



**Integrated Single Electricity Market  
(I-SEM)**

**Capacity Market Code Modifications Set 1**

**Decision Paper**

**SEM-18-044**

**31 August 2018**

## EXECUTIVE SUMMARY

Decisions made during the development of the I-SEM CRM Detailed Design were translated into auction market rules to form the Capacity Market Code (CMC) (SEM-17-033) which was published in June 2017. The CMC sets out the arrangements whereby market participants can qualify for, and participate in, auctions for the award of capacity. The settlement arrangements for the Capacity Remuneration Mechanism (CRM) form part of the revised Trading and Settlement Code (T&SC) (SEM-17-024) published in April 2017.

Section B.12 of the CMC outlines the process used to modify the code. In particular, it sets out the handling of proposing, consideration, consultation and implementation or rejection of Modifications to the CMC.

The purpose of this decision paper is to set out the decisions relating to the Proposed Modifications discussed during Working Group 1 on 10 May 2018.

The decisions within this paper follow on from the associated consultation (SEM-18-034) which closed on 2 August 2018.

Six responses were received to the Capacity Market Code Modifications, none of which were marked as confidential. All responses to the consultation (SEM-18-034) have been published on the SEM Committee website, with most respondents supporting the minded to position presented for each proposal by the SEM Committee.

A number of respondents provided feedback in regards to the withdrawn Proposed Modification CMC\_03\_18 - Qualification Requirements in Respect of New Capacity. This was included as part of the consultation for information however, having been withdrawn by the proposer, the SEM Committee did not invite feedback in regards to the Proposal. With this being the case, the comments provided by respondents have not been specifically addressed in this decision paper.

### Summary of Key Decisions

Following consideration of the proposals and responses received to the consultation the SEM Committee have decided to:

Adopt the minded to position to approve:

- CMC\_01\_18 – NIROCs in the CRM
- CMC\_02\_18 – Disclosures of Credit Agencies
- CMC\_04\_18 – Capacity Auction Participation Correction
- CMC\_07\_18 – Information Published following a Capacity Auction
- CMC\_08\_18 – Typographical Correction – E.8.2.4
- CMC\_09\_18 – Publication of Qualification Results
- CMC\_10\_18 – Report on Capacity Auction

Reject the following proposals:

- CMC\_05\_18 – Combining Candidate Units into a Capacity Market Unit
- CMC\_06\_18 – Disaggregation of Performance Securities to Capacity Market Unit

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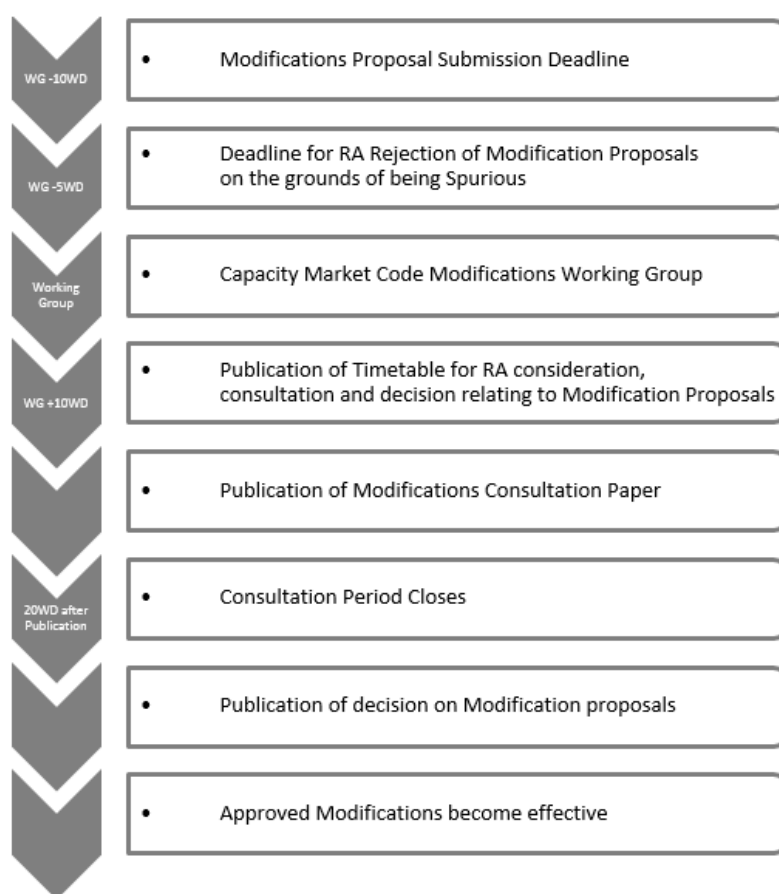
# 1. OVERVIEW

