

Capacity Auction: Frequently Asked Questions - Working Document

Purpose of this Document

The purpose of this document is to provide answers to any questions we have received during the Q&A sessions with Participants. Any queries we receive via email and phone (unless stated as private and confidential) will be added to this document and uploaded to the website.

Capacity Market Contact Details

If you have any questions in relation to this document please contact us using the details below:

Email Correspondence: CapacityMarket@sem-o.com for Qualification queries
CapacityMarketRegistration@sem-o.com for Registration queries

Phone Correspondence: 1800 726772 (ROI) or 0800 0726772 (NI)
 +353 (1) 2370584 (International)

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Section 1 - 2019/2020 T-1 Capacity Auction

1.1 When will the 2019/2019 T-1 Capacity Auction take place?

Please refer to the [Initial Auction Information Pack](#) for the 2019/2020 T-1 Capacity Auction Timetable. The Final Auction Information Pack is due to be published on 30th November 2018. The Timetable confirmed within the Final Auction Information Pack will take precedence.

1.2 Until when can I apply to qualify a unit for the 2019/2020 T-1 Capacity Auction?

The qualification period for the 2019/2020 T-1 Capacity Auction will close on 28th June 2018 as per the Capacity Auction Timetable. Applications for qualification cannot be considered after the Qualification Application Date has passed.

1.3 Should Firm Offer Requirement and Net Existing De-Rated Capacity Figures be equal? And should the Gross Firm Offer Requirement and the Net Firm Offer Requirement equal each other?

Net Firm Offer Requirement equals Gross Firm Offer Requirement less any awarded capacity from previous auctions relating to the same Capacity Period. As this is the first auction for this Capacity Period, Gross Firm Offer Requirement and Net Firm Offer Requirement will be equal to each other. Please refer to CMC E.8.5 for more information on the Firm Offer Requirement.

1.4 If the Auction is rejected, can the RAs instruct the System Operator to re-run the Capacity Auction? Would new bids have to be submitted? Would this expose you to a market power issue?

In the unlikely event that this occurs, we would be looking at running it as a new auction with new offer submissions. If it was to happen it would possibly expose us to a market power issue, this would be a matter for the RAs.

1.5 Will the Final Auction Information Pack identify how the demand curve has changed from the Capacity Requirement?

Yes, it will set out the demand curve and capacity requirement.

1.6 We would like to withdraw one of our units (wind unit, variable) from the Capacity Market Auction due to take place on 13th December 2018. Is this possible?

Existing capacity must submit an offer in line with their firm offer requirement (unless a Participant is deregistering the unit or if there are amendments to the Form of Authority). New capacity has the option of submitting offers into the 2019/2020 T-1 Capacity Auction.

1.7 Are you going to publish a list of units that will clear in the unconstrained run?

1.7.1 Are you going to publish a list of units that will clear in the locational run?

CMC F.9.5.1 sets out what will be published for the 2019/2020 T-1 Capacity Auction.

Please note: Capacity Auction results refers to the information set out in F.9.1.1.

1.8 Can you please explain the reason for the shift in the demand curve between the Initial and Final Auction Information Packs?

1.8.1 Does this mean that the forecast demand for 2021/2022 has been reduced or is it reflective of other market dynamics? E.g. less participation than expected from capacity that was not obligated to participate?

The demand forecast has not changed; the adjustment is to comply with Paragraph F.3.1.4 of the CMC. It includes an adjustment to account for variable generation which did not participate in the 2018/2019 T-1 Capacity Auction.

1.9 Can you confirm that a party and unit that were registered/participated in the last Capacity Auction do not need to register again and that the only form to be submitted is the C31/C32a Qualification Data form?

No, if you participated in the Last Auction then you are already registered and should just complete the Existing Capacity Pack (Forms) including any New Units using the additional tabs.

