

I-SEM 2023-24 T-1 Capacity Auction Independent Auction Monitor Report

Commission for Regulation of Utilities (CRU) and the
Northern Ireland Authority for Utility Regulation
(NIAUR)

27th July 2023

AUCTION REPORT - REDACTED

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1. INDEPENDENT ASSURANCE REPORT

This report sets out our conclusions in relation to the monitoring of the processes and procedures followed by the System Operators (EirGrid and SONI Ltd; SOs) in conducting the Capacity Market Auction for the 2023/24 T-1 Capacity Auction, with respect to Capacity Auction Submissions submitted between 6th July 2023 and 10:00 on 18th July 2023, to ensure that it has been correctly carried out in accordance with the SOs' obligations under the Capacity Market Code (CMC).

1.1. SCOPE OF THE REPORT

This report is produced in accordance with the terms of our engagement contract, dated 2nd September 2022, for the purposes of reporting to the Regulatory Authorities (RAs) – the Commission for Regulation of Utilities (CRU) and the Northern Ireland Authority for Utility Regulation (UR) – in connection with CEPA's arrangement as the Capacity Auction Monitor for the I-SEM Capacity Market.

Under the CMC, the SOs have various obligations with respect to qualification for and conducting of the Capacity Auctions. These obligations apply to Capacity Auctions which the SOs are required to satisfy under the CMC. The SEM Committee's decision approving the CMC and its associated procedures are available here:

<https://www.semcommittee.com/news-centre/publication-i-sem-crm-capacity-market-code-decision>

The most up to date version of the CMC, and approved and pending modifications, are available here:

<https://www.sem-o.com/rules-and-modifications/capacity-market-modifications/market-rules/>

CEPA's role as the appointed Capacity Auction Monitor for the I-SEM is to provide independent assurance to the market and the Regulatory Authorities (RAs) that the SOs have correctly carried out their obligations under the CMC in respect of qualification for, and running of, the Capacity Auctions, as set out in the Terms of Reference for the Capacity Auction Monitor.²

We monitored the processes and procedures followed by the SOs for the Capacity Auction, as far as possible, in accordance with our Terms of Reference for this engagement. We provide our conclusions (in Section 1.4 below) in relation to compliance with the CMC based on our obligations. This report is provided in accordance with Section B.10.4 of the CMC, which sets out the requirement for the Capacity Auction Monitor to provide a report to the RAs:

- confirming the list of Participants with Capacity Market Units that have been allocated Awarded Capacity;
- stating whether or not the Capacity Auction Monitor considers that the Capacity Auction was conducted in accordance with this Code; and
- identifying any actual or potential non-compliance with the CMC by the SOs.

Note that, except where expressly stated, we did not audit or otherwise verify the information provided to us by the SOs in the course of our work. A separate Capacity Market Auditor is required to be in place under the CMC, with its obligations set out within the Capacity Market Auditor Terms of Reference. For the avoidance of doubt, CEPA would like to make clear that we are a professional economic advisory firm and not professional accountants.

1.2. OUR APPROACH

We developed a set of protocols and analytical tools to monitor the processes and procedures followed by the SOs for the Capacity Auction.

² SEM Committee (2017): 'Capacity Remuneration Mechanism – Terms of Reference for the Capacity Market Auditor and Capacity Auction Monitor', SEM-17-023.

In carrying out our duties, we have followed a system of quality control, professional conduct, and ethical behaviour which we consider to be of a standard at least as demanding as that required by ISAE 3000 (Revised). This includes documented policies and procedures related to our monitoring activities, leadership responsibilities for quality control in the firm, independence and ethical requirements and management of human resources.

We have performed our work as the appointed Capacity Auction Monitor based on our fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

1.3. INHERENT LIMITATIONS

Our conclusions are based on historical information. The projection of any information or conclusions in the attached report to any future periods would be inappropriate.

Our examination excludes audit procedures and accordingly we do not express an audit opinion on the information. We note that the procedures we performed were not designed to and are not likely to reveal fraud.

An outline of the work we performed for the Capacity Auction is included in Appendix A.

1.4. CONCLUSIONS

Our conclusions in this report reflect reasonable assurance in relation to the T-1 Capacity Auction for the 2023/24 Capacity Year.

We believe that the procedures performed, and the evidence obtained, provide us with a reasonable basis that, except for the matters described in Section 4 of our report, the Capacity Auction was conducted by the SOs in accordance with the requirements of the CMC.

Actual and potential instances of non-compliance are summarised in Section 4.

1.5. USE OF THE REPORT

This report has been prepared for the exclusive use of the RAs in accordance with the scope of our engagement contract and the RAs' Terms of Reference for the Capacity Auction Monitor.

Our work has been undertaken solely for the purpose of assessing that the SOs have correctly carried out the obligations placed on them under the CMC in carrying out the Capacity Auction. Our work was not planned or conducted with any other objective in mind, and so cannot be relied on for any other purpose. With the exception of providing it to the RAs and the SOs, and publishing it on the SEM Committee website, our report is not to be recited or referred to in any document, copied or made available (in whole or part) to any person without our prior written consent. To the fullest extent permitted by law, CEPA does not accept or assume responsibility to anyone, other than the RAs, for this report or for the conclusions we have formed.



Cambridge Economic Policy Associates Ltd
London, United Kingdom
27th July 2023

2. BACKGROUND AND CONTEXT

2.1. BACKGROUND

In the I-SEM Capacity Market, capacity providers sell qualified capacity to the market to meet the capacity requirement in a future capacity year. Capacity providers who are successful in the Capacity Auction receive a regular capacity payment that assists with funding generation capacity, and, in return, they have an obligation to generate when the system is stressed.

The operation of the Capacity Market and the roles and responsibilities of the market operator – split jointly between the SOs and the Single Electricity Market Operator (SEMO) – are governed by the CMC and the Trading and Settlement Code.

2.2. OUR ROLE AS CAPACITY AUCTION MONITOR

The Terms of Reference for the Capacity Auction Monitor state that:

“The purpose of the Capacity Auction Monitor is to provide independent assurance to the market and the Regulatory Authorities that the System Operators’ are correctly carrying out their obligations under the Capacity Market Code in respect of qualification for and running of Capacity Auctions.”

As Capacity Auction Monitor, we are required to produce a Report on the Capacity Auction, within two Working Days after the SOs have released provisional Capacity Auction Results to Participants, that:

- confirms the list of Participants with Capacity Market Units that have been allocated Awarded Capacity;
- states whether or not the Capacity Auction Monitor considers that the Capacity Auction was conducted in accordance with the CMC; and
- where applicable, identifies any actual or potential non-compliance with the CMC or other actual or potential irregularity in the conduct of the Capacity Auction, together with the Capacity Auction Monitor’s assessment as to the likely consequences of the actual or potential non-compliance or irregularity.

