

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>
RAs	4th July 2024	Urgent	CMC_11_24
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Valeria Arenas Montaña		vamontano@cru.ie	
Modification Proposal Title			
Implementation of Early Delivery Incentives according to SEMC Decision Paper SEM-24-037			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
Capacity Market Code	Section D.3.1.1; Section D.3.1.2; Section F.5.1.3; Section F.9.1; Appendix F; Glossary	V11.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>This modification proposal seeks to implement the changes approved by the SEM Committee in the Decision Paper SEM-24-037¹ published on 2nd May 2024 in relation to Early Delivery Incentives (EDIs) in the CRM.</p> <p>The SEM Committee decided to progress with the introduction of EDIs for multi-year New Capacity and incremental multi-year ILC capacity, which will receive payment for early delivery at the same price as its awarded capacity and will commence not more than one year before the start of the capacity delivery year for the auction in question. The SEMC decided to apply EDIs to all future auctions until further notice (including T-1 auctions). EDIs will not apply to auctions which have already taken place, so the T-4 2028/29 is the first auction to which this incentive will apply.</p> <p>In order to implement EDIs in the CMC, it is proposed to define an Early Delivery Incentive Start Date in the Glossary and change the definition of Maximum Capacity Duration to include the additional time subject to the one-year limit for early delivery.</p> <p>The Early Delivery Incentive Start Date is proposed to be introduced in the description of Capacity Quantity Start Date and Time (Appendix F (6)), in the Form of Capacity Auction Results (Section F.9.1), and in the IAIP (D.3.1.2, D.3.1.3) and FAIP (F.5.1.3).</p> <p>The wording on the definition of Early Delivery Incentive Start Date in the Glossary and the wording on the changes in sections D.3.1.2, D.3.1.3, and F.5.1.3, are based on the approval of the changes to the definition of New Capacity in the ILC modification proposal (implementing SEM-24-035).</p> <p>For the T-4 2028/29 auction, the Early Delivery Incentive Start Date will be published in the Final Auction Information Pack, which will give effect to EDIs for the T-4 2028/29 auction, extending the Capacity Quantity Start Date and Time, so that relevant capacity delivering early can get paid up to a year early. For subsequent auctions, the Early Delivery Incentive Start Date will be published in the Initial Auction Information Pack and the Final Auction information Pack.</p> <p>This modification proposal is being raised as urgent in order to ensure the updating of the CMC in line with the decisions set out in SEM-24-037 ahead of the T-4 2028/29.</p>			
Legal Drafting Change			

¹ [SEM-24-037 Decision Paper - Early Delivery Incentives.pdf \(semcommittee.com\)](#)

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

Appendix F: Capacity and Trade Register Data

- Appendix F (6): “Capacity Quantity Start Date and Time, which is:
 - i) in respect of Primary Trades, the earlier of the beginning of the Capacity Year or the Early Delivery Incentive Start Date, where an Early Delivery Incentive Start Date has been defined; ~~in respect of Primary Trades~~ and
 - ii) in respect of Secondary Trades, the beginning of the period over which the relevant Product applies ~~in respect of Secondary Trades.~~”

Section F.9.1 Form of Capacity Auction Results

- F.9.1.1: “The Capacity Auction Results shall comprise the following: (a) in respect of a Capacity Market Unit, for each price-quantity pair that is cleared in the Capacity Auction: [...] (iii) the capacity duration specified in the relevant Capacity Auction Offer in respect of the price-quantity pair, including the Early Delivery Incentive Start Date, if relevant;”

Introduction/definition of Early Delivery Incentive Start Date:

