

## SCHEDULE 1

### Amendments to the Electricity Capacity Regulations 2014

## PART 3

### Transfer of capacity obligations, volume reallocation and over-delivery payments

#### Paragraph 6 (calculation of monthly penalty charge)

34.—(1) For paragraph 6(1) and (2) substitute—

“(1) The Settlement Body must, after the end of each month of a delivery year (“year X”) in which one or more relevant settlement periods occur (“month M”), calculate for each relevant CMU (“CMU i”)—

- (a) for each relevant settlement period in month M (“settlement period j”), the settlement period penalty settlement amount for CMU i in settlement period j (“SPPSA<sub>ij</sub>”); and
- (b) the monthly penalty charge to be paid in respect of month M (“MPSA<sub>im</sub>”).

(2) For the purpose of sub-paragraph (1)—

- (a) SPPSA<sub>ij</sub> is—
  - (i) equal to the amount P<sub>ij</sub> (calculated in accordance with paragraph (3)) unless paragraph (2A) applies; and
  - (ii) equal to the lesser of the amount P<sub>ij</sub> and the amount Q<sub>ij</sub> (calculated in accordance with paragraph (5)) if paragraph (2A) applies; and
- (b) MPSA<sub>im</sub> is equal to the value of SPPSA<sub>ij</sub> for the last relevant settlement period j in month M in which the value of ALFCO<sub>ij</sub> for CMU i was greater than zero.

(2A) This paragraph applies where—

- (a) a capacity provider penalty charge has been incurred in respect of CMU i in at least 48 relevant settlement periods, and
- (b) those periods together comprise at least 8 relevant settlement periods in each of at least 6 months in delivery year X.”.

(2) For paragraph 6(3) substitute—

“(3) P<sub>ij</sub> must be calculated in accordance with the formula—

$$P_{ij} = \left( \frac{SP_i}{MaxSP_i} \right) \times \min (MaxSP_i, MPC_{ij})$$

(3) For paragraph 6(4) substitute—

“(4) For the purposes of the calculation in sub-paragraph (3), MPC<sub>ij</sub> is the monthly penalty cap in pounds applying to CMU i in respect of relevant settlement period j in month M, and is to be calculated in accordance with the formula—

$$MPC_{ij} = RMCP_{ij} + \sum ASPPA'$$

where—

- (a) RMCP<sub>ij</sub> is to be calculated in accordance with the formula—

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$$RMCP_{ij} = (ACP_{ix} \times WF_{mx} \times F_i) + \sum_N (tACP_N \times WF_{mx} \times F_z), \text{ and}$$

(b)  $\sum ASPPA'$  is to be calculated in accordance with the formula—

$$\sum ASPPA' = \sum_A ASPPA_A - \sum_B ASPPA_B$$

where—

- (i)  $\sum_A ASPPA_A$  is the sum of each amount  $ASPPA_{ikA}$  calculated under paragraph 6A(4) for any obligation  $ICO_{ikA}$  applying to CMU i in any relevant settlement period k in month M preceding settlement period j; and
- (ii)  $\sum_B ASPPA_B$  is the sum of each amount  $ASPPA_{ijB}$  calculated under paragraph 6A(4) for any obligation  $ICO_{ijB}$  applying to CMU i in both—
  - (aa) settlement period j, and
  - (bb) any relevant settlement period k in month M preceding settlement period j.”.

(4) For paragraph 6(5) substitute—

“(5)  $Q_{ij}$  must be calculated in accordance with the formula—

$$Q_{ij} = APC_{ij} - \sum_{k=1}^{m-1} MPSA_{ik}$$

and where that calculation would give a negative number, the value of  $Q_{ij}$  is to be taken to be zero.”.

(5) For paragraph 6(5A) substitute—

“(5A) For the purposes of the calculation in sub-paragraph (5),  $APC_{ij}$  is the annual penalty cap in pounds applying to CMU i in respect of relevant settlement period j, and is to be calculated in accordance with the formula—

$$APC_{ij} = ACP_{ix} \times G_i + \sum_N \left( tACP_N \times G_z \times WF_{mx} \times \frac{DT_{mN}}{D_m} \right),$$

where “ $DT_{mN}$ ” and “ $D_m$ ” have the meanings given in paragraph 3(3A)”.

(6) In paragraph 6(6)—

(a) for the definitions of “F” and “G” substitute—

““ $F_y$ ” (for any value y) means the percentage stated on the capacity market register under regulation 31(2)(f), at the date of issue of the capacity agreement, as the monthly penalty cap percentage for the capacity obligation  $CO_{yx}$  awarded in respect of CMU y for year X;

““ $G_y$ ” (for any value y) means the percentage stated on the capacity market register under regulation 31(2)(f), at the date of issue of the capacity agreement, as the annual penalty cap percentage for the capacity obligation  $CO_{yx}$  awarded in respect of CMU y for year X;”;

(b) in the definitions of “ $MaxSP_i$ ” and “ $SP_i$ ”, after “paragraph 5” insert “up to and including the settlement period for which the calculation is being made”;

(c) omit the definition of “ $\sum SPPSA_{i(m-1)}$ ”;

(d) insert after the definition of “ $MCP_{im}$ ”—

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““
$$\sum_{k=1}^{m-1} MP\text{SA}_{ik}$$
””

means the sum of the monthly penalty charges paid or payable in respect of CMU i for each of the months of year X preceding month M (or where M is the first such month, zero); and”;

(e) insert at the end—

““tACP<sub>N</sub>” has the meaning given in paragraph 3(3A)”.