This report summarises our findings in relation to the Capacity Auction run by the SOs on 18th July 2023.

2.3. OBJECTIVES AND SCOPE

The CMC paragraph B.10.2.1 sets out that:

“The Capacity Auction Monitor shall monitor the processes and procedures followed by the System Operators in carrying out the Qualification Process, conducting Capacity Auctions and related activities under this Code, in accordance with the terms of reference determined by the Regulatory Authorities.”

The basic tasks set out for the Capacity Auction Monitor are:

- monitoring the Qualification Process to ensure that the SOs have complied with the CMC;
- being present at the auctions, with full read access to all key software, including access to all bids and all communications between the SOs and all bidders;
- monitoring the application of algorithms and calculations;
- reporting on whether it considers that the SOs have conducted the Capacity Auction in accordance with the CMC;

- identifying any actual or potential breach of the rules and regulations or other actual or potential irregularities in the conduct of the Capacity Auction by the SOs and an assessment of the consequences; and
- making recommendations on the changes to the CMC, Auction Guidelines and User Guides.

As Capacity Auction Monitor, we are required to report on all issues that we identify, irrespective of materiality.

The scope of the Capacity Auction Monitor's assurance activities shall relate to the System Operators' activities relating to qualification through to the determination of the final auction results under the Code.

2.4. SCOPE EXCLUSIONS

In line with our Terms of Reference, the scope of our review excluded the following:

- Secondary trading market (referenced specifically within Chapter H of the CMC).
- Direct investigation of market manipulation: However, the Terms of Reference states that the Capacity Auction Monitor should bring any incidents of potential market manipulation to the attention of the RAs, should it come across them in carrying out its duties.
- The determination of the LCCs and their underlying methodology: The Capacity Auction Monitor's scope in relation to LCCs is limited to assessing compliance by the SOs with the methodology for determining LCCs, including accordance with relevant procedures and process documentation.
- Auditing of the processes carried out by the SOs: The CMC requires a Capacity Market Auditor to be appointed separately from the Capacity Auction Monitor. Under our Terms of Reference, we are not required to carry out an audit of the processes followed, or information provided, by the SOs in running the auction.
- Monitoring of compliance with obligations of Section L.7 of the CMC regarding SO reporting of REMIT Data on behalf of Participants.

3. AUCTION RESULTS

The Capacity Auction Submission Commencement date for the T-1 Auction was 6th July 2023. The SOs emailed Participants on 6th July 2023 that due to an issue still to be resolved by the SOs, Participants would not be able to submit offers into the Capacity Market Platform (CMP) before Monday 10th July 2023 (see Section 4.2.2 for further information). The Capacity Auction Submission End took place at 10:00 on 18th July 2023, as required by the Capacity Auction Timetable.

Capacity Auction Run Start was scheduled for 12:00 on 18th July 2023. Auction Run was initiated at this time and was completed within a minute of initiation. The auction clearing process was completed within the 24-hour Allowed Timeframe.

The Capacity Auction was run using the CMP version 3.1.3.4, according to information displayed in the CMP.

In line with the Final Auction Information Pack (FAIP), the parameters of the Demand Curve used in the 2023/24 T-1 Auction are set out in Table 3.1.

Table 3.1: Final Demand Curve used in the Capacity Auction, same as in FAIP 2023/24 T-1 Table 1

De-Rated Capacity (MW)	Demand Curve Point (€/MW per year)
0	146,920
892	146,920
892	92,300
1,885	0

The minimum capacity needed to satisfy the LCCs were as set out in Table 3.2.

Table 3.2: LCCs and minimum MW required, same as in FAIP 2023/24 T-1 Table 4

LCC Area 1 Name	Required Quantity (MW)
L1-1: Northern Ireland	2,192
L1-2: Ireland	4,154
L1-3: Greater Dublin	2,230

The FAIP set out that the Level 2 Locational Capacity Constraint Areas for Dublin North and Dublin South, included in the Initial Auction Information Pack (IAIP2324T-1), will not be applied in the 2023/24 T-1 Capacity Auction. All units connected (or that expect to be connected) to the nodes assigned to Dublin North and Dublin South in the IAIP2324T-1 were re-assigned to the L1-3: Greater Dublin Locational Capacity Constraint Area for this auction.

There were 29 offers for 22 CMUs in this Capacity Auction, out of a total of 137 qualified CMUs. Of the CMUs that submitted offers, 8 had Existing Capacity with a non-zero Firm Offer Requirement (and thus were required to submit offers). Of these, 6 had only Existing Capacity available to offer, and 2 had both Existing and New Capacity available to offer into this Capacity Auction. There were a further 15 CMUs that comprised only New Capacity, and therefore (under CMC F.2.1.1) these CMUs were not required to submit an offer.

All 29 offers were submitted directly in the CMP by the relevant Participants.

A total of 638.809 MW cleared in the auction, with all offers clearing, and thus 22 CMUs being awarded all their offered capacity. The Auction Clearing Price was determined in accordance with CMC F.8.3. The Price Setting Offer was an Inflexible offer cleared at €146,919/MW per year (£128,480.67/MW per year). This is just below the Auction Price Cap (€146,920/MW).

For the determination of the Auction Clearing Price, a total of [3<] offers were initially considered. The offered quantity scheduled at the Auction Clearing Price was not sufficient to meet the LCC Required Quantities for

Northern Ireland, Ireland, or Greater Dublin, and so additional offers were cleared out of merit. As a result, [redacted] offers were cleared at their respective offer prices up to the Auction Price Cap of €146,920/MW per year. However, LCC Required Quantities remained unmet. Of these [redacted] additional offers, [redacted] were for New Capacity and [redacted] were from clean units.

Total Awarded Capacity, LCC Required Quantity, and the shortfall between the two is summarised in Table 3.3 below.

Table 3.3: Constraint status in the auction solution

	L1-1: Northern Ireland	L1-2: Ireland	L1-3: Greater Dublin
Previously Awarded Capacity (MW) ³	1,933.773	3,641.233	1,704.544
Capacity Cleared in T-1 Auction (MW)	206.709	300.518	131.582
Total Awarded Capacity (MW)	2,140.482	3,941.751	1,836.126
LCC Required Quantity (MW)	2,192	4,154	2,230
Shortfall between Required Quantity and Awarded Capacity (MW)	51.518	212.249	393.874

The values in the table above have been calculated using the Provisional Auction Results presented in the CMP. The Awarded Capacity values for L1-1: Northern Ireland and L1-2: Ireland do not, however, align with the Final Auction Information Pack and Final Qualification Results report, as the CMP does not correctly reflect Awarded Capacity for two CMUs at present. Further information is provided in Issue Log 020.