## 1.1 BACKGROUND

- 1.1.1 Decisions made during the development of the I-SEM CRM Detailed Design were translated into auction market rules to form the Capacity Market Code (CMC) (SEM-17-033) which was published in June 2017. The CMC sets out the arrangements whereby market participants can qualify for, and participate in, auctions for the award of capacity. The settlement arrangements for the Capacity Remuneration Mechanism (CRM) form part of the revised Trading and Settlement Code (T&SC) (SEM-17-024) published in April 2017.
- 1.1.2 Section B.12 of the CMC outlines the process used to modify the code. In particular, it sets out the handling of proposing, consideration, consultation and implementation or rejection of Modifications to the CMC.
- 1.1.3 The System Operators (SOs) are required to facilitate the modification process via (but not limited to) the following:
- co-ordinating with the Parties to facilitate the development and processing of a Modification Proposal;
  - organising workshops for Parties to discuss Modification Proposals; and
  - compiling reports and making recommendations on Modification Proposals to the Regulatory Authorities.
- 1.1.4 The purpose of the Modifications process is to allow for modifications to the CMC to be proposed, considered and, if appropriate, implemented with a view to better facilitating code objectives.
- 1.1.5 Modifications to the CMC can be proposed and submitted by anyone, at any time and are subsequently discussed at a Working Group held on a bi-monthly basis. Each Working Group represents an opportunity for a modification proposer to present their proposal(s) and for this to be discussed by the workshop attendees.
- 1.1.6 For discussion at a Working Group, Modification proposals must be submitted to the SOs at least 10 working days before a Working Group meeting is due to take place.
- 1.1.7 If a proposal is received and deemed to be contrary to the Capacity Market Code Objectives or does not further any of those objectives, the Regulatory Authorities (RAs) will reject the proposal on the grounds of being spurious, as set out in section B.12.6 of the CMC.
- 1.1.8 A proposer may choose to mark a Modification proposal as “Urgent”. In this case, the RAs, as per section B.12.9.3 of the CMC, will assess whether or not the proposal should be treated as urgent. If the RAs deem a proposal to be urgent they have the power to fast-track the proposal and request the SOs to convene a Working Group to discuss the proposed Modification.

- 1.1.9 If a proposal is received less than 10 working days before a Working Group and is not marked as urgent it is deferred for discussion to the next Working Group.
- 1.1.10 During each Working Group the SOs take minutes which will form the basis of a report of discussions that have taken place at the meeting.
- 1.1.11 Following each Working Group, and as per section B.12.5.6 of the CMC, the RAs are required to publish a timetable for the consideration, consultation and decision relating to the Modification(s) proposed during a Working Group. Dependent on the level of complexity of proposed modifications, the RAs may choose to consult on some, or all modifications raised during a Working Group and subsequently form a decision based on this.
- 1.1.12 The Modifications Timetable, outlining the RAs plan for consideration, consultation and decision relating to the Modifications discussed at Working Group 1 on 10<sup>th</sup> May 2018, was published on 25<sup>th</sup> May 2018. A consultation paper was published on 2<sup>nd</sup> July with responses invited up to 2<sup>nd</sup> August 2018.

Figure 1: Capacity Market Code – Modifications Process Overview



- 1.1.13 The purpose of this decision paper is to set out decisions relating to the Proposed Modifications discussed during Working Group 1 on 10 May 2018 to either:
- Implement a modification;
  - Reject a modification; or
  - Undertake further consideration in regards to matters raised in the modification proposal.

1.1.14 Each chapter of this decision paper sets out a summary of the consultation proposal, provides a summary of responses, and sets out the SEM Committee's decision.

