

Results of Capacity Market Prequalification announced

62GW of generating capacity qualified to take part in December Capacity Market auctions

03 Oct 2014

- 52.4GW of derated generation capacity qualified for December auctions with a further 10.1GW conditionally qualifying subject to submitting further documentation.
- Generation will bid for capacity agreements for winter of 2018/19
- 5GW unsuccessful but these applicants may request a review or an appeal of the decision

National Grid has today announced that a total of 62.5 Gigawatts (GW) of derated electricity generation capacity has successfully qualified to bid in this December's Capacity Mechanism auctions.

The Capacity Mechanism prequalification process is part of Electricity Market Reform which was brought in by the Energy Act earlier this year and will procure electricity generation capacity for the winter of 2018/19. The Capacity Mechanism, developed by the Department for Energy and Climate Change (DECC), is designed to create confidence in investing in generation while keeping costs competitive.

A total of 52.4GW of derated capacity has pre-qualified with just over 10GW qualifying on the condition they provide extra information regarding their project development such as planning consents. A just under 9GW (derated) of new build generation has qualified, however that may increase following the appeals process.

National Grid is the Delivery Body for EMR and will administer and run the auction on behalf of DECC. The auction process aims to secure a total of 53.3GW (derated) of new and existing generation capacity and demand side response for 2018/19. The vast majority was expected to be secured in this year's auction in December 2014 with a second auction, held a year ahead of when it is required, providing the rest.

Generators totalling 5GW failed to meet the qualifying criteria set by DECC. These Applicants have 5 days to request we change our decision and provide the relevant documentation to support their request. We then have 5 days to consider this. If we uphold our decision they then have 5 days to submit an appeal to Ofgem who will look at each case individually.

8GW of derated generation capacity opted out, meaning they will not participate in the December auction. However, 'opting out' of the auction does not mean that they cannot continue to participate in the market.

The results of the auction will be announced by DECC on 5 January 2015.

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Notes to Editors:

Full details of the qualifying applicants can be found on the [EMR Delivery Body website](#)

National Grid's Role in EMR

Under the new Energy Act National Grid has become the delivery body for Electricity Market Reform and will be regulated by Ofgem in this role.

Our role in the capacity mechanism is to pre-qualify generators, run the capacity auctions and put in place the contracts

National Grid will administer the Capacity Market which will provide regular payments to capacity providers – both generators and demand side response - so that they are able to produce energy when capacity is tight, or face financial penalties.

The aim of the capacity market is to create confidence in investing in generation while keeping costs competitive

We do not set the security of supply standard for the Capacity Mechanism or set policy which is the role of the Government

About National Grid

National Grid is one of the largest investor-owned energy companies in the world. We own and manage the grids that connect people to the energy they need, from whatever the source. In Britain and the north-eastern states of the US we run systems that deliver gas and electricity to millions of people, businesses and communities.

In Britain, we run the gas and electricity systems that our society is built on, delivering gas and electricity across the country. In the North Eastern US, we connect more than seven million gas and electric customers to vital energy sources, essential for our modern lifestyles.

National Grid in the UK:

We own the high-voltage electricity transmission network in England and Wales, operating it across Great Britain

We own and operate the high pressure gas transmission system in Britain

Our gas distribution business delivers gas to 11 million homes and businesses

We also own a number of related businesses including LNG importation, land remediation and metering

National Grid manages the National Gas Emergency Service free phone line on behalf of the industry - 0800 111 999 (all calls are recorded and may be monitored).

Our portfolio of other businesses is mainly concerned with infrastructure provision and related services where we can exploit our core skills and assets to create value. These businesses operate in areas such as Metering, Grain LNG Import, Interconnectors and Property. National Grid Carbon Ltd is a wholly owned subsidiary of National Grid and it undertakes Carbon Capture Storage related activities on behalf of National Grid.

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Notes for editors

Notes to Editors:

National Grid is pivotal to the energy systems in the UK and the north eastern United States. We aim to serve customers well and efficiently, supporting the communities in which we operate and making possible the energy systems of the future.

National Grid in the UK:

- We own and operate the electricity transmission network in England and Wales, with day-to-day responsibility for balancing supply and demand. We also operate, but do not own, the Scottish networks. Our networks comprise approximately 7,200 kilometres (4,474 miles) of overhead line, 1,500 kilometres (932 miles) of underground cable and 342 substations.
- We own and operate the gas National Transmission System in Great Britain, with day-to-day responsibility for balancing supply and demand. Our network comprises approximately 7,660 kilometres (4,760 miles) of high-pressure pipe and 618 above-ground installations.
- As Great Britain's System Operator (SO) we make sure gas and electricity is transported safely and efficiently from where it is produced to where it is consumed. From April 2019, Electricity System Operator (ESO) is a new standalone business within National Grid, legally separate from all other parts of the National Grid Group. This will provide the right environment to deliver a balanced and impartial ESO that can realise real benefits for consumers as we transition to a more decentralised, decarbonised electricity system.
- Other UK activities mainly relate to businesses operating in competitive markets outside of our core regulated businesses; including interconnectors, gas metering activities and a liquefied natural gas (LNG) importation terminal – all of which are now part of National Grid Ventures. National Grid Property is responsible for the management, clean-up and disposal of surplus sites in the UK. Most of these are former gas works.

Find out more about the energy challenge and how National Grid is helping find solutions to some of the challenges we face at <https://www.nationalgrid.com/group/news>

National Grid undertakes no obligation to update any of the information contained in this release, which speaks only as at the date of this release, unless required by law or regulation.

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