In line with the CMC Modification,⁴ which was required to comply with the State Aid decision to disallow the clearing of excess capacity to resolve local capacity constraints within an auction, some offers that are considered in the determination of the Auction Clearing Price may be ‘removed’ in the final Auction Solution, in accordance with F.8.4.3 and F.8.4.4. In this Capacity Auction, no such offers were ‘removed.’

Table 3.4 shows the relevant quantities of the above offers for units with changes between the unconstrained and constrained solutions.

Table 3.4: Changes between the determination of the Auction Clearing Price and the Auction Solution

CMU ID	Capacity type(s) offered by this CMU	LCC Level 1	Offered Quantity (MW)	Cleared Q during Auction Clearing Price determination (MW)	Cleared Q in Auction Solution (MW)	Difference (MW)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

³ From multi-year contracts cleared in previous capacity market auctions.

⁴ SEM-O (2019) “[Capacity Market Code Urgent Modifications Set 2: Decision Paper](#)”

3.1. CMUs PROVISIONALLY AWARDED CAPACITY IN THIS CAPACITY AUCTION

Based on the outcome of the T-1 Auction, Table 3.5 lists the participants and corresponding CMUs that have been awarded capacity. There were no CMUs that were not awarded capacity in this Auction.

Table 3.5: List of participants and CMUs provisionally awarded capacity in the T-1 Capacity Auction for the Capacity Year 2023/24

CMU ID	Party ID	Party Name	Participant ID	Technology class	LCC Level 1	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
CAU_400301	PY_000030	ESB	PT_400030	Hydro	L1-2: Ireland	Existing	[<]	0.086
GU_400324	PY_000030	ESB	PT_400030	Gas Turbine	L1-3: Greater Dublin	New	[<]	7.900
GU_400325	PY_000030	ESB	PT_400030	Gas Turbine	L1-3: Greater Dublin	New	[<]	4.556
GU_405070	PY_034046	Statkraft Markets GmbH	PT_402540	Other Storage	L1-2: Ireland	Existing	[<]	3.030
GU_501130	PY_000093	iPower Solutions Ltd	PT_500053	Gas Turbine	L1-1: Northern Ireland	New	[<]	2.318
DSU_403690	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_400133	Demand Side Unit	L1-3: Greater Dublin	Existing	[<]	0.505
DSU_403590	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_400133	Demand Side Unit	L1-2: Ireland	Existing	[<]	0.484
DSU_503650	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_500099	Demand Side Unit	L1-1: Northern Ireland	Existing	[<]	0.668
DSU_403660	PY_000122	Veolia Alternative Energy Ireland Limited	PT_400124	Demand Side Unit	L1-3: Greater Dublin	Existing	[<]	6.352
GU_400181	PY_000030	ESB	PT_400030	Gas Turbine - IED	L1-2: Ireland	Existing	[<]	78.300
GU_404510	PY_034046	Statkraft Markets GmbH	PT_402540	Other Storage	L1-3: Greater Dublin	Existing	[<]	0.893
GU_400271	PY_000030	ESB	PT_400030	Steam Turbine - IED	L1-2: Ireland	Existing	[<]	200.925
DSU_403690	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_400133	Demand Side Unit	L1-3: Greater Dublin	Existing	[<]	0.353
DSU_403590	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_400133	Demand Side Unit	L1-2: Ireland	Existing	[<]	0.339

CMU ID	Party ID	Party Name	Participant ID	Technology class	LCC Level 1	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
DSU_503650	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_500099	Demand Side Unit	L1-1: Northern Ireland	Existing	[<]	0.467
DSU_403500	PY_000128	Powerhouse Generation Limited	PT_400144	Demand Side Unit	L1-2: Ireland	New	[<]	4.140
DSU_403650	PY_000093	iPower Solutions Ltd	PT_402574	Demand Side Unit	L1-2: Ireland	New	[<]	3.398
DSU_403690	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_400133	Demand Side Unit	L1-3: Greater Dublin	Existing	[<]	0.151
DSU_403590	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_400133	Demand Side Unit	L1-2: Ireland	Existing	[<]	0.145
DSU_403590	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_400133	Demand Side Unit	L1-2: Ireland	New	[<]	0.149
GU_403620	PY_000030	ESB	PT_400030	Gas Turbine	L1-3: Greater Dublin	New	[<]	55.436
DSU_403520	PY_000114	Electricity Exchange DAC t/a VIOTAS	PT_400116	Demand Side Unit	L1-2: Ireland	Existing	[<]	0.545
DSU_403730	PY_000114	Electricity Exchange DAC t/a VIOTAS	PT_400116	Demand Side Unit	L1-2: Ireland	New	[<]	1.647
GU_403610	PY_000030	ESB	PT_400030	Gas Turbine	L1-3: Greater Dublin	New	[<]	55.436
DSU_403760	PY_000114	Electricity Exchange DAC t/a VIOTAS	PT_400116	Demand Side Unit	L1-2: Ireland	New	[<]	7.330
DSU_503650	PY_000126	Endeco Technologies Limited t/a GridBeyond	PT_500099	Demand Side Unit	L1-1: Northern Ireland	Existing	[<]	0.200
DSU_501560	PY_000128	Powerhouse Generation Limited	PT_500078	Demand Side Unit	L1-1: Northern Ireland	New	[<]	0.746
GU_504120	PY_034134	EP NI Energy Limited	PT_502539	Gas Turbine	L1-1: Northern Ireland	New	[<]	2.250
GU_504110	PY_034134	EP NI Energy Limited	PT_502539	Gas Turbine	L1-1: Northern Ireland	New	[<]	200.060

4. SUMMARY OF ISSUES IDENTIFIED WITH THE CAPACITY AUCTION PROCESS

We performed our role as Capacity Auction Monitor in relation to the 2023/24 T-1 Capacity Auction, which took place on 18th July 2023, in line with our obligations to monitor the conduct of the SOs in operating the Capacity Auctions. In Section 4.1, we summarise the identified instances of non-compliance within the areas of the CMC that are in the Monitor's scope, before presenting some additional considerations in Section 4.2.

4.1. SUMMARY OF ISSUES

In carrying out our duties, we identified 9 issues that we consider constitute non-compliance with the CMC, noting our obligation to report all issues to the RAs irrespective of materiality. The table below sets out a high-level summary of actual or potential instances of non-compliance identified within the Capacity Auction process. Detailed issue logs are included in Appendix B.

