

Extension of the Current ASTN

CMC_11_21

enÉrgia

20.05.2021

Introduction

- Background
- Overview and justification of the proposed modification
- Code objectives supported
- Modification wording
- Implications of not proceeding with the modification

Background

- Modification CMC_09_19, discussed at WG 10 on 21/11/19, included a proposal to facilitate secondary trades above de-rated capacity.
- In subsequent WG 12, the SOs were supportive of this proposal but highlighted that it would require system development for implementation.
- Following SO feedback, this element of CMC_09_19 was de-scoped.
- SEM-20-040 published 19/06/20 stated that "the RAs will continue to engage with the SOs to look at introducing this additional trading capability in the medium term".
- However, the required system changes were not included in the "Roadmap for Market Development 2020-2025" on the basis that a modification is deemed necessary in order to formally trigger the required system changes.

Overview and justification of the proposed modification

- This modification seeks to include the option that a seller, when entering a secondary trade, can trade above the unit's de-rated capacity.
- It will allow parties to trade their RO obligations to a greater extent, as envisaged in the enduring design of secondary trading, in order to manage their RO exposure and is considered a necessary supplement to the existing interim solution.
- It provides greater flexibility and liquidity within the secondary trading arrangements for market participants.
- This modification provides the impetus to progress any necessary system changes.

Code objectives supported

- The following Capacity Market Code objectives will be furthered with the implementation of this modification
 - A
 - D
 - G

Modification wording

M.11.6 Buyer Limits and Seller Limits

M.11.6.1 The “**Initial Position**” of a Capacity Market Unit in respect of the period of time to which a proposed Secondary Trade relates is the Net Capacity Quantity of that Capacity Market Unit in respect of that period of time immediately prior to the proposed Secondary Trade

M.11.6.2 The Buyer Limit for a Capacity Market Unit is the Initial Position of the Capacity Market Unit

M.11.6.3 The Seller Limit for a Capacity Market Unit is the value calculated as:

~~(a)~~

- ~~i. the Available De-Rated Capacity less~~
- ~~ii. the Initial Position of the Capacity Market Unit, multiplied by the Product Load Following Factor for the traded~~

~~(b) divided by the Product Load Following Factor for the traded period.~~

~~(a) the value calculated as follows:~~

~~(i) if the Participant is seeking to trade above its Gross De-Rated Capacity:~~

~~(A) the lesser of:~~

- ~~i. the Gross De-Rated Capacity (Total) of the Capacity Market Unit (when the Capacity Market Unit was last Qualified in respect of the Capacity Year) multiplied by one plus the Secondary Trade De-Rated Capacity Tolerance applicable to that unit;~~
- ~~ii. the Commissioned Capacity of the Capacity Market Unit; and~~
- ~~iii. the Initial Capacity (Total) of the Capacity Market Unit (as determined when the Capacity Market Unit was last Qualified in respect of the Capacity Year); less~~

~~(B) the Initial Position of the Capacity Market Unit.~~

~~(ii) otherwise:~~

~~(A) the Available De-Rated Capacity; less~~

~~(B) the Initial Position of the Capacity Market Unit multiplied by the Product Load Following Factor for the traded period,~~

~~(b) divided by the Product Load Following Factor for the applicable Product.~~

M.11.6.4 For the purposes of paragraph M.11.6.3:

- (a) the level at which a Participant is seeking to trade in a proposed Secondary Trade is the Initial Position of the relevant Capacity Market Unit plus the incremental MW quantity offered in that proposed Secondary Trade; and
- (b) “Available De-Rated Capacity” is the lesser of the Commissioned Capacity and the Gross De-Rated Capacity (Total) of the Capacity Market Unit (when the Capacity Market Unit was last Qualified in respect of the Capacity Year).
- (c) The “Secondary Trade De-Rated Capacity” is set as per H.7.3.5 and H.7.3.6 of the Capacity Market Code.

Implications of the not proceeding with the modification

- Ongoing and unfair restrictions on market participants' ability to secondary trade and manage RO risk.
- Reduces liquidity in the secondary trading market and therefore the cost to end consumer.

Thank You