## 1.2 RESPONSES TO CONSULTATION

1.2.1 This paper includes a summary of the responses made to the Capacity Market Code Modifications consultation paper (SEM-18-034) which was published on 2 July 2018. Within some responses, broader issues were raised which did not specifically relate to this consultation paper and therefore have not been specifically addressed in this decision paper.

1.2.2 A total of six responses to the consultation were received. Of the six responses, none were marked confidential. The respondents are listed below and copies can be obtained from the SEM Committee website.

- ESB GWM
- Energia
- Power NI - PPB
- Bord Gáis Energy (BGE)
- Grange Energy Centre
- Tynagh Energy Limited

## 1.3 FULFILLMENT OF CODE OBJECTIVES

1.3.1 The purpose of the Modifications process is to allow for modifications to the CMC to be proposed, considered and, if appropriate, implemented with a view to better facilitating code objectives.

1.3.2 The Code Objectives contained with the CMC are set out below:

- To facilitate the efficient discharge by EirGrid and SONI of the obligations imposed by their respective Transmission System Operator Licences in relation to the Capacity Market;
- To facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;
- To facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity in the Capacity Market;
- To promote competition in the provision of electricity capacity to the SEM;
- To provide transparency in the operation of the SEM;
- To ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code; and
- Through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.



## 2. CMC\_01\_18 – NIROCS IN THE CRM

### 2.1 CONSULTATION SUMMARY

- 2.1.1 The Modification was proposed to reflect the State Aid decision<sup>1</sup> to disallow all units in receipt of NIROCs from participation in the CRM due to the possible cumulation of aid.
- 2.1.2 The Modification proposed changes to the CMC to E.2.1.1, E.7.2.1, and E.7.4.3 along with the inclusion of the definition of NIROCS within the glossary section of the CMC.
- 2.1.3 The SEM Committee were of a minded position to approve this Modification proposal to ensure compliance with EC State Aid approval.

### 2.2 SUMMARY OF RESPONSES

- 2.2.1 Of the six respondents to the consultation, four provided feedback in regards to this proposal.
- 2.2.2 Each of the four respondents stated their support for the implementation of this Proposed Modification.
- 2.2.3 Tynagh and PPB stated that the proposal is consistent and maintains adherence with the EC State aid decision.
- 2.2.4 BGE provided support for the proposal stating that drafting proposed meets the objective of the Modification in their view.
- 2.2.5 Energia stated that whilst they support the inclusion of the modification, they proposed a change to the drafting set out within sections E.2.1.4 (b), E.7.2.2 and E.7.4.3 of the Proposal.

### 2.3 SEM COMMITTEE DECISIONS

- 2.3.1 As part of the State aid decision it was agreed that all units in receipt of NIROCs would be disallowed from participation within the CRM due to accumulation of aid.

The SEM approve this Modification as per the drafting shown in Appendix A.

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<sup>1</sup> State Aid Decision: [http://europa.eu/rapid/press-release\\_IP-17-4944\\_en.htm](http://europa.eu/rapid/press-release_IP-17-4944_en.htm)

## 3. CMC\_02\_18 – PERMITTED DISCLOSURES – CREDIT AGENCIES

### 3.1 CONSULTATION SUMMARY

- 3.1.1 This Modification proposed a change to sub-paragraph B.23.2.1 (a) of the CMC to extend rules around the disclosure of confidential information to a lending or other financial institution to include Credit Agencies.
- 3.1.2 The Modification was raised as the proposer engages credit rating agencies to review and assess credit worthiness. The Modification highlights the proposer’s duty to disclose information about its business to the rating agencies in order to ensure that their review is effective and accurate.
- 3.1.3 The Proposer suggested that failure to implement modification could have a negative impact on a Market Participant’s credit rating.
- 3.1.4 Following the presentation of the proposed Modification and attendee feedback given at Working Group 1, the SEM Committee were minded to approve this Modification for implementation.

