market Auctions in 2017 / 2018

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Introduction

Each year, the National Grid EMR Delivery Body provides potential Capacity Market participants with details of the key Capacity Market implementation activities and milestones through this Operational Plan. Following the successful implementation of the Capacity Market in 2014, 2015 and 2016 this Operational Plan sets out the activities and milestones required to operate the Capacity Market in 2017/18.

The scope of this plan is to identify the key dates...

The timeline for operation of the 2017/18 Capacity Market is based on the Capacity Market Regulations and Rules and covers the T-1 and T-4 Auctions. As per the Regulations, there will not be another Transitional Auction (TA).

This plan brings together Governmental milestones and delivery partner milestones and is intended to provide a high level overview of the steps involved in the operation of the Capacity Market, such that industry participants have the clarity they require to plan and manage their own operational activities. The Operational Plan is a summary and does not replace or replicate the detailed operational plans that Government, Delivery Partners and individual industry participants may need to produce to manage their respective activities.

We are trialling a new operational approach to transform participant readiness for prequalification...

Listening to feedback from capacity providers, we understand that they would prefer more time for prequalification readiness and submission. Through working with BEIS, Ofgem and The Electricity Settlements Company we have transformed the pre-auction process to deliver a plan that gives time for more prequalification readiness. This will give capacity providers the time to develop their prequalification strategies and engage with the EMR Delivery Body.

Applicants are reminded that for previous auctions there was a variation to Regulation 69¹ that allowed new information to be submitted as part of the disputes process following the prequalification assessment. This was a time limited arrangement and no longer applies. Applicants must ensure that submissions are complete and factually correct at the time of submission before prequalification assessments begin.

¹ Regulation 69: Requesting reconsideration by the EMR Delivery Body.

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The EMR Delivery Body is co-ordinating a programme of enhanced engagement through the readiness period. Additionally, we are refreshing our guidance documentation to give applicants the support they have told us they need through a longer submissions window. We urge providers to engage in this programme of support and to work with the EMR Delivery Body to achieve fully competent applications ahead of submission.

More details of this engagement programme will be shared on a webinar and associated communications on June 27th at 1pm. To register for the webinar please click the link below:

[Webinar Registration](#)

Here's a summary of the key dates in the plan, with further detail below:

Milestone	Date
Auction guidelines	Early July
Prequalification submissions window of 10 weeks	24 July to 29 September
Prequalification assessments will last for 6 weeks	2 October to 10 November
Tier 1 disputes	13 November to 4 December
T-1 2018/19 Auction	30 January 2018
T-4 2021/22 Auction	6 February 2018

There are clear roles and responsibilities for the organisations responsible for delivering the Capacity Market...

A number of organisations will work together to operate the Capacity Market, this section focuses on the roles of these organisations during the pre-qualification and auction processes.

Government Department for Business, Energy and Industrial Strategy (BEIS)

BEIS is responsible for the Capacity Market meeting its objectives under Electricity Market Reform. The responsibilities of BEIS are;

- Implementing, revising and reviewing Capacity Market legislation
- Decision of whether to hold Capacity Market auctions
- Overall coordination of Capacity Market delivery
- Appeals addressed to the Secretary of State
- Setting the auction parameters

Ofgem

Ofgem works to ensure that market arrangements are fit for purpose and has a role in facilitating changes to those arrangements in the interests of consumers. Its responsibilities regarding the Capacity Market include:

- Managing and making changes to the CM Rules

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- Overseeing the role of the EMR Delivery Body, including through incentives on their performance
- Producing annual reports on the operation of the Capacity Market and the performance of the EMR Delivery Body
- Monitoring the Capacity Market to secure compliance with the Rules and Regulations and enforce where necessary
- Making determinations on disputes which have been raised following the EMR Delivery Body disputes process
- Receiving and holding onto Price Maker Memorandums

National Grid

National Grid is the EMR Delivery Body and is responsible for the implementation of the Capacity Market in line with the Rules and Regulations and running the Capacity Market auctions. Its responsibilities include:

- Co-ordinating CM operational activities across delivery partners and capacity providers
- Engaging with potential capacity providers on operational issues and their participation in the Capacity Market
- Producing an annual capacity report for Government, which will advise on capacity requirements to meet the published reliability standard
- Operating core IT systems to support the running of capacity auctions, the prequalification process and the Capacity Market Register
- Operating business processes to support capacity auctions and pre-qualification, and producing supporting documentation/guides including the auction guidelines
- Operating business processes to support the management of each delivery year through agreement management
- Running the Capacity Market auction

Electricity Settlements Company

The Electricity Settlements Company is the Settlement Body and provides accountability, governance and control of the monies collected and disbursed under the Capacity Market (Payment) Regulations. This includes responsibility for resolving capacity market settlement disputes and monitoring and reviewing the rules and regulations relating to the settlement functions of the Capacity Market.

- ESC outsources operational activities to its agent, EMRS, including: making payments to capacity providers and carrying out all payment and settlement related processes;
- verifying, holding and monitoring Credit Cover from applicants in Capacity Auctions and Transitional Arrangements Auctions; and
- Meter verification, including carrying out meter checks on capacity providers.

EMR Settlements (EMRS)

EMRS is the contractor of the Electricity Settlements Company with responsibilities as outlined above.

Key activities and milestones

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner
1		Submit Electricity Capacity Report to SoS	Submit report to SoS including a recommendation on the target volume to procure	Before 1 June	31/05/2017	31/05/2017	Input assumptions from BEIS.	NG
2		Ofgem provides annual operational report to SoS		No later than 6 months after the T-4 Auction clears	Wednesday 07/06/2017	Wednesday 07/06/2017		Ofgem
3		SoS determines on auctions being held	The SoS determines whether a T-4 auction and T-1 are to be held	By 15 June	Thursday 15/06/2017	Thursday 15/06/2017	Electricity Capacity Report	BEIS
4		Regulations and Rules (Ofgem/BEIS) brought in to force			TBC	TBC	Ofgem/BEIS Consultation processes	Ofgem
5		Provide Auction Parameters to NG	Provide updated demand curve and target volume based on NG ECR. Also provide Net CONE, Auction Price Cap, Min/Max capacity to procure, Price Duration curves and Price decrement schedule	As soon as practicable after 15 June	Friday 30/06/2017	Friday 30/06/2017	Electricity Capacity Report	BEIS
6		SoS publishes Auction Parameters	SoS publishes the final auction parameters		July	July	Electricity Capacity Report	BEIS

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner
7		Publish "Formal" Auction Guidelines	NG publish guidelines to reflect auction parameters in SoS publication	Prior to the opening of the Prequal window	July	July	SoS Parameters	NG
8		Further amendments to Electricity Capacity Regulations come into force	Provisional date for Rules and Regulations to be in force		TBC	TBC	Parliamentary progress	BEIS
9		Prequalification window opens	IT systems "active" and applicants submit formal registration and data submission		Monday 24/07/2017	Monday 24/07/2017	Window open for 10 weeks	NG/ Apps
10		Prequalification window closes	Last date for applications to be submitted		Friday 29/09/2017	Friday 29/09/2017		NG/ Apps
11		Assessment window begins			Monday 2/10/2017	Monday 2/10/2017	Window open for 6 weeks	NG
12		Prequalification Results Day (Results to Applicants only)	Inform applicants of the outcome of assessment Send copies of completed applicant metering assessments to ESC	PQRD	Friday 10/11/2017 and Monday 13/11/2017*	Friday 10/11/2017 and Monday 13/11/2017*	Prequalification	NG
13		Start of NG Appeal / Tier 1 submission window	Opening date for applicants to raise an appeal with National Grid against the Prequalification outcome	PQRD + 1 working day	Monday 13/11/2017	Monday 13/11/2017		CM Applicants
14		NG Appeal / Tier 1 window closed	Closing date for applicants to raise an appeal with National Grid against the pre-qualification outcome	PQRD + 5 working days	Monday 20/11/2017* Was 17/11/2017	Monday 20/11/2017* Was 17/11/2017		CM Applicants

