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DRAFT STATUTORY INSTRUMENTS

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**2014 No.**

**The Electricity Capacity Regulations 2014**

**PART 5**

**Capacity agreements, capacity market register and termination**

**Capacity agreements**

**30.**—(1) A “capacity agreement” is the term used to describe the rights and obligations accruing to a capacity provider under or by virtue of electricity capacity regulations and capacity market rules in relation to a particular capacity committed CMU and one or more delivery years.

(2) A capacity agreement accrues to each successful bidder in a capacity auction (unless the capacity auction is annulled under regulation 27), in relation to each CMU for which a successful bid was made, for—

- (a) the de-rated capacity of the CMU in the case of a generating CMU, or the DSR bid capacity of the CMU in the case of a demand side response CMU;
- (b) the delivery year for which the capacity auction was held in the case of a capacity agreement for a one year capacity obligation, or a period of two or more whole delivery years commencing with that delivery year in the case of a capacity agreement for a multi-year capacity obligation; and
- (c) the capacity cleared price.

(3) The “capacity cleared price” means the price which, subject to any provision for adjustment for inflation, is to be used for the purpose of calculating capacity payments in respect of a capacity obligation.

(4) The capacity cleared price is—

- (a) subject to sub-paragraphs (b) and (c), the auction clearing price;
- (b) in the case of a multi-year capacity obligation awarded in a capacity auction in which price duration equivalences are used, the price which is equivalent to the auction clearing price for the duration of the capacity obligation;
- (c) in the case of a time banded capacity obligation awarded in a DSR transitional auction, the percentage of the auction clearing price applicable under regulation 29(7) or (8).

(5) A capacity agreement—

- (a) may not be disclaimed; and
- (b) may not be transferred or terminated except as provided in these Regulations and capacity market rules.

(6) Unless terminated in accordance with these Regulations or capacity market rules, a capacity agreement remains in force until the expiry of the period of delivery years for which it is issued.