- IAIP (D.3.1.2): “The Initial Auction Information Pack for a Capacity Auction shall set out: [...]; and (u) the Early Delivery Incentive Start Date for New Capacity, excluding New Capacity that is repowered or refurbished capacity based on previous Existing Capacity, with a Maximum Contract Duration of more than one year.”
- IAIP (D.3.1.3): “The Regulatory Authorities shall determine the following parameters for each Capacity Auction and provide them to the System Operators for inclusion in the applicable Initial Auction Information Pack: [...]; and (p) the Early Delivery Incentive Start Date for New Capacity, excluding New Capacity that is repowered or refurbished capacity based on previous Existing Capacity, with a Maximum Contract Duration of more than one year.”
- FAIP (F.5.1.3): “The Final Auction Information Pack for a Capacity Auction shall comprise: [...]; and (t) the Early Delivery Incentive Start Date for New Capacity, excluding New Capacity that is repowered or refurbished capacity based on previous Existing Capacity, with a Maximum Contract Duration of more than one year.”
- Glossary: “Early Delivery Incentive Start Date: means, in respect of New Capacity, excluding New Capacity that is repowered or refurbished capacity based on previous Existing Capacity, with a Maximum Capacity Duration of more than one year, the date published in the relevant Initial Auction Information Pack. If updated in the Final Auction Information Pack, the value published in the Final Auction Information Pack shall take precedence.”

Change of definition of Maximum Capacity Duration

- Glossary: “Maximum Capacity Duration: in respect of Awarded Capacity allocated in a Capacity Auction, means the maximum duration of Awarded Capacity and is determined in accordance with section E.8.6, including taking account of any additional time relating to the Early Delivery Incentive Start Date, where relevant.”

Modification Proposal Justification

(Clearly state the reason for the Modification)

After an initial engagement with industry, including both the Senior Stakeholder Forum on 26 January 2024 and reflection on written responses from market participants received to SEM-24-012, the SEM Committee stated its intention to hold the T-4 2028/29 auction with incentives for the early delivery of successful projects (SEM-24-017²).

A consultation on the introduction and design mechanism for Early Delivery Incentives concluded on 15th April 2024. After analysis of the feedback received from respondents, the SEM Committee reached a decision on 2nd May 2024 on the design of the early delivery incentive mechanism in SEM-24-037.

² [SEMC Information Note - Auctions in 2024.pdf \(semcommittee.com\)](#)

In summary, the SEM Committee decided to progress with the following decisions:

- i. The SEM Committee decided to progress with the introduction of EDIs for multi-year New Capacity and incremental multi-year ILC capacity, which will receive payment for early delivery at the same price as its awarded capacity and will commence not more than one year before the start of the capacity delivery year for the auction in question.
- ii. The SEM Committee decided to apply EDIs to all auctions until further notice (including T-1 auctions) and to not apply EDIs to auctions which have already taken place, i.e. the T-4 2028/29 is the first auction to which this incentive will apply.
- iii. Any multi-year New Capacity or incremental multi-year ILC capacity being paid for early delivery would also be subject to the same Reliability Option Difference Payments and the same Stop-Loss limits as any other capacity operating in the CRM, from the date payments start.
- iv. For incremental multi-year capacity (including New Capacity and incremental ILC capacity), the capacity can get paid for early delivery of any incremental capacity only and not the Existing Capacity, i.e. the capacity that is already contracted.
- v. It is anticipated that the capacity would be expected to achieve Substantial Completion to be paid, but the provisions of Mod CMC 13_23 would apply, which, as per CMC J.6.1.4A, allows a unit to get paid on Minimum Completion, if it does not expect to achieve Substantial Completion.

The SEM Committee expedited this workstream so as to develop an appropriate early delivery incentive policy and communicate this policy in sufficient time for the upcoming T-4 auction.

This modification is required for the implementation of Early Delivery Incentives in the CRM as per SEM Committee decision SEM-24-037 described above.

Code Objectives Furthered

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

The Capacity Market Code objectives are:

- (a) to facilitate the efficient discharge by EirGrid and SONI of the obligations imposed by their respective Transmission System Operator Licences in relation to the Capacity Market;
- (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;
- (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.

This incentive originated from the requirement to alleviate the capacity margin deficit in the T-4 2027/28 auction. Therefore, the proposed modification furthers the Capacity Market Code objectives (b) and (g) by addressing security of supply through incentivising capacity to be delivered early without introducing an additional risk.

Implication of not implementing the Modification Proposal

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

The CMC would not reflect the decision set out in SEM-24-037 if this is not implemented.

Impacts

(Indicate the impacts on systems, resources, processes and/or 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.