Table 4.1: Summary of issues identified within the Capacity Auction process.⁵

Issue Log	Description
010	<p>CMC Section C.3.2.1 sets out the approach to calculating Initial Capacity. For a Generator Unit, the value of Initial Capacity in the Final Qualification Results (FQRs) does not align with the values calculated through the application of the formula contained in this section of the CMC.</p> <p>The Generator Unit identified in this issue log was previously brought to the SOs' attention – in Issue Log 006 of the Monitor's report on the 2023/24 T-1 Qualification Process. CMC E.9.4.2 requires the SOs to correct such PQR issues for the issuance of FQRs, but did not do so in this case.</p>
011	<p>CMC Paragraph E.8.7.1 sets out the rules for the determination of Offer Price Caps. For several Generator Units, the Existing Capacity Price Cap was not set in accordance with CMC E.8.7.1. (c).</p>
012	<p>Section E.7.8 of the CMC outlines the Alternative Qualification Process (AQP) which the SOs are to apply under certain circumstances. In the FQRs, the SOs have applied this process in some instances not in accordance with E.7.8.2.</p> <p>The CMUs identified in this issue log were previously brought to the SOs' attention – in Issue Log 008 of the Monitor's report on the 2023/24 T-1 Qualification Process. CMC E.9.4.2 requires the SOs to correct such PQR issues for the issuance of FQRs, but did not do so in this case.</p>
014	<p>CMC E.8.3.2 stipulates the determination of Gross De-Rated Capacity (Existing) for CMUs with Awarded Capacity. For two CMUs, the values in the PQRs do not align with the values calculated through the application of the formula contained in this section of the CMC.</p> <p>One of CMUs identified in this issue log was previously brought to the SOs' attention – in Issue Log 005 of the Monitor's report on the 2023/24 T-1 Qualification Process. CMC E.9.4.2 requires the SOs to correct such PQR issues for the issuance of FQRs, but did not do so in this case.</p>
016	<p>CMC F.3.1.6 outlines that the SOs shall propose the postponement of the Capacity Auction if the RAs have not provided the Demand Curve ten Working Days prior to Capacity Auction Submission Commencement Date. For this Capacity Auction, no postponement was proposed by the SOs despite the RAs not providing the Demand Curve by the prescribed date.</p>
017	<p>CMC E.9.4.1 (b) states where the System Operators propose to reject an Application for Qualification, they must explain in the published FQDs the requirements under section E.7 that the Application for Qualification failed to satisfy. This was not provided for one Generator Unit rejected in the FQDs.</p>

⁵ Issue numbers are assigned to potential instances of non-compliance as they are identified. Issue numbers missing from the table (e.g., Issue 015) may reflect issues investigated as part of the Monitor's Qualification Report for this Auction or may reflect issues that have been investigated and determined not to represent non-compliance with the CMC.

Issue Log	Description
018	<p>CMC F.4.1.4 requires the SOs to submit an LCC determination no later than two working days after the Provisional Qualification Results Date. CMC F.4.1.5 requires the SOs to submit an LCC determination, based on the Final Qualification Decisions, at the same time as these are submitted to the RAs. Neither of these date requirements were adhered to.</p> <p>CMC F.4.1.6 requires the SOs to reduce the LCC Required Quantity to the total quantity of Gross De-Rated Capacity (Total) if the value determined under CMC F.4.1.1 (c) is greater than zero, and CMC F.4.1.7 requires the SOs to notify the RAs of the reduction. This, however, was not undertaken.</p>
019	<p>There were a number of changes between Provisional Qualification Decisions and Final Qualification Decisions, for which the reasons were not provided to Participants through the FQRs, as is required by CMC E.9.4.11.</p>
020	<p>CMC F.8.2.1 (b) requires the SOs to use the Awarded Capacity in respect of Capacity Market Units that contribute to satisfying that LCC. The SOs, however, in conducting the 2023/24 T-1 Capacity Auction, did not use the correct Awarded Capacity value for the L1-1: Northern Ireland and L1-2: Ireland LCCs.</p>

4.2. FURTHER CONSIDERATIONS

This sub-section contains comments and observations that we believe do not represent non-compliance with the CMC, but we consider it appropriate to summarise for the RAs' attention.

4.2.1. Final Qualification Results and FAIP

The SOs submitted the Final Qualification Results (FQRs) (v1.0) to the RAs for approval on 12th June 2023 and Participants were made aware of publication on 30th June 2023.

The SOs then became aware of issues relating to how Awarded Capacity from prior auctions was being accounted for. This impacted [3<], for which Existing Awarded Capacity was being calculated as zero instead of the actual Existing Awarded Capacity. This resulted in positive Existing Net De-Rated Capacity for these [3<] units, when the value should have been 0 MW.

Given that this error would have led to an incorrect value for the maximum value the participants could offer into the auction, the SOs notified the RAs of this issue and submitted a second version of the FQRs (v.1.1) on 7th July 2023. This version contained corrected Existing Awarded Capacity and Existing Net De-Rated Capacity values for these units, with the RAs approving these on 10th July 2023. The SOs notified Participants of the updated version (v1.1) of the FQRs on 10th July 2023. In addition, the SOs also re-published the Final Auction Information Pack (FAIP). The SOs submitted the FAIP v1.0 to the RAs on 12th June 2023 and Participants were made aware of publication on 30th June 2023.

The SOs made amendments to the list of units falling under some of the LCCs in a revised version of the FAIP. The revised version of the FAIP (v.1.1) was published and Participants were notified on 10th July 2023. The changes between the versions were explained in the market message that notified the Participants.

4.2.2. Gate opening on CMP delayed

CMC F.6.2.1 specifies that the SOs shall allow Participants to submit Capacity Auction Offers from the date specified in the Capacity Auction Timetable. For the T-1 2023/24 Capacity Auction, this date was 6th July 2023.

The SOs sent an email on 6th July 2023 at 12:02 explaining to Participants that it was the Capacity Auction Submission Commencement date, however, due to an issue being resolved by the SOs, Participants would not be able to submit offers into the CMP until 10:00 on 10th July 2023. This email also provided guidance and instruction on how to submit a manual offer.

CMC F.6.2.1 requires the SOs to allow Participants to submit Capacity Offers but does not explicitly define the channel through which this should be undertaken. As the SOs provided details, and were open to accepting, manual offers from 6th July 2023, we do not technically consider this to be non-compliant with CMC F.6.2.1. We do not consider this to have had a material impact upon the Auction and note that no manual offers were submitted.

4.2.3. Communication during the Application for Review period

During the Application for Review period, there was one instance where an incorrect CMU ID was used in communication between the SOs and a Participant. One CMU, [x<], was referred to as [x<] and [x<] by both the SOs and the Participant. During these email communications it was only the CMU ID that was incorrect and, therefore, no confidential information was relayed to the wrong Participant.