### 3.2 SUMMARY OF RESPONSES

- 3.2.1 Five responses to this proposal were received, each of which supported its inclusion within the Capacity Market Code.
- 3.2.2 Tynagh advised of their support whilst stating that inclusion would be necessary in regards to mitigate against participants receiving misleading and inaccurate credit ratings, which could potentially lead to systemic failures of the Capacity Market.
- 3.2.3 Energia and ESB advised the Proposal and its current drafting is consistent with the code objectives and would have no objection to the Proposal.
- 3.2.4 BGE also advised they have no objections to the Proposal and specified they have no preference as to whether the current drafting or a separate sub-paragraph should be introduced as long as the intent of the Modification (to permit the proposer to disclose relevant information confidentially in line with its obligations to credit rating agencies) is maintained.

### 3.3 SEM COMMITTEE DECISIONS

- 3.3.1 Upon review of the responses to the Proposal, and given the support shown in relation to the proposed drafting, the SEM Committee approve this Modification as per the drafting shown in Appendix A.

## 4. CMC\_04\_18 – CAPACITY AUCTION PARTICIPATION

### 4.1 CONSULTATION SUMMARY

- 4.1.1 The Modification was proposed to correct an inconsistency with Section F.7.1.1 (h) of the CMC.
- 4.1.2 The CMC, as a general principle does not require Qualified New Capacity to participate in a Capacity Auction. This is correctly reflected in section F.7.1.1, however in section F.2 Capacity Auction participation can require a Capacity Market Unit to offer some, or all New Capacity as its firm offer requirement is not capped by Existing Capacity.
- 4.1.3 It is proposed that failure to implement modification will leave the CMC internally inconsistent on the treatment of New Capacity.
- 4.1.4 Taking into account the updates to the Proposed Modification arising from Working Group 1 and to ensure consistency within the CMC in regards to the treatment of New Capacity, the SEM Committee were minded to approve this amended Modification for implementation.

### 4.2 SUMMARY OF RESPONSES

- 4.2.1 All respondents to this proposal stated their support for the implementation of this Proposal.
- 4.2.2 BGE advised they believe the Proposal and drafting is in line with the Code Modification objectives.
- 4.2.3 Energia mirrored this by welcoming the inclusion of a proposed Modification that removes an inconsistency within the Code and therefore supports the Code objectives.

### 4.3 SEM COMMITTEE DECISIONS

- 4.3.1 The SEM Committee's minded to position was to approve this modification for implementation.
- 4.3.2 Following review of the responses relating to this Modification and the support illustrated within each response for furthering the Code objectives, the SEM Committee approve this Modification as per the drafting shown in Appendix A.

## 5. CMC\_05\_18 – COMBINING CANDIDATE UNITS INTO A CAPACITY MARKET UNIT

### 5.1 CONSULTATION SUMMARY

- 5.1.1 The Modification proposed to amend Section E.7.6 of the CMC to allow participants to register multiple generating units, on the same site and above the de-minimis threshold, as a single Capacity Market Unit subject to RA approval.
- 5.1.2 The proposer states that implementation of this modification will result in the proportionate treatment of all participants when determining a plant's Net Going Forward Costs and that the current methodology prevents participants (with plant structures that provide the System Operator with necessary flexibility) from ensuring the full cost recovery available to all other participants.
- 5.1.3 This proposer also states they believe that implementation of the modification would lead to improved exit signals and the possible removal of regulatory intervention following the auction results.
- 5.1.4 They suggest that failure to implement the modification would result in discrimination against market participants that can offer flexibility (linked to Minimum Generation) to the System Operator and raises the possibility of inefficient auction results.
- 5.1.5 Following assessment of the Modification Proposal and feedback provided at Working Group 1, the SEM Committee were minded to undertake further consideration in regards to the matters raised in the Proposal following the consultation.

### 5.2 SUMMARY OF RESPONSES

- 5.2.1 Five responses were received in regards to this Proposal with opinion split as to the support for either implementing or rejecting the Proposal.
- 5.2.2 Tynagh advised of their support for the Proposal to combine to form a singular Capacity Market Unit only if it was applied to units sharing a steam turbine. If the Proposal were applied to all same site units, there would be a significant impact on the liquidity of the auction.
- 5.2.3 PPB agreed with the principle behind the Proposal however highlighted they believe the scope is too narrow and does not address scenarios where shared costs exist. They raised a concern around RA approvals no indication of the criteria upon which such RA approval would be assessed.
- 5.2.4 ESB GWM addressed concerns in regards to the basis on which the RAs would approve or reject an application, advising they believe the possibilities of "site" and "significant shared generating assets" are potential preliminary conditions. They elaborated stating that if the RAs were to use the above as conditions and considering CMC Unit qualification is tied to BM registration the

definition of a site could be classified as the “Trading Site Name” for a generators’ BM registration data.