1.10 Can you please confirm whether a Variable Unit (wind farm) that qualifies a volume for the auction at this point must proceed to participate in the auction for that full volume?

Most units must qualify but variable don't have to and participation is voluntary. If you do wish to participate then you can submit to qualify between zero and De-Rated Initial Capacity. It is voluntary how much you choose to qualify.

1.11 Can you confirm whether you would accept an alternative to the Connection Agreement Reference Number in this field please? If so, what would be considered acceptable?

Some of the older units may be difficult to get, if having difficulty then we will have a record of it and will be able to provide it, but ideally the participant would provide.

1.12 How do I fill out my Implementation Plan for a new DSU?

Any new Unit must complete the Implementation Plan which is aligned more to the Code this year. DSUs and AGUs are slightly different, Participants to complete Section 4 of the Implementation plan.

1.13 If a Unit didn't clear in last Auction is it still Mandatory to qualify in this Auction?

In terms with the Capacity Market Code, as long as the Unit is commissioned it is considered Existing Capacity and will be obliged to qualify in the latest Auction. Forms for Existing are C01 and C32.

1.14 What are Increase and Decrease Tolerances?

Increase (INCTOL) and Decrease (DECTOL) Tolerances refer to the percentage of increase or decrease that may be applicable to a Candidate Units de-rated capacity depending on their Technology Class. The IAIP lists the INCTOL and DECTOL for each Technology Class. If a Candidate Unit has an implied de-rated capacity of Q MW then the participant for that Candidate Unit can seek a Gross De-Rated Capacity at any level between $Q \times (1 - DECTOL)$ and $Q \times (1 + INCTOL)$. For further information, please refer to CMC Sections D.3, F.5 and E.8.2.

Section 2 - Capacity Auction Offers

2.1 New Capacity Offers

Participation is optional for units who have qualified New Capacity. The total quantity for all offers for New Capacity can be equal to or less than the New Net De-Rated Capacity. Offers will not be automatically submitted by the CMP where no offer has been received.

2.2 Existing Capacity Offers

For qualified Existing Capacity, the total quantity for all offers can be equal to or less than the Existing Net De-Rated Capacity value but should be at least equal to the minimum of their Firm Offer Requirement and Existing Net De-Rated Capacity. You will be able to find the Existing Net De-Rated Capacity, New Net De-Rated Capacity and Firm Offer Requirement values in the CMP via the Participant Qualification Report screen.

Where offers have not been submitted at all for CMUs with qualified Existing Capacity and a non-zero Firm Offer Requirement, the CMP will automatically submit offers on behalf of the CMU with quantity equal the minimum of their Firm Offer Requirement and Existing Net De-Rated Capacity.

2.3 I have a Unit Specific Price Cap, how will I submit an offer?

You will be able to submit a price up to your Unit Specific Price Cap (but not exceeding it) within the CMP offer submission form. Please refer to the [Capacity Market: Guide for Capacity Market Participant Trading \(CMPT\) Users](#) Guide for offer submission details.

2.4 What is the unit “Duration”? Will the CMP populate the duration value if not submitted by a participant? If not, what value should I use?

The Capacity Duration is one year by default for all qualified units. A unit may have had a Maximum Capacity Duration exception approved for New Capacity by the RAs during the auction qualification period. The CMP offer must include the units qualified Capacity Duration. The CMP will not auto populate the offer entry fields.

2.5 How do I know my offer has been submitted?

The CMP will display an error message on-screen where an offer has not met the offer requirements. The error message will provide specific details of the reason for the submission rejection. Please note that offers are not fully submitted until you click on the 'Save Changes' button at the top right corner of the Primary Auction Offers screen. For step by step details for offer submissions including screenshots, please refer to the [Capacity Market: Guide for Capacity Market Participant Trading \(CMPT\) Users](#).

If you wish to check if your offers have been saved as you had intended within the CMP, you can navigate back to the Primary Auction Offers screen at any time prior to the Capacity Auction Submission End. The offer steps displayed within the screen will be those that have been saved and submitted.