4.2.4. LCC Net Maximum Quantity

The updated Capacity Market Code published on 9th December 2022 introduced a new requirement for the SOs to set the maximum level of de-rated capacity that satisfies each LCC area. This new requirement is set out in a number of code items including:

- CMC C.2.2.2 (c) requires that the SOs determine for each LCC area the “*minimum and maximum de-rated capacity quantity that is required to satisfy the Locational Capacity Constraint, where the maximum de-rated capacity quantity shall be not less than the minimum de-rated capacity quantity.*”
- CMC F.4.1.4 (g) requires that the SOs determine the “*maximum de-rated capacity quantity that can be cleared under the Locational Capacity Constraint*” for each LCC.

The SOs noted in the FAIP that the CMC requirements regarding the Maximum Quantities for each LCC area have not been implemented in time for the 2023/2024 T-1 Capacity Auction. As a result, the SOs established a Maximum Quantity for this Capacity Auction equal to a non-binding value of 20,000 MW for each Level 1 LCC area.

In addition, CMC F.8.2.1 (b) (i2) requires the SOs to apply the Net Maximum Quantity that will apply to each LCC in the Capacity Auction. The SOs determined a non-binding value of 20,000 MW for each Level 1 Locational Capacity Constraint in the FAIP to satisfy the requirement of providing this. The SOs did not, however, incorporate consideration of the Net Maximum Quantity value into the auction process on any LCC. Despite this requirement being listed in the CMC, we note that the SOs have not yet started to implement it, so have deemed as not applicable instead of non-compliant..

4.2.5. Rounding of Published Quantities

CMC paragraph L.5.4.1 requires the SOs to use consistent numerical rounding of all published quantities.

We note that a number of values in the FAIP (v1.1) and CAT for 2023/24 T-1 are reported to a smaller number of decimal places.

A number of values in the Auction Results displayed on the CMP are also reported to a smaller number of decimal places for €/£ and MW values.

In the FAIP, for example:

- Values are shown to the nearest MW instead of to three decimals for the Demand Curve; Capacity Requirement and Short-Term Reserve values; and
- Values are shown to nearest € value instead of to nearest cent/pence for the following values: Demand Curve, Euro Auction Price Cap, Euro Existing Price Cap, New Capacity Investment Rate Threshold, Performance Security Rate, Termination Rate.

Whilst in the CAT, times are provided to the nearest minute, rather than second.

Instances where the SOs have published values to fewer decimal places do not necessarily constitute non-compliance, as applying the convention of dropping zeros after the decimal point if not followed by non-zero values is a consistent approach, but could cause ambiguity. For example, for the Capacity Requirement, stating the value as 6621 implies the value is 6621.000. However, stating to the full 3 decimal places (with .000) provides clarity that the value is not rounded from 6621.123, for example.

We also raised this in the 23/24 T-1 Qualification Report. To rule out ambiguity and to align with the CMC, the SOs should consider publishing values to the specified number of decimal places for all published documents going forward.

Appendix A SUMMARY OF WORK PERFORMED

Our fieldwork was completed on the 18th July 2023 at the System Operators' premises at The Oval, Shelbourne Road, Dublin.

The areas of the Code checked at the time of issuing this report are outlined in the table below.

Table A.1: Summary of CMC sections checked by the Monitor in preparing this report

CMC Chapter	CMC Subsection	CMC Paragraph
C. De-Rating and Capacity Concepts	C.2 Locational Capacity Constraints	C.2.1.2
		C.2.2.2
		C.2.3.1
		C.2.3.2
	C.3 Initial Capacity	C.3.2.1
		C.3.2.3
		C.3.5.1
D. Pre-Capacity Auction Process	D.2 Capacity Auctions and Timetables	D.2.1.5
		D.2.1.9
		D.2.1.10
		D.2.1.11
		D.2.1.14
		D.2.1.16
		D.2.1.17
E. Qualification	E.1 Purpose of Qualification Process	E.1.1.4
	E.4 Application for Qualification	E.4.1.8
	E.5 Exception Applications	E.5.1.9
	E.8 Qualification Calculations	E.8.1.1
		E.8.1.2
		E.8.1.3
		E.8.2.1
		E.8.2.2
		E.8.2.4
		E.8.2.7
		E.8.2.8
		E.8.3.1
		E.8.4.1
		E.8.5.1
		E.8.5.2
		E.8.6.1
		E.8.7.1
		E.8.8.1
		E.8.8.2
	E.8.8.3	
E.8.9.1		
E.8.9.2		
E.9 Notification of Qualification Decisions	E.9.3.3	
	E.9.3.5	
	E.9.3.6	
E. Qualification	E.9 Notification of Qualification Decisions	E.9.4.1
		E.9.4.2

CMC Chapter	CMC Subsection	CMC Paragraph
		E.9.4.3
		E.9.4.4
		E.9.4.9
		E.9.4.10
		E.9.4.11
		E.9.5.1
F. Capacity Auctions	F.1 General	F.1.2.2
	F.2. Capacity Auction Participation	F.2.1.1
	F.3 Demand Curve	F.3.1.1
		F.3.1.2
		F.3.1.6
		F.3.1.7
	F.4 Determination of Locational Capacity Constraints for a Capacity Auction	F.4.1.1
		F.4.1.2
		F.4.1.4
		F.4.1.5
		F.4.1.6
		F.4.1.7
	F.5 Publication of Final	F.5.1.1
		F.5.1.2
		F.5.1.3
	F.6 Capacity Auction Submissions	F.6.1.1
		F.6.2.1
	F.7 Capacity Auction Offers	F.7.1.1
		F.7.1.2
		F.7.1.3
	F.8 Conduct of Capacity Auction	F.8.1.1
		F.8.2.1
		F.8.2.2
		F.8.2.3
		F.8.3.2
		F.8.3.3
		F.8.3.4
		F.8.3.5
		F.8.4.2
		F.8.4.3
		F.8.4.4
		F.8.4.5
		F.8.4.6
		F.8.4.7
		F.8.5.1
		F.8.6.1
	F.9 Capacity Auction Results	F.9.1.1
		F.9.2.1
		F.9.3.1
K. Exchange Rates	K.2 Methodology	K.2.1.6
L. Data and Information Systems	L.2 Methodology	L.2.2.2
		L.2.3.1

CMC Chapter	CMC Subsection	CMC Paragraph
		L.2.4.3
		L.2.4.4
		L.2.5.1
		L.2.5.2
		L.2.5.3
		L.2.5.4
		L.2.5.5
	L.3 Submission, Validation and Rejection of Data Transactions	L.3.1.1
		L.3.1.3
		L.3.1.6
		L.3.1.7
		L.3.1.8
	L.4 Communications Failures	L.4.2.1
		L.4.2.3
		L.4.3.1
		L.4.3.3
		L.4.3.4
		L.4.4.2
		L.4.4.3
	L.5 Data Publication	L.5.4.1

