

The Capacity Market in the United Kingdom

Earn Revenue with Your Small-Scale Generation Asset

What is the Capacity Market?

The Capacity Market is designed to ensure that there is adequate capacity within the electricity system to meet demand throughout the year. Providers of capacity, including generation assets and demand-side resources, are paid for their annual commitment to produce electricity or reduce consumption as required.

If National Grid forecasts a potential shortfall of electricity supply relative to demand for a given period within a particular day, it will issue a warning to all capacity providers. The warning is issued to ensure that providers deliver on their commitment to the system and prevent a potential blackout during the given period. As such, warnings will only be issued in extreme circumstances.

Who can participate?

Energy consumers with new or existing small-scale generation assets—like CHP assets—which are capable of running at their expected level when dispatched by National Grid can participate. These rare dispatches are most likely to occur on winter weekday afternoons. Though a typical dispatch is only expected to last for 30 minutes, participants should be able to run their assets for up to four hours in accordance with the Capacity Market rules.

What are the details?

Capacity Market	
Availability Period	Annual (1 Oct. – 30 Sept.)
Availability Days	7 days per week
Availability Hours	24 hours per day
Advanced Notification	Approximately 4 hours
Dispatch Duration	Up to 4 hours

How do I participate?

EnerNOC makes participation easy. We take care of the complex details so you can stay focused on running your business.

- We work with your staff to create a bespoke energy management plan (EMP) that yields maximum value with minimal impact on your operations.
- We conduct a simulated Capacity Market warning and dispatch to ensure that you are comfortable with your EMP.
- When National Grid experiences emergency conditions, we notify you of when and for how long to run your asset. If desired, EnerNOC can automate your generation in response to warnings.
- We handle all data processing and settlement with National Grid to ensure fast compensation.

How much revenue can I earn?

Earnings from the Capacity Market depend on how much capacity you commit to provide and the payment rate, which will be determined in annual capacity auctions conducted by National Grid.

How do I get paid?

Capacity Market participants will receive a payment from EnerNOC for being on standby during the warning period.

Does it cost anything to participate?

EnerNOC bears all direct costs for your participation in the Capacity Market.

What type of generation assets are able to participate?

Any generation assets that are able to run when called upon for up to four hours in a given day. Export capability is not a requirement. Renewable generation assets—like biomass generators—that receive renewable or low carbon financial

support are not able to participate in the Capacity Market. Combined Heat and Power (CHP) and reciprocating engines are the most common examples of ideal generation assets participating in the Capacity Market.

What can I expect during a dispatch?

When National Grid anticipates a supply shortfall, it will notify EnerNOC of a potential grid emergency. EnerNOC will notify its customers by phone, SMS, or email at approximately four hours in advance of the period of supply shortfall. These customers will ensure their generation assets are turned on and the resulting energy production will be made available to National Grid. Throughout the dispatch, EnerNOC support personnel help ensure that you achieve the highest level of performance and resulting payments.

What happens if I cannot meet my commitment?

EnerNOC shields customers from all penalties associated with underperformance. While failure to meet your commitment may result in reduced earnings, you will never be required to make any out-of-pocket payments.

What are the benefits?

- Earn payments for participating
- Reduce energy costs
- Protect your operations and your community from potential blackouts

Can I view my performance?

Users of EnerNOC's energy intelligence software (EIS) can view their Capacity Market performance in real-time by logging into our web-based application.

EnerNOC's EIS helps organisations reduce operational costs, enhance visibility, and improve compliance and reporting—without adding complexity. Plant managers and financial decisions makers alike use EIS to make decisions that give their business a competitive advantage. To learn more, visit www.enernoc.com/uk.