- 5.2.5 Energia highlighted concerns around a lack of clarity in the drafting of the Proposal and in the principle behind the Modification itself. They stated the Proposal has the potential to distort competition and does not better facilitate the CMC objectives. They also echoed concerns raised in several of the responses regarding a lack of assessment criteria feeding into RA approval results in the assessment of any application being left open to the discretion of the RAs therefore leaving the process ambiguous and lacking transparency.
- 5.2.6 BGE stated from the outset their strenuous opposition to the proposal. They highlighted if treatment of Net Going Forward Costs is a concern this may be better dealt with through the USPC process and/ or possibly for example by way of RA guidance on how units on the same site with shared costs, should allocate those costs between units. They also disagreed with the proposals “implication” that the modification would improve exit signals, advising in their view the Proposal undermines the effectiveness and design of the capacity mechanism as it would mean that more inefficient plants would clear and avoid the exit signal than would otherwise be the case.
- 5.2.7 BGE have also stated the view that this Proposal leads to “lumpiness” concerns with the concentration of a large volume of capacity in the hands of one, or a small number of, market participants.

### 5.3 SEM COMMITTEE DECISIONS

- 5.3.1 Following consideration of the Proposal and the responses received, the SEM Committee consider the modification is inconsistent with the existing policy framework. The SEM Committee also recognise concerns put forward in several responses in regards to a lack of clarity provided around processes behind RA assessment of an application to combine candidate units to form a CMU. In consequence, the SEM Committee reject this proposal.

## 6. CMC\_06\_18 – DISAGGREGATION OF PERFORMANCE SECURITIES TO CAPACITY MARKET UNIT

### 6.1 CONSULTATION SUMMARY

- 6.1.1 The Modification proposes to amend Section J.3.2 of the CMC in order to disaggregate the provision of performance security requirements from the Participant level down to the individual CMU level.
- 6.1.2 The RAs consider the current CMC drafting does not require modification and the SEM Committee were therefore minded to reject the Proposed Modification.

## 6.2 SUMMARY OF RESPONSES

- 6.2.1 Four responses were received in regards to this proposal, with each respondent stated their support for the rejection of the Proposal.
- 6.2.2 Both Tynagh and PPB commented that following the RAs check in regards to the robustness of the current drafting of wording within the CMC they are content.
- 6.2.3 BGE stated they believe that no further drafting changes to this section of the CMC are required, and to do so could convolute the issue. They further reiterated their stance that there should be no impact in terms of the duration of the performance bond or level of performance bond and that no gaps in protection against non-delivery (in the form of the bond) should be permitted to arise.

## 6.3 SEM COMMITTEE DECISIONS

- 6.3.1 Upon review of the responses to the Proposal, and their support of the RAs statement around current drafting and the SEM Committee minded to position, the SEM Committee reject the Modification.

# 7. CMC\_07\_18 – INFORMATION PUBLISHED FOLLOWING A CAPACITY AUCTION

## 7.1 CONSULTATION SUMMARY

- 7.1.1 This Modification proposed changes to section F.9.5 of the CMC to allow for the publication of Provisional Auction Results following the completion of a Capacity Market Auction.
- 7.1.2 The Modification proposed the publication of provisional results in the same form as those published for the Final Auction Results.
- 7.1.3 Currently there is a substantial amount of time (~4 weeks) between Participant notification of Capacity Auction results and the publication of the Final Capacity Auction Results. It was proposed this modification would result in the avoidance of issues that may arise due to the availability of commercially sensitive information known to participants that is not available to the wider market.
- 7.1.4 The SEM Committee were minded to approve the amended Modification for implementation.