Appendix B SUMMARIES OF OBSERVED ISSUES RESULTING FROM THE CAPACITY AUCTION PROCESS

B.1. ISSUE LOG 010

Issue ID	Affected auction(s)	Issue status	Compliance status
010	2023/2024 T-1 Capacity Auction	Closed	Non-Compliant
Summary			
<p>CMC Section C.3.2.1 sets out the approach to calculating Initial Capacity. For a Generator Unit, the value of Initial Capacity in the Final Qualification Results (FQRs) does not align with the values calculated through the application of the formula contained in this section.</p> <p>The Generator Unit identified in this issue log was previously brought to the SOs' attention – in Issue Log 006 of the Monitor's report on the 2023/24 T-1 Qualification Process. CMC E.9.4.2 requires the SOs to correct such PQR issues for the issuance of FQRs, but did not do so in this case.</p>			
Description of Issue			
<p>CMC C.3.2.1 (a) (i) states that for a Generator Unit, other than an Aggregated Generator Unit, Autoproducer Unit, or Demand Side Unit, that is the only Generator Unit at a single Connection point, the Initial Capacity (Existing) is the lesser of Registered Capacity (RC) and the Maximum Export Capacity (MEC).</p> <p>For the Generator Unit below, the SOs have not set the Initial Capacity (Existing) equal to the lesser of the two (shaded in orange in each row for ease of reference). The given Registered Capacity and Maximum Export Capacity values were provided by the SOs to the Monitor.</p>			
CMU ID	Initial Capacity (Existing) (FQRs)	Registered Capacity (SOs)	Maximum Export Capacity (SOs)
[<]	[<]	[<]	[<]
<p>CMC C.3.5.1 stipulates that the SOs should use the approach set out in section C.3.2 when calculating Initial Capacity.</p> <p>CMC E.9.4.2 (c) states that any error in the PQRs that the SOs become aware of is to be corrected in the FQRs. This did not occur for the above Generator Unit, which was identified in Issue Log 006 of the Monitor's report on the 2023/24 T-1 Qualification Process.</p>			
Capacity Auction Monitor's Comments			
<p>We consider this to be non-compliance with CMC C.3.2.1, C.3.5.1, and E.9.4.2. The Monitor notes that [<] has an Existing Awarded Capacity of [<] and an Existing Net De-rated Capacity of [<]. This Generator Unit, therefore, had no additional existing capacity to offer in the Capacity Auction. Therefore, this non-compliance has no material impact upon the Auction.</p>			

B.2. ISSUE LOG 011

Issue ID	Affected auction(s)	Issue status	Compliance status
011	2023/2024 T-1 Capacity Auction	Closed	Non-Compliant

Summary

CMC Paragraph E.8.7.1 sets out the rules for the determination of Offer Price Caps. For several Generator Units, the Existing Capacity Price Cap was not set in accordance with CMC E.8.7.1. (c).

Description of Issue

CMC E.8.7.1. (c) states that the Offer Price Cap for Existing Capacity, for Generator Units other than Demand Side Units, should be the Existing Capacity Price Cap.

The Existing Capacity Price Caps provided in the FAIP are:

- 46,150 (€/MW per year) and 41,104.19 (£/MW per year).

For the below Generator Units, the Existing Price Cap is either not provided or is set to the Auction Price Cap.

Generator Unit ID	Existing Price Cap (FQRs)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

CMC E.8.7.2 (b) requires the Existing Capacity Offer Price Cap, where a CMU provides existing capacity, to conform with the requirements of paragraph E.8.7.1.

CMC E.9.4.2 (c) states that any error in the PQRs that the SOs become aware of is to be corrected in the FQRs. This did not occur for the above Generator Units, all of which, except [REDACTED], we identified in Issue Log 009 of the Monitor's report on the 2023/24 T-1 Qualification Process.

The SOs noted in their response that none of the above Generator Units were participating in the T-1 2023/24 Auction, as their Net De-Rated Capacity is 0 MW, and, as such, the Price Caps for these Generator Units are not relevant. The Monitor, however, considers that all values in the FQRs should be compliant with the CMC for all Generator Units, regardless of the status of their Net De-Rated Capacity.

Capacity Auction Monitor's Comments

We consider this to be non-compliance with CMC E.8.7.1, E.8.7.2, and E.9.4.2. The Monitor notes that all of the Generator Units above had an Existing Net De-Rated Capacity of 0 MW and, therefore, had no Existing Capacity to offer into the Auction. This non-compliance has no material impact upon the Auction.

[redacted] [redacted] [redacted] [redacted]

The SOs noted, in response, that the Initial Capacity is set correctly for the above AGUs, however, these AGUs are not participating in the Auction.

CMC E.7.8.2 (d)(ii) requires the SOs to, when applying the AQP, qualify CMUs only in respect of New Capacity to the extent that it is Awarded New Capacity in a prior Capacity Auction. However, this is not the case for the below Generator Units, which do not have a Gross De-Rated Capacity (New) equal to Awarded New Capacity.

Generator Unit ID	New Gross De-Rated Capacity (FQRs)	New Awarded Capacity (FQRs)
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]

The SOs noted, in response, that it is not possible to set the Gross De-Rated Capacity value without impacting another variable, as Gross De-Rated Capacity is not an input value. Rather, it is the sum of Initial Capacity multiplied by the relevant de-rating factor. The SOs further noted that, for all new units qualified through the AQP, the Net De-Rated Capacity was set to 0 MW and these units did not participate in the auction and, therefore, non-compliance did not influence the auction itself.

CMC E.7.8.2 (j) requires the SOs to, when applying the AQP, set the Offer Price Cap for Existing Capacity as the Existing Capacity Price Cap, which is €46,150/£41,104.19 (as per the Final Auction Information Pack). This has not been used for the below Generator Units.

Generator Unit ID	Existing Price Cap (FQRs)
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

The SOs noted, in response, that the above Generator Units all had a Net De-Rated Capacity of 0 MW and, therefore, the price cap assigned to these Generator Units is not relevant as they are not participating in the Auction. The Monitor, however, considers that all values in the FQRs should be compliant with the CMC for all Generator Units, regardless of the status of their Net De-Rated Capacity.

CMC E.9.4.2 (c) states that any error in the PQRs that the SOs become aware of is to be corrected in the FQRs. This did not occur for the above Generator Units which we identified in Issue Log 008 of the Monitor’s report on the 2023/24 T-1 Qualification Process.

