

# Capacity Market Notices (CMNs)

## Purpose

This document illustrates ESO policy on the interaction of Capacity Market Notices with our operational decision making.

## Context

The capacity market algorithm, de-rating factors and process was implemented in 2015 with a very different generation background to that which we currently see. Recently the ESO has seen instances where a Capacity Market Notice is triggered while, from an operational perspective, system margins are sufficient with our planned actions. This is generally because of a timing mismatch between the Capacity Market Notice calculations, and the nomination of interconnector trades that ESO has taken to meet operational requirements. It can also be due to the difference between thresholds of the Capacity Market Notice and Electricity Margin Notice (EMN) which is an operational tool.

The CMN trigger level is 500MW above our requirement, i.e. available generation  $< \{ \text{ESO requirement} + 500\text{MW} \}$

The EMN trigger level is 500-800MW below our requirement, i.e. available generation  $< \{ \text{ESO requirement} - 500\text{MW} \}$

## Capacity Market Notices

1. The Capacity Market Notice is not an operational tool and does not drive our operational decision making.
2. A Capacity Market Notice is intended to notify capacity providers with Capacity Market agreements that they will be expected to deliver their capacity for the relevant settlement period if the notice remains in place, or potentially face penalties.
3. It is not the responsibility of the ESO to either deliver or advise on how capacity market providers deliver in line with their agreements; this is the responsibility of the Capacity Market providers.
4. A Capacity Market Notice is triggered based on the Capacity Market Notice calculation
5. Once a Capacity Market Notice is issued, the Capacity Market Notice calculation will run every 30 minutes and calculate for every settlement period until real-time. If any calculation shows that there is sufficient generation available to exceed the 500MW trigger level, the Capacity Market Notice will be automatically cancelled.
6. ESO will not intervene with the Capacity Market Notice publication or cancellation.
7. Trading on interconnectors is one of the tools we use to manage flows on interconnectors. We trade on interconnectors to meet our requirements of operating the system in real-time. We do not trade on interconnectors to get out of a Capacity Market Notice event or to enable interconnectors to meet their Capacity Market obligations.