



Capacity Market Team

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Capacity Market: Proposals to modernise Capacity Market Rules and improve participation and delivery assurance of consumer-led flexibility

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About Uniper

Düsseldorf-based Uniper is a European energy company with global reach and activities in more than 40 countries. With approximately 7,400 employees, the company makes an important contribution to security of supply in Europe, particularly in its core markets of Germany, the UK, Sweden and the Netherlands.

Uniper's operations encompass power generation in Europe, global energy trading, and a broad gas portfolio. Uniper procures gas—including liquefied natural gas (LNG)—and other energy sources on global markets. The company owns and operates gas storage facilities with a total capacity of more than 7 billion cubic meters.

Uniper intends to be completely carbon-neutral by 2040. Uniper aims for its installed power generating capacity to be more than 80% zero-carbon by the early 2030s. To achieve this, the company is transforming its power plants and facilities and investing in flexible, dispatchable power generating units. Uniper is already one of Europe's largest operators of hydropower plants and is helping further expand solar and wind power, which are essential for a more sustainable and secure future. The company is progressively expanding its gas portfolio to include green gases like hydrogen and biomethane and aims to convert to these gases over the long term.

Uniper is a reliable partner for communities, municipal utilities, and industrial enterprises for planning and implementing innovative, lower-carbon solutions on their decarbonisation journey. Uniper is a hydrogen pioneer, is active worldwide along the entire hydrogen value chain, and is conducting projects to make hydrogen a mainstay of the energy supply.

In the UK, Uniper owns and operates a flexible generation portfolio of power stations and a fast-cycle gas storage facility.

Consultation Response

We have set out below our answers to the consultation questions. Our views in summary:

- We agree with the removal of obsolete rules and the correction of errors in the rules.

- We agree that Demand Side Response (DSR) which fails to provide a test certificate should be subject to a termination fee.

Our views in full:

Question 1: Do you agree with the proposed amendment to Rule 3.11 to introduce a Directors' Declaration and Summary Statement to enable a Capacity Market Unit to change their Opt-out status when new operational information is available? Please provide reasons with your answer.

Yes. This amendment would help to maintain auction liquidity and security of supply by avoiding premature withdrawal of serviceable CM units.

Question 2: Do you agree that the Directors' Declaration to change Opt-out status should be treated as part of the Application to prequalify for the first Capacity Auction that the Unit would have been excluded for if no change of status was made? Please provide reasons with your answer.

Yes.

Question 3: Do you think that any additional information or supporting evidence should be provided in addition to the Directors' Declaration and Summary Statement to allow a Capacity Provider to change its Opt-out status and participate in CM auctions? Please detail these and provide reasons with your answer.

No.

Question 4: Do you agree with the proposed amendment to Rule 7.5.1(ra)? Please provide reasons with your answer.

Yes. This is a sensible amendment which clarifies the policy intention.

Question 5: Do you think that the proposed change to Rule 7.5.1(ra) will have any unintended consequences? If so, please provide details.

No.

Question 6: Do you agree with the proposal that the Delivery Body should not prequalify units when they become aware that the unit would not prequalify if the Application was considered afresh before the First Bidding Window? Please provide additional reasons for your answer.

Yes. Non-compliant units should not be allowed to take part in the auction.

Question 7: Do you think that this proposed clarification to Rule 4.4.3A will have any unintended consequences? If so, please provide details.

None that we can foresee.

Question 8: Do you agree with the proposal to remove the Chapters and Rules set out in Table 1? If not, please provide details.

We agree in principle that the chapters and rules in table 1 should be removed but suggest that legal teams should review the specific agreements undertaken in those auctions to provide reassurance.

Question 9: Do you agree that the word “following” in 4.5ZA refers only to changes to Generating Technology Class in the 2017/18 auctions rather than to every auction since that point and that the rule is therefore obsolete? If not, please provide an explanation.

See our answer to Q8.

Question 10: Do you think the proposed changes will have any unintended consequences or alter other Rules not mentioned in the consultation? If so, please provide details.

None that we can foresee.

Question 11: Are there any other additional redundant Rules or Chapters that you believe the government should also consider removing due to them no longer being applicable?

None of which we are aware.

Question 12: Do you agree with the proposal to correct the incorrect reference to Rule 3.15.6(b) in Exhibit ZA?

Yes. Errors in the rules should be corrected.

Question 13: Do you think the proposed correction to Exhibit ZA will have any unintended consequences or alter other Rules not mentioned in the Consultation? If so, please provide details.

None of which we are aware.

Question 14: Are there any other Rules which you think contain drafting errors that you believe the government should also consider addressing by way of Rules amendments?

None of which we are aware.

Question 15: Do you agree with the proposed temporary rule change to operational requirements for Existing Generating CMUs which are mothballed? Does this proposal create any unintended consequences?

This is the fourth temporary extension to allow mothballed plant to prequalify using operational data which is more than 24 months old. Presumably in practice this would now become operational data from plant which hasn't run for an even longer time period, and which represents a growing risk to security of supply. If the rule is extended then the plant in question should post collateral until it has completed its SPDs to prove that it is still capable of operating at historic levels. Government should bring forward policy to ensure that there are enough operational CMUs to end this temporary rule change.



Question 16: Do you agree with the proposed amendments to the Rules (including Rule 3.9.3 and 3.10.1) to require similar Demand Side Response Capacity Market Unit components to be collated into a single business model or plan at Application?

In principle this is an appropriate rule amendment.

Question 17: Are there any unintended consequences from the proposed amendments?

None of which we are aware.

Question 18: Do you agree with the introduction of the proposed separation period?

No Uniper response.

Question 19: If you disagree with the proposals, please provide supporting detail of your disagreement and provide alternative solutions where possible.

No Uniper response.

Question 20: Do you agree that the proposed TF1 termination fee of £5,000/MW for Unproven Demand Side Response (DSR) Capacity Market Units which fail to provide a DSR Test Certificate will enhance delivery assurance for DSR capacity agreements?

Yes.

Question 21: Please provide the reasoning behind response to question 20 and supporting evidence where appropriate. If you disagree, please provide suggestions and evidence for alternative methods that could be considered.

This treatment is consistent with the treatment of other classes of CMU.

Question 22: Do you foresee any unintended consequences to the proposal under section 5.6. or believe a more effective solution exists for improving delivery assurance?

There are no unintended consequences that we can foresee.

Uniper UK Limited