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner
15		NG Appeal / Tier 1 assessment complete	Applicant notified of appeal outcome	PQRD + 15 working days	Friday 01/12/2017	Friday 01/12/2017	Any/All NG appeals assessed	NG
16		Capacity Market Register Publication	Capacity Market Register updated with all Prequalification decisions	PQRD + 15 working days	Friday 1/12/2017	Friday 1/12/2017	Pre-qualification results day	NG
17		Latest possible date for applicants successful at Prequalification to provide Credit Cover to the ESC	New build participants and DSR providers who are conditionally prequalified must provide Credit Cover	PQRD + 15 working days	Monday 4/12/2017* was 1/12/2017	Monday 4/12/2017* was 1/12/2017	Pre-qualification results day	CM Applicants
18		Start of Tier 2 Appeal submission window	Opening date for applicants to raise an appeal with Ofgem against the Prequalification outcome	PQRD + 15 working days	Friday 1/12/2017	Friday 1/12/2017		CM Applicants
19		Final Credit Cover verification	Latest date for ESC to provide a Credit Cover approval notice and provide DB with Credit Cover approvals	5 working days from applicants posting Credit Cover	Monday 11/12/2017* was 8/12/2017	Monday 11/12/2017* was 8/12/2017	Credit Cover provided	ESC
20		NG notify SoS of Prequalification results	Provide SoS with aggregate de-rating capacity for each category of applicant (except Interconnectors) and any recommendation for adjusting the demand curve (from plant opting out and still operational)	PQRD + 20 working days	Friday 8/12/2017	Friday 8/12/2017	Prequalification results day	NG

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner
21		Tier 2 Appeal window closed	Closing date for applicants to raise an appeal with Ofgem against the pre-qualification outcome	5 working days from tier 1 appeals process being completed (and applicant receiving notice thereof)	Friday 8/12/2017	Friday 8/12/2017		CM Applicants
22		Prequalification status notice	Upon receipt of the ESC Credit Cover notices, NG to notify applicants that they are fully Prequalified, subject to outstanding planning consents	5 working days from receipt of approval notices from ESC	Friday 15/12/2017	Friday 15/12/2017		NG
23		Provide updated Auction parameters	Provide the EMR Delivery Body with an update on target volume / demand curve to reflect plant opting out but remaining operational	PQRD +30 working days	Friday 22/12/2017	Friday 22/12/2017	NG update to SoS on pre-qualification impacts	BEIS
24		Tier 1 Appellants post Credit Cover	Latest date for Appellants through the Tier 1 dispute process to post Credit Cover	15 working days from Tier 1 appeals being complete	Friday 22/12/2017	Friday 22/12/2017		Tier 1 CM Applicants
A		Planning consents deadline	Latest date to provide planning consents	T-22 working days	Thursday 28/12/2017	-		CM Applicants
25		Publish Updated Auction Guidelines	Notification of updated Auction Parameters (as a result of Opt Outs)	5 working days from notification of updated auction parameters	Wednesday 03/01/2018	Wednesday 03/01/2018	BEIS update to NG on parameters	NG

