

MODIFICATION PROPOSAL FORM

Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operator)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operator)</i>
Energia	12 th January 2022	Standard	CMC_03_22

Contact Details for Modification Proposal Originator

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Modification Proposal Title

Transparency on Publication of Qualification Results

Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting
CMC	E.9.5	5.0

Explanation of Proposed Change
(mandatory by originator)

Area of Concern

The CMC specifies that Qualification Results for each of the Capacity Market auctions should be published by the System Operators at a date specified within the Capacity Auction Timetable i.e. the Qualification Results Publication date. The rationale for publishing Qualification Results information was discussed in the Capacity Remuneration Mechanism Detailed Design: Third Decision Paper (SEM-16-039) whereby it was decided that the publication of such information before the auction would enhance competition. See key extracts from SEM-16-039 below:

SEM Committee Response

4.8.27Since a bidder’s view of the likelihood of scarcity and hence Reliability Option value will be informed by the volume of retirements, and of potential new build, the SEM Committee has decided to announce the volume of qualified de-rated capacity after the Qualification process is complete, and before the auction. This announcement can be expected to enhance competition level the playing field between large portfolio generators, who will have knowledge of their own retirements and new build, and small non-portfolio bidders.

SEM Committee Decision

4.8.32 The SEM Committee will require the CRM Delivery Body to announce the amount of aggregate de-rated capacity Qualified for the relevant auction after the Qualification process is complete, and before the auction.

However, on 22nd December 2021 SEMO issued an email in respect of the upcoming T-3 2024/25 auction updating that the SEM Committee had issued a direction not to publish the Qualification Results for this auction “*in order to maximise competition*”. This is clearly in contradiction of the original decision in SEM-16-039 of why the publication of this information is required. Failure to publish the Qualification Results will not maximise competition but rather provide an unfair competitive advantage to large portfolio generators who will have knowledge of their own qualification status.

Furthermore, no additional information or rationale has been provided for the decision not to publish the Qualification Results. This results in a lack of transparency and certainty for market participants as the information available before each auction, and as set out to be provided in the CMC, can be subject to change without explanation. Regulatory intervention without sufficient transparency and rationale behind the decision undermines confidence and certainty in the Capacity Market and should be avoided.

Proposal

In response to this area of concern, it is in the markets interests that there is a codified impact from any delay or failure to publish the Qualification Results given their importance to transparency and competition. Therefore a modification is proposed whereby any future delay to publishing the Qualification Results in accordance with the CMC will automatically result in a delay to the Capacity Auction taking place being triggered by an equivalent time period to that of the delay in the Qualification Results. Having certainty around this information before the Capacity Auction takes place is crucial to maintaining confidence and certainty in the Capacity Market.

Legal Drafting Change

*(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

E.9.5 Publication of Qualification Results

E.9.5.1 The System Operators shall use reasonable endeavours to publish the following information on or before the Qualification Results Publication Date specified in the applicable Capacity Auction Timetable:

- (a) for Existing Capacity:
 - (i) the total Gross De-Rated Capacity (Existing) Qualified for the Capacity Year for each Technology Class, for each Tolerance Class and for each Unit Type;
 - (ii) the total Awarded Capacity for the Capacity Year for each Technology Class, for each Tolerance Class and for each Unit Type; and
 - (iii) the total Net De-Rated Capacity (Existing) Qualified for the Capacity Year for each Technology Class, for each Tolerance Class and for each Unit Type;
- (b) for New Capacity:
 - (iv) the total Gross De-Rated Capacity (New) Qualified for the Capacity Year for each Technology Class, for each Tolerance Class and for each Unit Type;
 - (v) the total Awarded Capacity for the Capacity Year for each Technology Class, for each Tolerance Class and for each Unit Type; and
 - (vi) the total Net De-Rated Capacity (New) Qualified for the Capacity Year for each Technology Class, for each Tolerance Class and for each Unit Type.

E.9.5.2 In the event that the System Operators do not publish the Qualification Results under Section E.9.5.1 on or before the Qualification Results Publication Date specified in the applicable Capacity Auction Timetable, then the System Operators shall propose the postponement of the Capacity Auction by written notice to the Regulatory Authorities, under Section D.2.1.12(a), by the equivalent time period that the Qualification Results have been delayed by.

Modification Proposal Justification
(Clearly state the reason for the Modification)

The decision not to publish Qualification Results for the upcoming T-3 2024/25 auction is clearly in contradiction of the original decision in SEM-16-039 of why the publication of this information is required. Failure to publish the Qualification Results will provide an unfair competitive advantage to large portfolio generators who will have knowledge of their own qualification status.

This results in a lack of transparency and certainty for market participants as the information available before each auction, and as set out to be provided in the CMC, can be subject to change without explanation. Regulatory intervention without sufficient transparency and rationale undermines confidence and certainty in the Capacity Market and should be avoided.

Code Objectives Furthered
(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)

Approval of this modification proposal will further the following Code Objectives as outlined in the CMC:

A.1.2.1 This Code is designed to facilitate achievement of the following objectives (the “**Capacity Market Code Objectives**”):

- (d) to promote competition in the provision of electricity capacity to the SEM;
- (e) to provide transparency in the operation of the SEM;
- (f) to ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code; and
- (g) 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.

Implication of not implementing the Modification Proposal
(State the possible outcomes should the Modification Proposal not be implemented)

If the modification proposal is not implemented SEM Committee could issue a direction in the future to not publish the Qualification Results. The modification proposal is intended therefore to reflect the importance of the publication of this information to the market by introducing a consequential impact from any delay in publication through a corresponding delay in the auction.

Impacts
(Indicate the impacts on systems, resources, processes and/or procedures)

N/A

Please return this form to the System Operators by email to CapacityModifications@sem-o.com

Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Regulatory Authorities.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

CMC / Code:	means the Capacity Market Code for the Single Electricity Market
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms "System Operators" and "Regulatory Authorities" shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
 - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
 - 1.3 to the System Operators and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
 - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.