

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>
TSOs	3 rd November 2022	Standard	CMC_16_22
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Aodhagan Downey		Aodhagan.downey@eirgrid.com	
Modification Proposal Title			
Secondary Trading Awarded New Capacity			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
CMC	Chapter E, J, M	7.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>The proposed modification would allow a Participant, as a remedial action in the case of a delay to the delivery of Awarded New Capacity, to trade the Awarded New Capacity to an existing unit, where that unit was capable of taking on that additional capacity.</p> <p>As the Awarded New Capacity is not settled until Substantial Completion, it is possible to enable an existing unit to cover the Awarded Capacity and receive payment for doing so and to leave the rights and obligations of the Awarded New Capacity for the New Capacity entirely untouched (except that it would entirely mitigate risk of termination of the first year of the Awarded New Capacity under J.6.1.6).</p> <p>The proposed Secondary Trade would be recorded with a single register entry update to the Capacity and Trade Register. The trade would apply only for the period between the start of the Capacity Year and the date of Substantial Completion (or termination, if applicable).</p> <p>The trade to an existing unit would be subject to ECPC; however, similar to the exceptions process that exists during the Qualification Process, the Participant in respect of the existing capacity can apply for a USPC and this can be considered accordingly by the RAs. The trade would only be able to cover a period up to the Long Stop Date.</p> <p>The original Awarded New Capacity would remain entirely intact and obligations would continue to apply exactly as they would have in the absence of this modification proposal.</p> <p>The Awarded Capacity traded to the existing capacity would be treated as existing capacity and would be settled accordingly.</p> <p>Finally, to ensure that the maximum amount of existing capacity can potentially mitigate in any delays that may arise, section E.10 has been updated to allow for an 18 month period that would apply up to the Long Stop Date rather than being confined to the following Capacity Year.</p>			
Legal Drafting Change			
<i>(Clearly show proposed code change using tracked changes, if proposer fails to identify changes, please indicate best estimate of potential changes)</i>			

J.6.1.6 The System Operators shall terminate all or part of the Awarded New Capacity in respect of New Capacity only for the first Capacity Year for which that capacity was awarded if requested to do so by the Regulatory Authorities if it is determined by the Regulatory Authorities (based on an independently verified report) prior to the T-1 Capacity Auction for the Capacity Year that all or part of the Awarded Capacity is not likely to be delivered by the start of the Capacity Year and a valid Secondary Trade does not apply in respect of the Awarded New Capacity.

M.12.2.8 A Participant may submit an Alternative Secondary Trade Notification in respect of a Capacity Market Unit only:
(a) where the Capacity Market Unit is currently Qualified for the Capacity Year, or under section E.10 is to be treated as if it had been Qualified, for the entire forward period over which the proposed trade will apply; and
(b) to the extent the Capacity Market Unit is providing Existing Capacity; and
(c) where approved by the Regulatory Authorities in accordance with M.12.7.2, to the extent the Capacity Market Unit has Awarded New Capacity.

M.12.3.2 The System Operators shall reject a proposed Secondary Trade set out in an Alternative Secondary Trade Notification if:
(a) it does not form part of a matching Trade Pair, where a Trade Pair is formed of matching Alternative Secondary Trade Notifications from Buyer and Seller submitted on the same Working Day (with the exception of Secondary Trades submitted in accordance with section M.12.10);

M.12.7.2 A Participant may apply to the Regulatory Authorities for a determination for the purposes of paragraph M.12.7.1(e) in relation to a Generator Unit or Interconnector where the Participant considers that any of the following conditions applies:
(a) there has been a material long-term unplanned reduction in the reliability of the plant associated with the Generator Unit or Interconnector since it Qualified;
(b) the Generator Unit or Interconnector is no longer economic and the Participant wishes to close the Generator Unit or Interconnector before the end of its existing capacity obligation; ~~or~~
(c) an equivalent or similar condition to those set out in sub-paragraph (a) or (b); ~~or~~
(d) all or part of the Awarded New Capacity will not to be delivered by the start of the Capacity Year.

M.12.10 **Secondary Trades of Awarded New Capacity**

M.12.10.1 Secondary Trades in respect of Awarded New Capacity do not alter the Participants rights and obligations in respect of the Awarded New Capacity.

