

The agenda for the first washup session was as follows:

Tuesday 10th September	
9 am	Room available Tea and coffee
10.00 – 10:30	1. Introduction and recap of CDP approach
10.30 – 11.30	2. Policy discussion around recently published papers
11.30 – 12.30	3. Question Log review
12.30 – 13:30	Lunch
13:30 – 16:00	4. Discussion of specific items on the question log
16.00 – 17.00	5. Timeline to get to the first auction

During the policy discussion, DECC touched on two key issues:

1. The definition of a CMU

- A CMU is a Unit of Electricity Generation Capacity or Electricity Demand Reduction.
- CMUs accredited with owners or contractual operators and assigned obligations and the right to receive capacity payments.
- Two types of CMU i) Generating CMU; ii) Demand Side Response CMU.
- Six classes of Generating CMU.
- Must be minimum 2MW. Limited aggregation permitted
- A CMU will have a different status at different points of the Capacity Market process:
- CMU;
- Capacity Committed CMU.
- Owners of CMUs will be known as 'Applicants' (pre-qual), then 'Capacity Providers' once successful at auction
- Each application can only relate to one CMU.
- Outlined in section 2.3.1 of Capacity Market Rules.

Generation Unit is/will be:

- Capable of exporting electricity
- Controlled independently from any other generating unit
- Connected to HH meter specific to that generating unit
- Registered capacity in excess of 2MW (*unless aggregation of units)

DSR unit is/will be:

- Secured by one person through
- Ownership of DSR CMU component
- Contractual control of the DSR CMU component
- Ownership of permitted DSR generator
- Connected to one or more HH meters
- Has a baseline against which reduction can be measured
- Exceeds 2MW threshold (*aggregation of units)
- Concept of CMU Components for both types

2. Treatment of CMUs that are part of a portfolio:

- Portfolio in which CMU sits is relevant for the total cap of the cumulative liability of penalties.
- CMU can only belong to one portfolio at any one time.

- “Portfolio Holder is the person that has a degree of control or decisive influence.
- Therefore necessary to establish a series of tests to determine the scope of the portfolio.
- Five cumulative tests to be conducted in order until the test is met.

During the question log review, it was noted that questions raised during earlier workshops have been categorised into three themes;

1. DECC has seen no evidence to suggest that this is a matter for concern for the design or operation of the mechanism
2. DECC has been aware of this for some time through its regular stakeholder engagement channels and has published its preferred approach to dealing with this matter. Further views are welcome in response to the October consultation on EMR implementation.
3. DECC will consider the matter and will clarify how this will be addressed before the end of collaborative development process.

Any questions which have not yet been categorised are currently being processed by DECC. It was agreed attendees would review the categorisations on the question log in their own time and respond to the EMR collaborative development team with any queries and comments.

In the subsequent slides as part of Agenda item 4, we discussed the following specific issues:

1. Industry input to the demand curve production
 - Industry were comfortable with their input into the “handle a demand curve” process following their initial early interaction with NG.
2. DECC and NG data publications
 - Concerns exist around publication of sensitive information at the completion of the pre-qualification process and on completion of each auction.
3. De-rating definition
 - Discussion focused around whether the de-rating given to applicants will be a fixed figure or fall within a specific range. Industry voiced concerns around receiving an obligation which has been de-rated centrally by the System Operator.
 - The de-rating methodology is to be included in the October consultation document.
4. Streamlining inputs by parties to physical trading process
 - Automating the notification process, the logistics of joint submissions and the consequences of a novation being rejected were the focus of discussion.
5. Portfolio-level trading caps
 - Clarity was provided on caps being based on clearing price at auction and obligation that is owned across that portfolio. When a CO is physically traded, the obligation is transferred to the new party free of any existing liabilities.
6. Physical testing requirements
 - Discussion focused around capability tests, specifically the extent to which payments will be reduced if a Capacity Provider does not meet its de-rated level.

Finally, the critical path from the data gathering phase pre-publication of the first Indicative Demand Curve (March 2014) to the first auction (November 2014) was discussed. Simon briefly outlined the activities which will occur before March 2014. Industry were concerned that the 2 week window for registration and data submission during the summer was insufficient. However, it was noted that applicants would have had sight of the system and final data requirements in advance of this (e.g. when legislation is laid and auction guidelines published).