2.6 If successful in the Auction, do you receive your offer price?

If successfully awarded capacity via the auction, settlement will be based on the auction clearing price however please do note that there can potentially be two parts to the auction, the unconstrained auction and the constrained auction. The constrained auction ensures that all Local Capacity Constraints have been satisfied. Should an offer be accepted within the constrained auction, you will receive your individual offer price. Please refer to the "[Capacity Market – A Helicopter Guide for the Capacity Auction](#)" document for further information to the clearing of offers.

Outside of the Auction itself, further information relating to Capacity Settlement can be found in the [Industry Guide to the I-SEM](#).

2.7 What does the term "Flexible" mean in terms of an auction offer?

Offers can be either flexible or inflexible. A flexible offer enables the CMP to partially accept a quantity amount during the determination of auction outcome. An inflexible offer means that the CMU wishes for their entire offer to be accepted, or not accepted at all. In terms of the auction calculation following the offer gate closure, inflexible offers will be evaluated first with the flexible offers being taken into consideration last.

2.8 Can a PQ pair be submitted for the Primary Auction Offer or do you need to submit more than one PQ pair to reflect the key points as on the demand curve in the CMP?

The system will allow between 1 – 5 PQ pairs on the Capacity Market Platform.

2.9 I have New and Existing Capacity under the same unit. If I enter a price against a volume which is new capacity, can I enter the same price against a volume which is existing capacity? Do these different volumes require two separate price steps?

- You are allowed to submit up to five PQ pairs.
- No two PQ pairs should have the same price.
- The submitted prices must be strictly monotonically increasing for each offer step (lowest price first).

- You must submit separate PQ pairs for existing and new capacity, but the total number of PQ pairs cannot exceed five.
- There is no restriction on the ordering of submission of offer steps relating to existing and new Capacity.
- Participants are reminded that you are required to comply with your obligations under the Capacity Market Code when submitting offers

2.10 What is the purpose/value of the “duration” parameter of an offer? This is not explained in the CMPT guide. Can you please explain the use of this parameter and what should be entered?

A Participant’s awarded capacity applies for 1 Capacity Year, unless the Participant has approval from the Regulatory Authorities for a Maximum Capacity Duration of more than 1 Capacity.

2.11 How do you view amended offers?

The Participant should navigate to Primary Auction Offer screen to view submitted offers. After submission of an offer(s) the Participant will get a pop up to say the offer has been accepted. Any time you amend and submit an offer(s) and navigate back to the Primary Auction Offer screen it will show the updated offer(s) submitted.

2.12 How do I know my offer has been submitted?

If you need to check your submitted offer(s) at any time, you can do so by navigating back to the Primary Auction Offers screen. The offer steps displayed within the screen will be those that have been saved and submitted.

2.13 Do I need to enter all of my Existing Capacity into the first of these price-quantity pairs, and then all of my New Capacity into the second one?

Yes, this is allowed. However, there is no restriction on the ordering of New and Existing Capacity so it would be possible to enter all of your New Capacity into the first step and all of your Existing Capacity into the second step. It would also be possible to split the capacity across multiple steps providing the total number of offer steps does not exceed five.

2.14 If I want to assume a Price-Taker role, I would assume that I would set my price to zero. But if I have to set two separate prices, for two separate price-quantity pairs, then is it the case that the second price has to be higher than the first?

The second offer step price would need to be at least 0.01 higher than the first. Please note: There is no concept of a ‘price taker’ in the CMC.

2.15 Can you please clarify whether the price offered for the first capacity auction should be per MW per year?

Offer Prices should be €/£ per MW per year.

As a simplified purely illustrative example: *If a 1 MW Offer was successful in the auction and received a clearing price of €12,000 per MW per year you could expect to be paid*

approximately €16,000 over the first Capacity Year (I-SEM Market Start - September 2019, which is approximately 16 months).