M.12.10.2 A Secondary Trade in respect of Awarded New Capacity is only comprised of the Seller component of a Secondary Trade and has no Buyer component.

M.12.10.3 Secondary Trades in respect of Awarded New Capacity are subject to the conditions set out in M.12.10.5 and may be submitted together as set of Secondary Trades.

M.12.10.4 Only the latest accepted set of Secondary Trades in respect of Awarded New Capacity is valid at any point in time and the System Operators shall cancel any prior sets of Secondary Trades in respect of the Awarded New Capacity.

M.12.10.5 Secondary Trades in respect of Awarded New Capacity are subject to the following conditions:

(a) The total MW quantity of the trades shall be not less than 90% of the Awarded New Capacity and not greater than the Awarded New Capacity;

(b) The date and time of the start of the trades shall be the beginning of the Capacity Year in respect of the Awarded New Capacity;

(c) The date and time of the end of the trade shall be the earlier of date of Substantial Completion and the effective date of any Capacity Termination Notice in respect of the Awarded New Capacity; and

(d) The price in £/kW per year or €/kW per year that applies to the proposed trade shall not be greater than the Existing Capacity Price Cap that applied in the Capacity Auction in which the Awarded New Capacity was allocated unless otherwise stated in the Regulatory Authorities notice of approval in respect of M.12.7.1(e).

M.12.10.6 A Participant submitting a Secondary Trades in respect of Awarded New Capacity shall specify the date and time of the end of the proposed trades as the Long Stop Date.

M.12.10.4 Where the Awarded New Capacity achieves Substantial Completion or is subject to a Capacity Market Termination Notice, in accordance with M.12.10.5(c), the System Operators shall update the date and time of the end of the Secondary Trades in respect of Awarded New Capacity.

E.10.2 Extended Duration

E.10.2.1 Where Existing Capacity has been Qualified in respect of a Capacity Year (in this section E.10.2 called the “Qualified Year”) in accordance with this Chapter, and the relevant Participant intends to Close the relevant Capacity Market Unit ~~during the following Capacity Year~~, the Participant may apply to the System Operators for permission to participate in Secondary Trades ~~s-Auctions~~ in respect of the relevant Capacity Market Unit until a specified date (in this section called the “Closing Date”) in the following Capacity Years ~~s~~ (in this section called the “Following Years~~s~~”).

E.10.2.2 If a Participant makes an application under paragraph E.10.2.1 and:

(a) the relevant Capacity Market Unit has been Qualified in respect of the Existing Capacity for the Qualified Year but has not previously been so Qualified for the Following Years~~s~~; and

(b) the Participant undertakes in the application not to participate in Secondary Trades ~~s-Auctions~~ with respect to that Capacity Market Unit after the Closing Date, then the System Operators shall, in accordance with the timeframe provided for in section E.10.3:

(c) approve the application; and

(d) determine that the Qualified values for the Capacity Market Unit that apply in the Qualified Year shall continue to apply in the Following Year until the Closing date (subject to amendment by the System Operators to account for any changes in Initial Capacity).

Modification Proposal Justification

(Clearly state the reason for the Modification)

In order to provide contingency where delays arise to the delivery of Awarded New Capacity by the beginning of the Capacity Year, this proposal seeks to provide Participants with an option which, subject to RAs approval, would enable the Participant to trade with existing capacity to cover the period of the delay.

Where Awarded New Capacity is not delivered by the beginning of the Capacity Year, the Participant faces risks in respect to possible termination of the first year of a multi-year award (typically 10 years) in accordance with J.6.1.6.

The presence of J.6.1.6 in the CMC represents a risk to a New Capacity project and this modification proposal is seeking to provide a way to manage this risk in a simple, cost efficient and transparent manner.

This Modification Proposal reduces risks to Participants by providing an option to mitigate delays by trading Awarded New Capacity to existing units that do not have Awarded Capacity in the Capacity Year.

Code Objectives Furthered

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

- (a) 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;
- (e) to provide transparency in the operation of 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

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

Participants would have limited options to manage delays to delivery of Awarded New Capacity. Participants would face higher risk of termination of 1st year of Awarded New Capacity in accordance J.6.1.6.

Impacts

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

Minor RAs and System Operators process updates.

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.