

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>
DRAI	5 th May 2022	Standard	CMC_07_22
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Siobhán McHugh		siobhan@thedrai.ie	
Modification Proposal Title			
Modification to provisions for Market Registration of Demand Side Units – Variation In Mix			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
Capacity Market Code	Section I.1.3.2 and potentially Section G.3	Version 6 (18 February 2022)	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p><u>Background</u></p> <p>This modification is raised to further the work done in relation to Modification CMC_10_21 and to further Proposal 2 which was raised under that modification.</p> <p>Under CMC_10_21: Modification to the provisions for Market Registration of Demand Side Units, two proposals were put forward, both of which intended to improve the registration process for DSUs and subsequently improve the level of service delivery from these types of market participants. Both proposals looked at how a DSU aggregator’s awarded Reliability Obligations are delivered.</p> <p>Proposal 1 sought to move the Reliability Obligation to the portfolio level by allowing DSU Aggregators to create combined candidate units of their portfolio of DSUs.</p> <p>Proposal 2 sought to move the physical backing of the Reliability Obligation to the portfolio level by allowing all IDSs within a DSU aggregator’s portfolio to assist in the delivery of the Reliability Obligation regardless of the DSU they are assigned to through the Operational Certificate process.</p> <p>CMC_10_21 was recommended for consultation at Workshop 19 on 20/05/2021 and the consultation outcome SEM-21-077 stated that “the SEM Committee are of the view that there is value in the Modification” and recommended further consideration of the proposals.</p> <p>Proposal 1 from CMC_10_21 is being considered by the Regulatory Authorities alongside other proposed modifications impacting Section E of the Capacity Market Code.</p> <p>The intention of this modification is to raise a new modification reflecting the intent of Proposal 2, so that it can be given due consideration via the Capacity Market Modifications process.</p> <p>The high-level rationale for change remains consistent with that outlined in CMC_10_21 and subsequently deemed to have merit for further consideration in SEM-21-077.</p> <p><u>Proposal</u></p> <p>This proposal seeks to modify section I1.3.2 Variation in mix. All market providers have a physical backing to deliver on their Reliability Obligation including DSU aggregators. Provision I1.3.2 in the code allows for DSU aggregators to vary the mix of IDSs within their DSU providing the physical backing that is delivering on their Reliability Obligation.</p> <p>This modification proposes that DSU aggregators be allowed to vary the mix of IDSs within their portfolio providing the physical backing that is delivering on their Reliability Obligation.</p>			
Legal Drafting Change			

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

- I.1.3.2 The Participant in respect of a Demand Side Unit may vary the mix of Demand Sites providing the load reduction capability that gives rise to the Awarded Capacity provided by that Unit provided that:
- (a) each individual Demand Site comprising the load reduction capability meets all requirements of this Code to be included as part of the Demand Side Unit;
 - (b) at all times during the Capacity Year the cumulative de-rated capacity provided by the Participant's Demand Site or Demand Sites providing the load reduction capability (howsoever aggregated or grouped into individual Demand Side Units within its portfolio) equals or exceeds the Awarded Capacity provided by that Participant's portfolio of Demand Side Unit applicable to that Capacity Year (except to the extent the System Operators agree otherwise in writing);
 - (c) where the Awarded Capacity provided by that Demand Side Unit contributes to satisfying a Locational Capacity Constraint, it continues to do so to the same extent after the variation (except to the extent the System Operators agree otherwise in writing); and
 - (d) where the Demand Side Unit is or forms part of a Capacity Market Unit that is Clean, the Capacity Market Unit continues to be Clean after the variation.

Modification Proposal Justification

(Clearly state the reason for the Modification)

The SEM Committee view under SEM-21-077 was that “there is value in the Modification” proposed by CMC_10_21. This Modification Proposal seeks to progress the second option presented in CMC_10_21 so the full flexibility capability of the IDS’ that make up a DSU aggregators portfolio to be realised.

The current rules mean there are administrative barriers to delivering flexibility to the grid. The power system of the future requires flexible assets, especially assets that can respond to the changing needs of the system. IDSs can do this once they can be set up appropriately within DSUs.

As the demand response market evolves to include residential as well as industrial and commercial customers, the simpler the registration process the better for both the system, market, and end consumer.

The current administratively burdensome process will not lend itself to residential demand response participation when larger individual demand sites are already struggling to participate to their full potential.

If the process for market registration is simplified, we believe that there will be more flexibility available to market and system operators. This could result in less volumes being procured in the Capacity Market and System Services market as existing providers are maximising their delivery and type of delivery.

This will ultimately result in less cost to consumers.

Code Objectives Furthered

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

(b) to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner.

(c) to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity in the Capacity Market.

(d) to promote competition in the provision of electricity capacity to the SEM.

(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 <i>(State the possible outcomes should the Modification Proposal not be implemented)</i>
<p>The current administrative limitations mean that an IDS within one DSU aggregator's portfolio is limited to participation in the unit they initially registered with and for at least for four years and only then moving if a DSU provider can post substantial performance securities for this existing capacity to move.</p> <p>The implication of this is that:</p> <ul style="list-style-type: none"> • potential improved response or type of delivery could be lost to system operators, and • market operators may be procuring locational capacity from more expensive plant. • Ultimately impacting the cost to the end consumer. <p>We believe that administrative barriers especially those that are unintended, limit the attractiveness of market participation. There is the potential that capability and capacity is being lost because of these administrative barriers.</p>
Impacts <i>(Indicate the impacts on systems, resources, processes and/or procedures)</i>
No material impact to systems, resources and processes/procedures.
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.