In terms of settlement, the cleared offer price will be applied across the 16 month Capacity year pro-rata. Capacity payments are done on a monthly basis and are calculated and paid out over 16 months.

Section 3 - Capacity Market Platform

3.1 Where does the Auction take place?

All Capacity Auctions will take place on an internet-based program known as the Capacity Market Platform (CMP). CMP is provided by its vendor, Unicorn Systems. Access is granted to CMP via the registration process. All users will require a user name, password and digital certificate in order to log into the CMP successfully.

3.2 Are there training materials available for the Capacity Market Platform?

There are three different user role types within the CMP: Trading, Reporting and Administrative Users. Guides for each user role type can be found via the following links:

[Capacity Market Participant – Trading User](#)

[Capacity Market Participant – Reporting User](#)

[Capacity Market Participant – Administrator User](#)

3.3 How can I create new users within the Capacity Market Platform (CMP)?

The Capacity Market Participant Administrator (CMPA) user has the ability to create/terminate Party users as required within the CMP. Further information on this is provided in the 'Capacity Market Participant - Administrator User Guide.

3.4 How do I request a digital certificate for a new Capacity Market Platform user?

Please email capacitymarket@sem-o.com to request a new certificate for the Capacity Market Platform (CMP). You should receive the new certificate in approximately 2 working days. The new user will need to download and install their digital certificate to their workstation. Once this has been completed, the CMPA user can add the certificate details to the new user's profile on the CMP. Please refer to the CMPA User Guide as detailed above for step by step details.

3.5 I am unable to access CMP with my password, what do I do?

Please contact your Capacity Market Participant Administrator (CMPA) user. Step by step details for resetting a password can be found in the Capacity Market Participant – Administrator User guide (link available above in Section 5. The CMPA User holds responsibility for account creation/termination and maintenance.

If your CMPA user is not able to access CMP and no other CMPA users are available, please contact capacitymarket@sem-o.com

3.6 I cannot access CMP, I have limited time to submit my offer(s), what do I do now?

Where a Party has been unable to access the CMP, the System Operator (SO) will accept a manual offer via a manual offer template. Full information on how to submit a manual offer can be found in the "[Capacity Market: Participant Guide for Completing Manual Offer Submission](#)". The Party must notify the SO of the submission of the manual offer by calling 1800 726772 (ROI) or 0800 0726772 (NI) and by emailing their manual offer template to capacitymarket@sem-o.com

3.7 Does the system automatically know your jurisdiction in determining whether you bill is in € or £?

Your offer price submission and any subsequent award in the auction will be in your jurisdiction currency.

3.8 What is in the Capacity and Trade Overview Report?

It is a list of trades, once the auction results are published and made final this will get populated with all the results that are assigned to your CMUs. There is also a Primary Auction Participant Results Report where you can see your results from a specific auction. The Capacity and Trade Overview Report will show results from all auctions that have taken place over the years.

3.9 Will all the reports be published on the SEMO website? Will we see everyone's offers?

The reports will be published within the CMP, there is a Participant and a Market Qualification Report and a Participant and a Market Auction Report in CMP. The Participant's reports will not be loaded onto the website. Our intention is to provide a market report publicly but as a Participant you will need to log into CMP to review your results. You will not be able to see other Participant's offers as the data is highly commercially sensitive.

3.10 In the Capacity Market Participant Trading (CMPT) User document, I am confused on the pricing on page 9. Is it Euro per megawatt per year?

It is Euro per megawatt per year in a 12 month year. For anyone submitting in Sterling, the values will be converted at the applicable exchange rate. This first auction is for a Capacity Year which is 16 months in duration. The rules in the Trading and Settlement Code for the settlement of capacity take into account that the capacity year is 16 months in duration. It is very important that when you are submitting your offer you reflect that it is Euro/Pound per megawatt per year. The numbers (Net Cost of New Entry and the values of the demand curve) will be in tens of thousands (Net Cost of New Entry = 82,130 Euros per megawatt per year).

