

---

DRAFT STATUTORY INSTRUMENTS

---

**2014 No.**

**The Electricity Capacity Regulations 2014**

**PART 4**

Capacity auctions

**CHAPTER 5**

DSR transitional auctions

**DSR transitional auctions**

**29.**—(1) A “DSR transitional auction” is a capacity auction in which bids may only be made for a one year capacity agreement in respect of—

- (a) a demand side response CMU; or
- (b) a non-CMRS distribution CMU with a connection capacity not exceeding 50MW.

(2) The Delivery Body must hold a DSR transitional auction—

- (a) in the auction window commencing on 1st September 2015, for the 2016-17 delivery year; and
- (b) in the auction window commencing on 1st September 2016, for the 2017-18 delivery year.

(3) Following a DSR transitional auction, a successful bidder must, in accordance with capacity market rules, elect whether to be issued with a capacity agreement for—

- (a) a time banded capacity obligation; or
- (b) a non-time banded capacity obligation.

(4) A time banded capacity obligation is an obligation to provide capacity during such times of the day and such months of a delivery year as are specified in capacity market rules.

(5) A non-time banded capacity obligation is an obligation to provide capacity at any time during a delivery year.

(6) Capacity payments for a non-time banded capacity obligation are payable at a rate equal to the auction clearing price.

(7) Capacity payments for a time banded capacity obligation awarded following the DSR transitional auction held under paragraph (2)(a) are payable at a rate equal to 70% of the auction clearing price.

(8) The Secretary of State must determine as an auction parameter the rate, expressed as a percentage of the auction clearing price, at which capacity payments are to be payable for a time banded capacity obligation awarded following the DSR transitional auction held under paragraph (2)(b).

(9) The Secretary of State must—

- (a) determine the auction parameters under—
  - (i) regulation 12(1); and

- (ii) paragraph (8);
  - (b) give notice of them to the Delivery Body as soon as reasonably practicable after making those determinations; and
  - (c) publish the determinations.
- (10) Chapters 1 to 4 of this Part apply in relation to DSR transitional auctions with the modifications that—
  - (a) regulation 12 applies as if paragraphs (4), (5)(a) and (b) and (6) were omitted; and
  - (b) regulation 23 applies as if paragraphs (1)(c) and (2) to (4) were omitted.
- (11) In this regulation, “non-CMRS distribution CMU” means a CMU consisting of one or more non-CMRS distribution units, within the meaning given in regulation 5(8).