

# Capacity Market Cost Allocation Terms & Conditions

**Working group update**  
**Richard Stout - Chair**

# Work group update

- CCAT&C newly formed WG
- **Purpose:** recommend contractual structure for recovery of capacity market costs (distribution and determinants for cost recovery determined by Regulations)
- Definitive Capacity Market Regulations recently issued
  - Regulations provide little latitude for reshaping \$/MWh determinants directed to maximise benefits of load/generation changes in real time (aka tariff approach)
  - Customers are defined as all grid connected users of electricity

# Work group update (continued)

- Forecast cost True-ups
  - Forecast capacity market costs will not match actual costs
  - With no ability to recover or refund costs to any specific customer true-up will require the use of deferral accounts
  - The choice of deferral accounts to be determined after further discussion
- Net/Gross treatment of “Behind the Fence” Generation
  - In real time a BTF generator/load combination that has elected to self-supply reserve capacity could still be a “user of electricity” as a result of an unforeseen excursion of the generator or load from normal operating conditions
  - No agreement on how BTF generator/load combinations might be charged for their share of capacity market costs when such discrepancies occur
  - Agreement on terms & conditions that could result in such balancing charges requires a consideration of POS/POD of revenue class metering arrangements