3.11 We're entering the offers in sterling but there's no confirmation on the screen as to the currency that is accepted. The error message comes back in Euros (if you breach a price cap).

Currency is defined by the jurisdiction to which the capacity market unit is registered. If the unit is registered in NI = Sterling, registered in ROI = Euro.

[MD – We checked the system and there is no reference to the currency on the offer screen. The message is correct though. The currency entered by the user and displayed in messages on this screen will always be in the currency of the jurisdiction in which the Participant is registered.]

3.12 What happens if no data is submitted for my units?

Any unit that submits an offer has to submit in the range between the minimum of their firm offer requirement and net de-rated capacity (the upper bound is the net de-rated capacity). If a unit does not submit a valid offer within that range, the CMO will submit an offer on behalf of that Participant. This process takes place at gate closure. A check is done at gate closure to see if a valid offer has been submitted, if not, then one is submitted on the Participant's behalf. The price associated with the offer would be related to the price cap applicable to that unit. Please see CMC section F.7.1.3 for more information.

3.13 Some of our units have not qualified, should they be visible on CMP?

There will be units visible on the platform, which have not qualified for the Capacity Auction. You should check the Participant Qualification Report for the unit's qualified flag. If you try and submit an offer for the unqualified units, the submissions will not be accepted by the CMP. You do not have to submit any offers for the unqualified units.

***Please note: It is recommended that all Participants check their Participant Qualification Report to ensure their data looks correct. Please contact CapacityMarket@sem-o.com if anything looks incorrect.*

3.14 In the event of making a mistake can you withdraw a submitted offer and resubmit another auction offer?

Yes, you can delete an offer by setting the Quantity MW to zero (0). Further information on this is available on page 14 of the Guide for Capacity Market Participant Trading (CMPT) Users - [here](#).

3.15 There are three units present in our profile - for which only one has qualified. What is the purpose of listing/giving access to the other two?

The CMP has details of units which applied for qualification but that did not qualify for the 2018/2019 T-1 Capacity Auction. Those units will not be able to submit offers into the auction. Participants will have recently received their Final Qualification Results and it will outline what units have qualified and not qualified. You can also view these results in the Participant Qualification Report on CMP. Further details on accessing this report can be found in the [Capacity Market Participant – Reporting User](#). Participants who have not qualified for the Capacity Auction will not be eligible to submit offers into that auction.

3.16 Can we use the certificates we have installed from the previous Auction for the 2019/2020 T-1 Capacity Auction?

Yes, these should be used for the 2019/2020 T-1 Capacity Auction. When your Certs are about to expire, you will receive a reminder advising about Cert Renew, please note you will not be able to access the system if you don't renew the Cert.

Section 4 - Capacity Market Code (CMC) Clarifications

4.1 CMC Section J.2.1.1(c) (ii) says that the Substantial Completion Milestone is completed when “a Final Compliance Certificate, Operational Certificate, or Final Operational Notification has been issued”. Can you tell me what a “Final Operational Notification” is and how it differs from an Operational Certificate with respect to a Demand Side Unit?

The FON is a term that is defined in the “Network Code Requirements for Generators” and will come into effect in 2018. It is similar to an Operational Certificate (which is specific to Ireland / Northern Ireland) and we are in the process of transitioning to these arrangements. This transition process has not been finalised, which is why we included both the Operational Certificate (current) and Final Operational Notification (future) under the CMC.

The definition of Operational Certificate as it applies to the Capacity Market Code is defined to include, “a notification, certificate, permit or authorisation having equivalent effect that is issued by the relevant System Operator instead of an operational certificate”. This provides for any changes to the current process as we transition to the arrangements under the NC RfG.

****Please note – this document will be updated with responses to queries received****