

## SCHEDULE 1

Regulation 2(1)

### Amendments to the Principal Regulations

## PART 1

### Demand side response CMUs

#### **Regulation 5 (“demand side response CMU”)**

- 1.—(1) In regulation 5(2)(a)(i), at the beginning insert “subject to paragraph (2A),”.
- (2) After regulation 5(2), insert—

“(2A) For the purposes of this regulation, the reference in regulation 5(2)(a)(i) to a “DSR customer’s import of electricity” does not include import of electricity primarily for the conversion of electricity into a form of energy which can be stored by a storage facility.”

## PART 2

### Auction parameters

#### **Regulation 11 (meaning of auction parameters)**

- 2.—(1) In regulation 11(1)(b), before “target capacity” insert “auction”.
- (2) In regulation 11(3)—
  - (a) in the definition of “15 year minimum £/kW threshold”, after “a generating CMU” insert “or an unproven demand side response CMU”;
  - (b) in the definition of “3 year minimum £/kW threshold”, after “a generating CMU” insert “or an unproven demand side response CMU”; and
  - (c) after the definition of “3 year minimum £/kW threshold” insert—

““auction target capacity” means, in respect of a capacity auction, the portion of the target capacity in relation to the capacity year corresponding to the delivery year for which the capacity auction is to be held which should be used for that capacity auction.”

#### **Regulation 12 (determination of auction parameters by Secretary of State)**

- 3.—(1) After regulation 12(2), insert—

“(2A) When determining under paragraph (1) the auction parameter referred to in regulation 11(1)(b) (auction target capacity) in respect of a T-4 auction and the delivery year for which that T-4 auction is to be held (“delivery year x”), the Secretary of State must—

  - (a) determine the target capacity for the capacity year corresponding to delivery year x;
  - (b) determine the target capacity for the capacity year corresponding to delivery year x that should be set aside for the T-1 auction for delivery year x (“the T-1 auction set aside”) in accordance with paragraph (2B); and
  - (c) deduct the T-1 auction set aside from the target capacity for the capacity year corresponding to delivery year x.

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(2B) For the purposes of paragraph (2A)(b), the Secretary of State must determine the T-1 auction set aside by applying a 95% confidence interval around the target capacity for the capacity year corresponding to delivery year x.

(2C) For each T-1 auction, where the delivery year corresponds with delivery year x, the Secretary of State must determine the auction parameter referred to in regulation 11(1)(b) (auction target capacity) to be an amount equal to or greater than 50% of the T-1 auction set aside if previously determined under paragraph (2A)(b) for the T-1 auction for delivery year x.”.

(2) For regulation 12(6), substitute—

“(6) If the auction target capacity determined by the Secretary of State for a T-1 auction or a T-4 auction is different from a recommendation in the electricity capacity report as to the portion of the target capacity that should be used in that capacity auction, the determination must include an explanation of—

- (a) the Secretary of State’s reasons for not following that recommendation; and
- (b) the basis upon which the Secretary of State has made the determination.”.

(3) After regulation 12(6), insert—

“(7) In this regulation—

- “the 95% confidence interval” means the range of values within which the target capacity for a capacity year may be expected to lie with a 0.95 level of probability;
- “auction target capacity” has the meaning given in regulation 11(3).”.

### **Regulation 13 (adjustment of auction parameters following prequalification)**

4.—(1) In regulation 13(1), at the beginning insert “Subject to paragraph (1A).”.

(2) After regulation 13(1), insert—

“(1A) If the Secretary of State adjusts the auction parameter referred to in regulation 11(1)(b) (auction target capacity) for a T-1 auction, that auction target capacity must remain equal to or greater than 50% of the T-1 auction set aside if previously determined under regulation 12(2A)(b) for that T-1 auction and delivery year.”.

(3) After regulation 13(2), insert—

“(3) In this regulation, “the T-1 auction set aside” has the meaning given in regulation 12(2A)(b).”.

## **PART 3**

### **General eligibility criteria**

#### **Regulation 15 (general eligibility criteria)**

5. In regulation 15(4)(a), for “2MW” substitute “1MW”.

## PART 4

### Long term STOR CMUs

#### **Regulation 18 (excluded capacity: long term STOR CMUs)**

6. Omit regulation 18 (excluded capacity: long term STOR CMUs).

#### **Regulation 19 (Regulations 16 to 18: interpretation)**

- 7.—(1) In the heading of regulation 19, for “to 18”, substitute “and 17”.
- (2) In regulation 19, for “to 18”, substitute “and 17”.

## PART 5

### Demand side response CMUs and applicant credit cover

#### **Regulation 59 (requirement to provide applicant credit cover)**

- 8.—(1) In regulation 59(2)—
  - (a) for “and (2B)”, substitute “, (2B) and (2C)”;
  - (b) at the beginning of sub-paragraph (a)(i) insert “subject to paragraph (ia),”;
  - (c) at the end of paragraph (i) omit “and”; and
  - (d) after paragraph (i) insert—
    - “(ia) if CMU i is an unproven demand side response CMU, in respect of which the applicant has applied to prequalify to bid for a multi-year capacity obligation and has not yet met the requirements for DSR partial credit cover release in accordance with the Rules, an amount equal to £10,000 per MW of the de-rated capacity of CMU i; and”.
- (2) After regulation 59(2B), insert—
  - “(2C) The applicant credit cover provided under paragraph (1) must, where an applicant which applied to prequalify to bid for a multi-year capacity obligation in respect of an unproven demand side response CMU has met the requirements for DSR partial credit cover release in accordance with the Rules, be reduced to an amount equal to £5,000 per MW of the de-rated capacity of the CMU.”.
- (3) After regulation 59(6), insert—
  - “(7) In this regulation, “DSR partial credit cover release” has the meaning given in the Rules.”.

## PART 6

### Applicant credit cover provided in respect of the T-3 auction

#### **Regulation 87C (transitory provisions: the T-3 auction)**

9. In regulation 87C(2)(c), omit paragraph (i).