Capacity Auction Monitor’s Comments

We consider this to be non-compliance with E.7.8.1, E.7.8.2, E.8.1.2, and E.9.4.2. The Monitor notes that, following a review of the FQRs of the above Generator Units, in particular the Net De-Rated Capacity, the above instances of non-compliance represent reporting issues that had no material impact upon the Auction.

B.4. ISSUE LOG 014

Issue ID	Affected auction(s)	Issue status	Compliance status
014	2023/2024 T-1 Capacity Auction	Closed	Non-compliant

Summary

CMC E.8.3.2 stipulates the determination of Gross De-Rated Capacity (Existing) for CMUs with Awarded Capacity. For two CMUs, the values in the PQRs does not align with the values calculated through the application of the formula contained in this section of the CMC.

One of CMUs identified in this issue log was previously brought to the SOs' attention – in Issue Log 005 of the Monitor's report on the 2023/24 T-1 Qualification Process. CMC E.9.4.2 requires the SOs to correct such PQR issues for the issuance of FQRs, but did not do so in this case.

Description of Issue

CMC E.8.3.2 states that if a Capacity Market Unit already has Awarded Capacity for a Capacity Year, then its Gross De-Rated Capacity (Existing) (GDRCE) shall be the greater of:

- the sum of the GDRCE of each Generator Unit comprising that CMU (as determined under E.8.3.1 (a)); and
- the volume of Awarded Capacity in respect of Existing Capacity.

For the following two CMUs, the GDRCE is not the greater of the two values.

CMU_ID	Sum of GDRCE (Determined under E.8.3.1 (a)) (Calc)	Awarded Capacity (Existing) (FQRs)	GDRCE as per E.8.3.2 (Calc)	GDRCE (FQRs)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

CMC E.9.4.2 (c) states that any error in the PQRs that the SOs become aware of is to be corrected in the FQRs. This did not occur for [REDACTED], which we identified in Issue Log 005 of the Monitor's report on the 2023/24 T-1 Qualification Process.

Capacity Auction Monitor's Comments

We consider this to be non-compliant with E.3.8.2 and E.9.4.2. The Monitor notes that all of the Generator Units comprising the above CMUs had Existing Net De-Rated Capacity of 0 MW and, therefore, had no Existing Capacity to offer into the Auction. This non-compliance represents a reporting issue that has no material impact upon the Auction.

B.6. ISSUE LOG 016

Issue ID	Affected auction(s)	Issue status	Compliance status
016	2023/2024 T-1 Capacity Auction	Closed	Non-compliant
Summary			
<p>CMC F.3.1.6 outlines that the SOs shall propose the postponement of the Capacity Auction if the RAs have not provided the Demand Curve ten Working Days prior to Capacity Auction Submission Commencement Date. For this Capacity Auction, no postponement was proposed by the SOs despite the RAs not providing the Demand Curve by the prescribed date.</p>			
Description of Issue			
<p>CMC F.3.1.6 requires the SOs to propose the postponement of the Capacity Auction if the RAs have not provided the Demand Curve to be used ten working days prior to the date of the Capacity Auction Commencement specified in the Capacity Auction Timetable.</p> <p>The Capacity Auction Submission Commencement date was 6th July 2023, but the Demand Curve was not provided by the RAs until 30th June 2023, less than ten working days prior. The SOs should have, therefore, proposed the postponement of the T-1 23/24 Capacity Auction to the RAs.</p> <p>The SOs have noted that the Capacity Auction Submission Commencement date was extended for this auction to allow additional time for participants to submit offers during a holiday period. Additionally, the SOs received the Demand Curve from the RAs in time for the agreed FAIP publication date of 30th June 2023. Therefore, based on the agreed timetable, the SOs did not consider it reasonable to apply F.3.1.6.</p> <p>The RAs have also noted that the Demand Curve to be used in a Capacity Auction is subject to SEM Committee approval. Given the timing of the June 2023 SEM Committee meeting, the RAs were unable to provide the approved Demand Curve for the T-1 2023/2024 Capacity Auction to the SOs prior to 30th June 2023.</p>			
Capacity Auction Monitor's Comments			
<p>We consider this to be technically non-compliant with F.3.1.6. However, we note there was no material impact upon the auction as a result.</p>			

B.7. ISSUE LOG 017

Issue ID	Affected auction(s)	Issue status	Compliance status	
017	2023/2024 T-1 Capacity Auction	Closed	Non-Compliant	
Summary				
<p>CMC E.9.4.1 (b) states that where the System Operators propose to reject an Application for Qualification, they must explain in the published FQDs the requirements under section E.7 that the Application for Qualification failed to satisfy. This was not provided for one Generator Unit rejected in the FQDs.</p>				
Description of Issue				
<p>E.9.4.1 (b) requires the SOs to prepare a set of Final Qualification Decisions (FQDs) in relation to a Qualification Process specifying, where they propose to reject an Application for Qualification, the requirements under section E.7 that the Application for Qualification failed to satisfy.</p>				
<p>The following Generator Unit was rejected, but the SOs did not provide a Qualification Note explaining the reason for rejection under section E.7.</p>				
Party ID	Participant ID	Generator Unit ID	Accepted flag	Qualification Note
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<p>The SOs noted, in response, that [REDACTED] was a part of [REDACTED]; however, this unit was de-registered from this CAU and is not available for this auction and it may have been more appropriate to set this unit to 'Not Participating'.</p>				
Capacity Auction Monitor's Comments				
<p>We determine this to be technically non-compliant with E.9.4.1, but do not consider it to have had a material impact upon the auction.</p>				

B.8. ISSUE LOG 018

Issue ID	Affected auction(s)	Issue status	Compliance status
018	2023/2024 T-1 Capacity Auction	Closed	Non-Compliant

Summary

CMC F.4.1.4 requires the SOs to submit an LCC determination no later than two working days after the Provisional Qualification Results Date. CMC F.4.1.5 requires the SOs to submit an LCC determination, based on the Final Qualification Decisions, at the same time as the FQDs are submitted to the RAs. Neither of these date requirements were adhered to.

CMC F.4.1.6 requires the SOs to reduce the LCC Required Quantity to the total quantity of Gross De-Rated Capacity (Total) if the value determined under CMC F.4.1.1 (c) is greater than zero, and CMC F.4.1.7 requires the SOs to notify the RAs of the reduction. This, however, was not undertaken.

Description of Issue

CMC F.4.1.4 requires the SOs to make a determination under CMC F.4.1.1 (Locational Capacity Constraints) based on the Provisional SO Qualification Decisions and submit the values to the RAs no later than two working days after the Provisional Qualification Results Date. As specified in the Capacity Auction Timetable, the Provisional Qualification Results Date was 14th April 2023, however, the SOs did not submit the LCC determination, as required by F.4.1.4, until 28th April 2023, more than two working days later.

