

## SCHEDULE 1

Regulation 2

### Amendments to the Electricity Capacity Regulations 2014

#### **Regulation 2 (interpretation)**

1. In regulation 2(1)—
  - (a) after the definition of “the capacity market” insert—

““capacity market notice” has the meaning given in the Rules;”;
  - (b) omit the definition of “capacity market warning”;
  - (c) omit the definition of “DSR bid capacity”; and
  - (d) in the definition of “relevant settlement period”, for “capacity market warning” substitute “capacity market notice”.

#### **Regulation 25 (notification of results)**

2. In regulation 25(2)(d)(i), omit the words “, and, in the case of a demand side response CMU, its DSR bid capacity if different”.

#### **Regulation 30 (capacity agreements)**

3. In regulation 30(2)(a), omit the words from “in the case of a generating CMU” to the end.

#### **Regulation 32 (termination fee rates)**

4. In regulation 32(4) and (5), omit the words “or DSR bid capacity”.

#### **New regulation 49A**

5. After regulation 49 insert—

##### **“Reducing capacity payments: offsetting relevant expenditure**

**49A.**—(1) This regulation applies if, before the time when a credit note is issued to a capacity provider (“C”) for a capacity payment, the Delivery Body has acknowledged receipt of a declaration under the Rules that relevant expenditure has been incurred, or is expected to be incurred, in respect of the capacity committed CMU for which C is responsible.

(2) If this regulation applies, the Settlement Body must ensure that the credit otherwise payable to C is reduced—

- (a) by the amount of any outstanding relevant expenditure; or
- (b) to nil, if the amount of any outstanding relevant expenditure is equal to or greater than the amount of the credit.

(3) The Settlement Body must ensure that the credit note issued to C states the amount by which the credit is reduced, and the reason for the reduction.

(4) This regulation applies to a credit note issued in respect of a transferred part as it applies to a credit note issued in respect of a capacity agreement, and where a capacity agreement has been transferred pursuant to regulation 30A(1)(b) or regulation 30(2)(b), the reduction in the amount payable to C is to be calculated so that it is proportionate to the

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period and part of the capacity obligation held by C during the month to which the credit note relates.

(5) In this regulation—

“outstanding relevant expenditure” means relevant expenditure that has not been deducted from capacity payments pursuant to this regulation; and

“relevant expenditure” has the meaning given in the Rules.”.

#### **Regulation 60 (credit obligation period)**

6.—(1) For regulation 60(1)(a), substitute—

“(a) where CMU i is an unproven demand side response CMU, the de-rated capacity for CMU i becomes, in accordance with capacity market rules, less than the product (in MW to three decimal places) of the unproven DSR capacity of CMU i and the de-rating factor;”.

(2) In regulation 60(1)(f), for each occurrence of “unproven DSR capacity” substitute “de-rated capacity”.

(3) For regulation 60(1)(g), substitute—

“(g) save where CMU i is an unproven demand side response CMU, A has fully discharged all the requirements in capacity market rules against which its applicant credit cover was secured, and which a failure to meet would result in its capacity agreement being terminated under capacity market rules;”.

(4) In regulation 60(2)(a), for the words “DSR bid capacity” substitute “de-rated capacity”.

(5) In regulation 60(5), in the formula, for “UC” substitute “DC”.

(6) In regulation 60(6)—

(a) before the definition of “PC” insert—

““DC” means CMU i’s de-rated capacity;” and

(b) omit the definition of “UC”.

#### **Regulation 61 (draw down of applicant credit cover)**

7. In regulation 61—

(a) in paragraph (1)(a)(ii), for “unproven DSR capacity” substitute “de-rated capacity”;

(b) omit paragraph (1)(b);

(c) in paragraph (2)(a) omit the words “or (b)”; and

(d) omit paragraph (5).

#### **Regulation 73 (consequences of successful review or appeal)**

8. In regulation 73—

(a) in paragraph (6)(b)—

(i) at the end of paragraph (i), omit “or”; and

(ii) omit paragraph (ii); and

(b) for paragraph (6A), substitute—

“(6A) In the case of a demand side response CMU, the applicant may nominate in accordance with capacity market rules the capacity in respect of which it wishes to be offered a capacity agreement and, where it does so—

- (a) that is the capacity which is to be used to determine the de-rated capacity of the CMU for the purposes of paragraph (6)(b), and
- (b) the de-rated capacity so determined is the de-rated capacity which applies for the purposes of regulations 32 and 60.”.

**Regulation 87 (transitory provisions: the first T-4 auction)**

- 9. In regulation 87—
  - (a) in paragraph (2), omit “, (5)”;
  - (b) omit paragraphs (5), (6) and (8).

**Regulation 87A (transitory provisions: the second T-4 auction)**

- 10. For regulation 87A(2) substitute—
  - “(2) Where this paragraph applies, paragraph (7) of regulation 87 has effect as if the reference to the “first T-4 auction” were a reference to the second T-4 auction.”.

SCHEDULE 2

Regulation 3

Amendments to the Supplier Payment Regulations

**Regulation 2 (interpretation)**

- 1.—(1) In regulation 2(1)—
  - (a) after the definition of “financial year” insert—
    - ““gross demand”, in relation to an electricity supplier (“S”), means the amount of electricity (expressed in MWh) supplied by S to premises in Great Britain;”;
  - (b) omit the definition of “net demand”.
- (2) Omit regulation 2(3) and (4).
- (3) In regulation 2(5), omit ““the Balancing and Settlement Code”;” and ““GB transmission system”;”.

**Regulation 4 (forecast of net demand)**

- 2. In regulation 4—
  - (a) in the heading, for “net demand” substitute “gross demand”; and
  - (b) in paragraph (2)(a), for “net demand” substitute “gross demand”.

**Regulation 6 (capacity market supplier charge)**

- 3. In regulation 6(3), for each occurrence of “net demand” substitute “gross demand”.

**Amendments to Schedule 1 (calculation of amounts)**

- 4.—(1) Schedule 1 is amended as follows.
  - (2) In paragraph 3, for each occurrence of “net demand” substitute “gross demand”.
  - (3) In paragraph 7(4)(a), for “net demand” substitute “gross demand”.

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(4) In paragraph 8(4), for each occurrence of “net demand” substitute “gross demand”.