

Capacity Market Stress Event FAQs

No	Question	Response
1.	Where can I find the Working Practice and guidance documents from EMRS?	Working Practice documents can be found on this EMRS webpage ¹ . The guidance documents can be found on this EMRS webpage ² .
2.	Where are Capacity Market Notices published?	Capacity Market Notices are issued via text message, email and on the Capacity Market Notices webpage ³ .
3.	What is a Capacity Provider's Capacity Obligation and how is it determined?	During a Capacity Market Stress Event, a Capacity Provider will need to deliver its ALFCO. This is based on the CMU's LFCO, the volumes it offers for Balancing Services and the level of demand that needs to be met. For the full calculation see Section 4 of G18 – Capacity Market Stress Event Guide.
4.	What is a Capacity Market Stress Event that will result in penalties for Capacity Providers?	A Capacity Market Stress Event will result in penalties for Capacity Providers where there is a System Stress Event that has occurred at least four hours after a Capacity Market Notice has been issued and post-event analysis by NESO has confirmed that a System Stress Event has occurred.
5.	After NESO has issued the Capacity Market Notice, how are participants in the electricity market expected to respond?	When NESO issues a Capacity Market Notice, it is assumed that it will act as a signal for electricity market participants to increase the amount of generation they are offering to the system or decrease their demand as per their Capacity Agreement in order to prevent a System Stress Event from occurring.

¹ <https://www.emrsettlement.co.uk/publications/working-practices/>

² <https://www.emrsettlement.co.uk/publications/guidance/>

³ <https://gbcmn.nationalenergyso.com/>

Capacity Market Stress Event FAQs

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6.	What do I need to ensure that I have in place before a Capacity Market Stress Event?	Before a Capacity Market Stress Event occurs, it is important that Capacity Providers have ensured the MSIDs provided for their CMUs match the correct BMU in their portfolio; have up to date Aggregation Rules (if required to do so); that they are signed up to all relevant contact lists; that they are aware of and tracking when Capacity Market Notices are in effect; that they know what data they will need to provide and to which organisations; and that their CMUs are able to meet their obligations; ensure that their HHDA data flows are in place (especially if in SMRS). Registered for volume reallocation for non-agreement holders.
7.	When do I know if a Capacity Market Stress Event has occurred?	A Capacity Market Stress Event will be confirmed by NESO, usually within a few days following the demand control instruction or automatic low frequency demand disconnection. However, where information is required from third parties, this timetable may be extended.
8.	When do I know if I will face penalties?	Capacity Providers will only be subject to penalties if they fail to deliver against their ALFCO during the Capacity Market Stress Event and are unable to reallocate its under-delivered volumes. This means that a Capacity Provider will not know whether it will be facing penalties until the 35th Working Day in the month following the month in which the Capacity Market Stress Event occurred.
9.	I am a Capacity Provider with a storage CMU, how do my obligations differ?	Storage CMUs are required to submit data from at least six weeks before the start of the Delivery Year for baseline calculation and monitoring checks. This is explained in WP195 – Capacity Market and CfD Metered Data ⁴ .
10.	I am a Capacity Provider with a Demand Side Response (DSR) CMU, how do my obligations differ?	DSR CMUs are required to submit data from at least six weeks before the start of the Delivery Year for baseline calculation and monitoring checks. DSR CMUs also have to provide six weeks of additional background data following a Capacity Market Stress Event so to prove that they have reduced their demand during the Capacity Market Stress Event.

⁴ <https://www.emrsettlement.co.uk/publications/working-practices/>

Capacity Market Stress Event FAQs

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11.	Why do I need to provide Balancing Services data?	<p>Capacity Providers need to submit Balancing Services data for their CMUs because it is an important part of the ALFCO calculation. If they do not, then the CMU could end up being penalised for failing to deliver against its Capacity Obligation when it had instead been helping manage the Capacity Market Stress Event through Balancing Services.</p> <p>Although CM Rule 14.4 requires NESO to provide information to the Settlement Body in relation to CMUs providing Relevant Balancing Services during System Stress Event, the NESO licence puts restrictions on sharing of information held by EMR Delivery Body (DB) with the rest of NESO and vice versa. Therefore, the EMR DB need Capacity Providers to submit information post System Stress Event as requested.</p> <p>Capacity Providers have a requirement under CM Rule 8.7⁵ to provide information to allow Administrative Parties to determine whether the Capacity Provider is complying with the terms of its Capacity Agreements, the Regulations and the Rules.</p>
12.	Do we need to inform the EMRS and/or EMR Delivery Body if we believed that our CMU would be unable to meet its Capacity Market obligations in the event a System Stress Event was officially recognised?	<p>If you are unable to meet your Capacity Obligation, then you would not need to inform EMRS. We would take the metered data that has been submitted to determine your Output</p>

⁵ <https://www.gov.uk/government/publications/capacity-market-rules>

Capacity Market Stress Event FAQs

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13.	<p>System Operators are able to unilaterally impose restrictions on an Interconnector (albeit in coordination with other System Operators) which will restrict the maximum import and export Interconnector flows. These are known as Net Transfer Capacity (NTC) restrictions within GB and France. It is feasible that the French System Operator (RTE) could impose an NTC restriction at the day-ahead stage but then closure to real-time a System Stress Event occurs with GB. Could you please confirm whether actions of this nature are considered within the ALFCO calculation. Whilst an NTC action may not be instigated by the GB System Operator, this NTC mechanism has been agreed by both System Operators to ensure security standards applicable in both areas are taken into account at any given time.</p>	<p>“System Operator” is defined in the rules to mean only the GB System Operator, any actions solely from RTE or other European System Operators would not trigger CM Rule 8.5.1 'Response to a Capacity Market Notice'⁶ and in this case, the CMU would still be obliged to meet their ALFCO.</p>

⁶ <https://www.gov.uk/government/publications/capacity-market-rules>

Capacity Market Stress Event FAQs

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14.	Can you please confirm whether SO-SO trades are taken into consideration when determining the ALFCO value, and if so, whether there is any differentiation depending on whether the SO-SO trade was instigated by either the NESO or the System Operator in a connected country.	<p>There are two main mechanisms in the rules to allow for adjustments to a Capacity Obligation due to external influences, the first is reductions in ALFCO under rule 8.5.2(a), for example for relevant balancing services, and the second is reductions under 8.5.1.</p> <p>Section 8.5.1 places an obligation on Capacity Providers to deliver their ALFCO during a System Stress Event unless one of the exemptions in parts (a) to (d) are met. The exemptions do not lead to a proportional reduction in capacity but instead removes the obligation to deliver during that Settlement Period.</p> <p>Section 8.5.1 (ba) states that where the Capacity Committed CMU is an Interconnector CMU, in any Settlement Period during which the CMU is affected by a measure taken by the System Operator which has the effect of reducing the Net Output of that CMU to an amount lower than the Interconnector Scheduled Transfer;</p> <p>And "Net Output" is defined in Regulation 2 : "net output", in relation to an interconnector CMU, means the amount of electricity transmitted through the CMU into the GB transmission system;"</p> <p>Therefore, instructions by a System Operator that limit that Net Output, including an SO-SO trade or Net Transfer Capacity restrictions, would lead to the Capacity Provider not being obliged to meet any level of Capacity during those Settlement Periods.</p>
15.	Where can I find more information about the Mock Stress Event Reporting?	You can find more information including FAQs on Mock System Stress Event Reporting webpage ⁷ .

⁷ <https://www.emrsettlement.co.uk/change/latest-changes/mock-system-stress-event-reporting/>