## 7.2 SUMMARY OF RESPONSES

- 7.2.1 Five responses were received, all of with stated support for its inclusion within the CMC. Respondents were however split as to the timeframe between the Capacity Auction ending and the publication of Provisional results to the market.
- 7.2.2 Tynagh echoed comments made during Working Group 1 that Capacity Auction results should be made available to the wider market in a more timely manner.
- 7.2.3 PPB stated their belief that the Proposal is consistent with the code objectives and agreed with the revised modification, updated following the working group meeting, to allow for a short window following notification to participants before more general publication. They did however suggest that 3 WD window between private notification and general publication would be tight and asked it be considered revising the Proposal to allow for a 5 WD period between notifications to be implemented.
- 7.2.4 BGE requested the SEM Committee consider a timeline closer to 3 WD between the Auction and publication of provisional results. They advised that given that the original justification for the Proposal was “to avoid an extended period when Participants have sight of their own results and are at risk of trading with inside knowledge”, a 3 WD period to inform stakeholders and staff of results as opposed to 1.5 weeks is considered a better balance in the overall context.
- 7.2.5 Energia stated their support the proposal in principle however recommended approval of the Proposal should be conditional on a number of amendments to the detailed CMC drafting.
- 7.2.6 Energia have also highlighted their belief that the time period between notification of results to participants and publication to the market cannot be reduced should there be a delay to a preceding event. They stated the requirement for this to be explicit within the CMC and their support of the Proposal is conditional upon it being so.
- 7.2.7 ESB GWM stated their support the 3 WD period between notification of results to participants and to the wider market and advised they did not understand the logic provided as to why 3 WD is not possible. They have also highlighted an error in the revised Proposal, in that the drafting appears to state that the auction results will be published 1.5 weeks before the auction is held.

## 7.3 SEM COMMITTEE DECISIONS

- 7.3.1 The RAs recognise the value of the comments with respect to the drafting for Appendix C and the detailed drafting of the Proposal has been revised accordingly so that the indicative Auction Timetable has provisional Auction Results published at A+ 8 Working Days.
- 7.3.2 Given this updated draft, the SEM Committee approve this Modification as per the drafting shown in Appendix A.

## 8. CMC\_08\_18 – TYPOGRAPHICAL CORRECTION – E.8.2.4

### 8.1 CONSULTATION SUMMARY

- 8.1.1 The Modification was proposed to correct a missing multiplication sign from the calculation contained within section E.8.2.4, which, in the absence of this symbol rendered the calculation ambiguous.
- 8.1.2 To ensure this calculation cannot be interpreted in another way, the SEM Committee were minded to approve the Modification for implementation.

### 8.2 SUMMARY OF RESPONSES

- 8.2.1 Three respondents provided comments in regards to this Proposal.
- 8.2.2 Each of the responses supported the implementation of the Proposal and the minded to position taken by the SEM Committee. Whilst a number of respondents highlighted their belief that the Proposal is consistent with the Code Objectives in that it provides transparency in the operation of the SEM.

### 8.3 SEM COMMITTEE DECISIONS

- 8.3.1 Given the nature of the Proposed Modification and to avoid the calculation being interpreted in any other form than was intended, the SEM Committee approve this Modification as per the drafting shown in Appendix A.

## 9. CMC\_09\_18 – PUBLICATION OF QUALIFICATION RESULTS

### 9.1 CONSULTATION SUMMARY

- 9.1.1 The Modification proposed to correct typographical errors relating to the data to be published in relation to Qualification results under Section E.9.5.1.
- 9.1.2 There is a clear need to publish information relating to Existing Capacity under paragraph (a) and to New Capacity under paragraph (b) to provide complete information to the market on the volumes of Qualified Capacity. The Modification makes clear the information to be published.

### 9.2 SUMMARY OF RESPONSES

- 9.2.1 Three respondents provided comments in regards to this Proposal.



- 9.2.2 Each of the responses supported the implementation of the Proposal and the minded to position taken by the SEM Committee.

### 9.3 SEM COMMITTEE DECISIONS

- 9.3.1 Given the general nature of this Proposed Modification, in that it is deemed a “housekeeping” issue to correct a typographical error, and to ensure clarity around information to be published, the SEM Committee approve this Modification as per the drafting shown in Appendix A.