CMC F.4.1.5 requires the SOs to make a determination under CMC F.4.1.1 based on the Final Qualification Decisions and submit the values to the RAs at the same time as submitting the Final Qualification Decisions under paragraph E.9.4.3. The Final Qualification Decisions were submitted to the RAs on 12th June 2023, however, the LCC determination was not submitted until 14th June 2023.

CMC F.4.1.6 requires the SOs, when making an LCC determination based on the Final Qualification Decisions, to reduce the LCC Required Quantity to the total quantity of Gross De-Rated Capacity (Total) if the value determined under CMC F.4.1.1 (c) is greater than zero. **CMC F.4.1.7** requires the SOs to notify the RAs if the LCC Required Quantity is reduced under CMC F.4.1.6.

As shown in the table below, the value determined under CMC F.4.1.1 (c) was greater than zero for two LCC areas, however, the SOs did not reduce the LCC Required Quantity in the draft FAIP submitted to the RAs for approval, or notify the RAs of a quantity reduction.

LCC Area	CMC F.4.1.1 (c) (MW)	Gross De-Rated Capacity (Total) (MW)	Required Quantity (MW) (FAIP)
L1-1: Northern Ireland	0	2,186	2,123
L1-2: Ireland	335	4,022	4,357
L1-3: Greater Dublin	220	1,892	2,112

Capacity Auction Monitor's Comments

We determine this to be non-compliance with CMC F.4.1.4, F.4.1.5, F.4.1.6, and F.4.1.7.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Capacity Auction Monitor's Comments

We consider this to be non-compliant with E.9.4.11. Although communication of the changes is important for the Participants, both for clarity and understanding, the Monitor did not consider any instances where the lack of communication regarding the above changes would have had a material impact on the auction.

B.10. ISSUE LOG 020

Issue ID	Affected auction(s)	Issue status	Compliance status
020	2023/2024 T-1 Capacity Auction	Closed	Non-Compliant

Summary

CMC F.8.2.1 (b) requires the SOs to use the Awarded Capacity in respect of Capacity Market Units that contribute to satisfying that LCC. The SOs, however, in conducting the 2023/24 T-1 Capacity Auction, did not use the correct Awarded Capacity value for the L1-1: Northern Ireland and L1-2: Ireland LCCs.

Description of Issue

CMC F.8.2.1 (b) requires the SOs, for each LCC when conducting a Capacity Auction, to apply a Net Required Quantity. This is to be the greater of zero and:

- the Locational Capacity Constraint Required Quantity required to satisfy the Locational Capacity Constraint; less
- the Awarded Capacity for the Capacity Year in respect of Capacity Market Units that contribute to satisfying that Locational Capacity Constraint.

The Awarded Capacity for the Capacity Year, in respect of CMUs that contribute to satisfying the L1-2: Ireland LCC, used in the Capacity Auction was not correct.

As per the SOs email to Participants on 10th July 2023 regarding updates to the 2023/24 T-1 Capacity Auction, the republished FAIP version 1.1 contained an updated Awarded Capacity value in Table 8. This was to account for [3<] MW of additional Awarded Capacity for [3<] assigned to L1-2: Ireland. The subsequent Awarded Capacity value for L1-2 Ireland in FAIP v1.1⁶ was **3643.393 MW**.

However, this increase in Awarded Capacity has not been reflected by the SOs in the Capacity and Trade Register in the CMP and, therefore, the Awarded Capacity value used in the 2023/2024 T-1 Capacity Auction was **3641.233 MW**.

This has resulted in the Net Required Quantity value applied in the Capacity Auction for L1-2: Ireland being 2.16 MW higher than is correct.

The table below displays the Monitors understanding of the correct values for L1-2: Ireland regarding previous and total Awarded Capacity. The Monitor notes that the shortfall for this LCC is large enough that the 2.16 MW not accounted for in Awarded Capacity would not have impacted upon the Auction results.

L1-2: Ireland	
Previously Awarded Capacity (MW) ⁷	3,643.393
Capacity Cleared in T-1 Auction (MW)	300.518
Total Awarded Capacity (MW)	3,943.911
LCC Required Quantity (MW)	4,154
Shortfall between Required Quantity and Awarded Capacity (MW)	210.089

⁶ <https://www.sem-o.com/documents/general-publications/Final-Auction-Info-Pack-FAIP2324T-1-v1.0.pdf>

⁷ From multi-year contracts cleared in previous capacity market auctions.

In response, the SOs have noted that they were aware of the issue in advance of the Auction, however, made the decision not to make any further changes in CMP given that this error would not impact the 2023/24 T-1 Capacity Auction Results.

The Awarded Capacity for the Capacity Year, in respect of CMUs that contribute to satisfying the L1-1: Northern Ireland LCC, used in the Capacity Auction was also not correct.

The CMP applies an Awarded Capacity value of **1933.773 MW**, whilst the FAIP states a value of **1935.982 MW**. Upon discussion with the SOs, the Monitor understands that the difference of 2.209 MW is due to the transfer in ownership of [3<], which was awarded 2.209 MW for a 10-year duration in the 2021/2022 T-2 Capacity Auction.

The SOs attempted to transfer the Awarded Capacity of this CMU into [3<], however, this has not been successfully executed in the CMP, and both CMUs are marked as not participating and the Awarded Capacity not reflected. The resulting impact is that Awarded Capacity for L1-1: Northern Ireland has a 2.209 MW shortfall.

This has resulted in the Net Required Quantity value applied in the Capacity Auction for L1-1: Northern Ireland being 2.209 MW higher than is correct.

The table below displays the Monitors understanding of the correct values for L1-1: Northern Ireland regarding previous and total Awarded Capacity. The Monitor notes that the shortfall for this LCC is large enough that the 2.209 MW not accounted for in Awarded Capacity would not have impacted upon the Auction results.

	L1-1: Northern Ireland
Previously Awarded Capacity (MW) ⁸	1935.982
Capacity Cleared in T-1 Auction (MW)	206.709
Total Awarded Capacity (MW)	2142.691
LCC Required Quantity (MW)	2192
Shortfall between Required Quantity and Awarded Capacity (MW)	49.309

In response, the SOs noted that they were aware of the issue in advance of the Auction, however, made the decision not to make any further changes in CMP given that this error would require input from the CMP vendor that would likely result in delays, and it would also not impact the 2023/24 T-1 Capacity Auction Results.

Capacity Auction Monitor's Comments

We consider this to be non-compliant with F.8.2.1. The Monitor notes, however, that due to none of the LCC limits being met, this has not had an impact on the Provisional Auction Results.

⁸ From multi-year contracts cleared in previous capacity market auctions.



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