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner	
26		Tier 1 appellants Credit Cover approval Notices	ESC to provide a Credit Cover approval notice for Tier 1 appellants and provide DB with Credit Cover approvals		Early January	Early January		ESC	
	A	Planning consents deadline	Latest date to provide planning consents	T-22 working days		Friday 05/01/2018		CM Applicants	
	B	Publish "final" Auction Guidelines and bidder details	Publish guidelines including any update to Auction Parameters and details of Auction Monitor	T – 3 weeks	Tuesday 9/1/2018		Final T-1 auction parameters	NG	
	C	Auction status confirmation window open	Start date for Applicants to submit confirmations (Existing – Price Maker/Taker; DSR – Size and confirm entry; New/Refurb – confirm entry and length)	T - 15 working days	Tuesday 9/1/2018			CM Applicants	
	27		Prequalification (Tier 1) status notice	NG Notify Tier 1 Appellants that they are fully Prequalified	No later than 5 working days from receipt of Credit Cover approval notice from settlement body	Early January	Early January		NG
	D		Closing date for Auction Status confirmations	Last date for applicants to submit confirmations	T – 10 working days	Tuesday 16/1/2018			CM Applicants
	B	Publish "Final" Auction Guidelines and Bidder details	Publish final guidelines include any update to Auction Parameters and details of Auction Monitor	T – 3 weeks		Tuesday 16/1/2018	Final T-4 auction parameters	NG	

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner
	C	Auction Status confirmation window open	Start date for Applicants to submit confirmations (Existing – Price Maker/Taker; DSR – Size and confirm entry; New/Refurb – confirm entry and length)	T - 15 working days		Tuesday 16/1/2018		CM Applicants
E		Run Mock Auction	Run Mock Auction with all applicants	T-8	Thursday 18/1/2018			NG
F		NG provides results of Auction Status confirmations to SoS	NG to collate Auction status confirmations and provide results to SoS	T – 8 working days	Thursday 18/1/2018			NG
G		Auction Go/No Go decision	BEIS instruct Go/No Go		Friday 19/1/2018		Auction Status Confirmations	BEIS/NG
	D	Closing date for Auction Status confirmations	Last date for applicants to submit confirmations	T – 10 working days		Tuesday 23/1/2018		CM Applicants
	E	Run Mock Auction	Run Mock Auction with all Applicants			Thursday 25/1/2018		NG
	F	NG provides results of Auction Status confirmations to SoS	NG to collate Auction status confirmations and provide results to SoS	T – 8 working days		Thursday 25/1/2018		NG

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner
	G	Auction Go/No Go decision	BEIS instruct Go/No Go			Friday 26/1/2018	Auction Status Confirmations	BEIS/NG
H		Start Auction	Start First Round of Auction (T-1)	T	Tuesday 30/1/2018			NG
I		Complete Auction	Auction closes	C	Determined by clearing round		Based on a 3 day auction	NG
J		Notification of provisional Auction results	Notify bidders whether they've been provisionally awarded a Capacity Agreement	C 19:00 or C+1 07:30			Auction completing	NG
K		Auction monitor sends report to BEIS	Auction Monitor prepares report on Auction process and submits to SoS	C + 2 working days			Auction completing	Auction Monitor
	H	Start Auction	Start First Round of Auction (T-4)	T		Tuesday 6/2/2018	Based on a 3 day auction	NG
	I	Complete Auction	Auction closes	C		Determined by clearing round		NG
	J	Notification of provisional Auction results	Notify bidders whether they've been provisionally awarded a Capacity Agreement	C 19:00 or C+1 07:30			Auction completing	NG

T-1	T-4	Deliverable	Scope	Date requirement from CM Rules/Regulations	T-1 Auction	T-4 Auction	Dependencies	Owner
	K	Auction monitor sends report to BEIS	Auction Monitor prepares report on Auction process and submits to SoS	C + 2 working days			Auction completing	Auction Monitor
L		Auction Results Day	Publish results of the auction to Bidders, the Auction Monitor and other administrative parties	C + 8 working days			Auction completing	NG
	L	Auction Results Day	Publish results of the auction to Bidders, the Auction Monitor and other administrative parties	C + 8 working days			Auction completing	NG
M		Issue Capacity Agreements	Issue agreements to successful bidders and Secondary Trading for these agreements begins	C+ 28 working days			Auction completing	NG
	M	Issue Capacity Agreements	Issue agreements to successful bidders	C+ 28 working days			Auction completing	NG