

CMC_05_21

Substitution of Candidate Units

Overview

- The CMC provides no option to deliver Awarded Capacity through more Candidate Units than were Qualified and Awarded Capacity in an Auction.
- This could occur in conjunction with change to EPC Contractor under J.5.1. However, it could arise for other reasons where the originally planned Candidate Unit(s) are no longer available or feasible to deliver in time for the required Capacity Year.
- Allowing substitution of a CMU by two or more alternative units increases the probability that consumers receive the hedge purchased in the auction while also reducing the risk to New Capacity providers.
- However, such a change creates a requirement for the substituting Candidate Units to be Qualified outside of the normal Capacity Auction Timetable.
- Substitution could also be used to extend the inflexible bidding provide for in the original Capacity Auction.
- So, the Modification proposes that substitution is only to be permitted with the approval of the RAs.

The Modification Drafting

- The new section J.5.5 sets out the Modification
 - J.5.5.1: the basic conditions for application, as with other J.5 processes
 - J.5.5.2-J.5.5.4: the information that the Participant needs to provide to the RAs to enable them to make a decision
 - J.5.5.5-J.5.5.6: the decision process by the RAs and notification to the applicant
 - J.5.5.7-J.5.5.9: the exceptional Qualification Process for the new Candidate Units
 - J.5.5.10-J.5.5.11: the mechanics of the substitution and updating of the Registry: the existing CMU(s) is completely replaced by the new Candidate Units

CMC_06_21

NIRO and DSU

Overview

- There is a potential conflict between the CMC and the State aid approval for the CRM whereby a Demand Site in receipt of a NIRO is not explicitly prevented from forming part of a CMU.
- This modification closes off this potential conflict and, given the potential severity of the issue, will apply from implementation and so could, unusually, affect capacity that has already Qualified.
- The drafting follows the existing exclusions related to NIRO.

The Modification Drafting

- E.2.1.4 prevents a unit containing a Demand Site holding a NIRO from seeking to Qualify.
- E.7.4.3A ensures that the SOs do not Qualify a Demand Site holding a NIRO.
- I.1.2.1(d) makes clear that at all times a CMU must comply with the Code, which picks up any CMU which may currently contain a Demand Site holding a NIRO.

CMC_07_21

Reduced Application for Qualification

Overview

- CMUs that have already received a Capacity Award in respect of all of their capacity for a forthcoming auction are still required to go through the full Qualification Process.
- Equally, CMUs for which nothing has changed since the last Auction must go through the full Qualification Process.
- E.4.1.3(b) already gives the SOs the ability to use information from a previous application during the Qualification Process.
- This Modification proposes the ability for a Participant to make a greatly simplified Application for Qualification if a unit has not changed since it was previously Qualified.
- Then intention is to reduce unnecessary work on the part of Applicants and the SOs.

The Modification Drafting

- E.4.1.2 and E.4.1.4 are extended to reference the new E.4.1.3A.
- E.4.1.3A sets out the conditions under which a Reduced Application for Qualification can be made.
- E.4.1.3B requires the Reduced Application to be made in the form specified by the SOs (as per existing Applications)
- E.4.1.3C formalizes the data to be used where a Reduced Application has been made.

CMC_08_21

Ex-post Compliance with CO₂ Limits

Overview

- The ACER Option (22/2019) on the interaction of CO₂ Limits with Capacity Markets sets out limited situations in which ex-post validation of compliance is recommended.
- The Modification seeks to implement such validation in the situations which could occur in the SEM.
 - Mixed fuels
 - Waste
 - CO₂ sequestration
- Validation is made on the basis of a report by the Participant evidencing compliance, such report to be produced within 3 months of the end of the Capacity Year.
- Failure to provide evidence of compliance will be considered a breach of the CMC

The Modification Drafting

- New subsection I.1.2A is added
 - I.1.2A.1: the circumstances under which ex-post validation is required
 - I.1.2A.2: the obligation to evidence compliance
 - I.1.2A.3: non-compliance is a breach of the CMC
- NB: no clear route exists within the CMC for reclaiming Capacity Payments made under the TSC

CMC_09_21

Timing of Substantial Financial Completion Extension

Overview

- The current drafting of the CMC in J.5.2.1 gives no time limit on application to extend Substantial Financial Completion, potentially leaving the RAs to make an instantaneous decision.
- This is clearly impractical and so this modification adds a new J.5.2.5 to require any application to extend SFC to provide 20 WD notice to allow the RAs sufficient time to properly consider the application before making their decision.

Next Steps

- RAs to prepare timetable
- RAs to publish consultation on modifications
- Following consultation RAs will make their decision