## 10. CMC\_10\_18 – REPORT ON CAPACITY AUCTION

### 10.1 CONSULTATION SUMMARY

- 10.1.1 The Modification proposed to correct an incorrect reference contained within Section B.10.4.1.
- 10.1.2 This section of the CMC states that the SOs must submit Capacity Auction Results under F.9.2.1. However, the reference should be referencing section F.9.3.1.
- 10.1.3 In order to correct the reference within this section of the CMC, the SEM Committee were minded to approve this Modification for implementation.

### 10.2 SUMMARY OF RESPONSES

- 10.2.1 Three respondents provided comments in regards to this Proposal.
- 10.2.2 Each of the responses supported the implementation of the Proposal and the minded to position taken by the SEM Committee.

### 10.3 SEM COMMITTEE DECISIONS

- 10.3.1 Given the general nature of this Proposed Modification, in that it is deemed a “housekeeping” issue to correct an incorrect reference within the CMC, the SEM Committee approve this Modification as per the drafting shown in Appendix A.

## 11. CMC MODIFICATIONS PROCESS

### 11.1 CONSULTATION SUMMARY

- 11.1.1 As part of the Modifications Consultation Paper SEM-18-034 the SEM Committee welcomed suggestions that respondents believe would lead to greater efficiency in the proposal, consideration, consultation and decisions made relating to proposed Modifications.

## 11.2 SUMMARY OF RESPONSES

- 11.2.1 Three respondents provided detail in regards to the above request. BGE and Energia provided a number of suggestions, whilst ESB GWM stated they would like to wait to comment on the CMC modification process until the first modification process has been complete.
- 11.2.2 BGE submitted the following suggestions in regards to the Modification process:
- Until such time as all written comments on the issues have been submitted through the CMC Modifications consultation process any decision to withdraw, approve, amend etc. any Proposed Modification should not be made. They suggest this would provide the proposer and the RAs with as wide a view as possible on the various nuances involved in any proposal, helping to inform the possible way forward;
  - A shorter timeline between the Working Group held for modifications and the related consultation should be applied. They recommend the consultation process commence as soon as possible and no later than two weeks after the initial Working Group on the modifications(s) is held.
  - Including a “standing” agenda item to cover discussion on any modifications for which consultation periods have not yet closed within each Working Group.
- 11.2.3 Energia recommended the CMC Modification process be aligned to that of the T&SC Modification process. They commented that the lack of a defined committee and voting mechanism as per the T&SC Modification process raises concerns around the RA’s decision on whether to implement or reject a modification proposal based on their assessment of the consultation responses leaves the decision open to an element of interpretation which the state is not present in the T&SC Modification process. They suggest that to remove elements that lack clarity it would be beneficial to introduce elements applicable to the T&SC process, specifically with the formation of a committee, quorum and voting requirements.

## 11.3 SEM COMMITTEE DECISIONS

- 11.3.1 The SEM Committee recognise the suggestions provided by Respondents to the consultation in regards to creating greater efficiency in the proposal, consideration, consultation and decisions made relating to proposed Modifications.
- 11.3.2 The SEM Committee at this stage will endeavour to take these suggestions forward for further consideration as to extent to which the proposals align with the objectives of the CMC Modifications Process as laid out in CRM Decision 3 (CRM-16-039) and the potential impact of adoption of any of the suggestions on the process, resourcing of the CMC modification process and any impact on the drafting of to the CMC itself.
- 11.3.3 With respect to the Energia proposal to align the CMC Modification process with the T&SC Modification process, the SEM Committee notes that a deliberate policy decision was made in

CRM3 (SEM-16-039) to establish a different process for the CMC given the very different natures of the capacity and balancing markets. The SEM Committee do not intend to revisit this policy at this time.

## 12. NEXT STEPS

12.1.1 Given that the Proposed Modifications approved within this decision paper do not have any system implications, the SEM Committee require that the TSOs incorporate the approved Modifications contained within this paper into the CMC.

The approved Modifications should be incorporated into the CMC via an appropriate version control process and each Modification is to become effective by no later than 1<sup>st</sup> October 2018.

12.1.2 All SEM Committee decisions are published on the SEM Committee website: [www.semcommittee.com](http://www.semcommittee.com)