



Capacity Market Code Modifications

WORKSHOP 18 REPORT

11 MARCH 2021

CONFERENCE CALL

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Document History

Version	Date	Author	Comment
1.0	19 th March 2021	Market Modifications Team	Drafting including all working group comments received following meeting
2.0	26 th March 2021	Attendee Review complete and document updated.	Final draft published

Distribution List

Name	Organisation
Working Group Attendees	Various

Reference Documents

Document Name
Capacity Market Code
CMC_01_21 Amendment relating to the provision of the CAM Report following a Capacity Auction
CMC_02_21 Amendment to Capacity Market Code Modifications Workshop Agenda Timeline
CMC_03_21 Modification to the provisions for Substantial Financial Completion
CMC_03_21 Modification to the provisions for Substantial Financial Completion v2
Presentation
CMC_04_21 Verification Requirements for Implementation Plan Milestones

In Attendance

Name	Company
Lisa Foley	Grid Beyond
Paul Troughton	Enel X
Stacy Feldmann	SSE
Jon Sedgwick	Viotas
Sinead O'Hare	Power NI
John Casley	Tynagh Energy
Justin Maguire	Bord na Mona
Ian Mullins	Bord Gais Energy
Mairead Cousins	Enel X
Eoin Sweeney	Viotas
Shane Maher	EirGrid
Aodhagan Downey	EirGrid/SONI
Kevin Lenaghan (Chair)	UREGNI
Sean McParland	Energia
Arlene Chawke	EirGrid
Katia Compagnoni	SEMO

Stuart Ffoulkes	UREGNI
Sandra Linnane	EirGrid
Esther Touhey	SONI

The Secretariat welcomed all to Workshop 18. The Secretariat gave an overview of the Programme of Work noting that there were a number of approved Modifications on the baseline and a Code Update was in progress.

1.1 CMC_01_21

UR presented Modification Proposal.

The Proposer provided a background on the Modification Proposal noting that there would be a change to paragraph B.10.4.1 of the CMC. It was explained that this change would require the Capacity Auction Report to go out two Working Days after the provisional Capacity Auction Results have been provided to the RAs.

The Proposer noted that, under some circumstances, this report is currently released to the RAs on an earlier date which is causing pressure on the auction monitor to meet requirements.

A Supplier Participant queried if this change to reporting timelines would impact on the supply of data to Participants. The Proposer provided assurance that there would be no impact and it would only relieve the pressure on gathering the data internally.

The TSOs highlighted a minor error to the wording in F.2.9.1. Assurance was given by the Proposer that this would be corrected.

Modification Status – RA Consultation

1.2 CMC_02_21

TSO presented Modification Proposal.

The Proposer provided a background on this Modification Proposal noting that it was a housekeeping Modification to adjust the timing issue in section B.12.7.1 of the Code.

The Proposer explained that the 10 Working Day timeline for both circulation of an agenda and notification of new Modifications does not allow for time required to review / escalate urgent Modifications and other administrative tasks. By updating this timeline to 5 Working Days it will allow for these processes to complete. The Proposer also advised that this change would give Participants more time to register for a Workshop.

A Supplier Participant queried if the 5 days were enough to review the proposals. The Proposer provided assurance that new Modification proposals will still be published within 2 Working Days of receipt therefore still allowing the same length of time for review and this proposal allows for a three week window to register. A Generator Participant echoed the concerns raised noting that it was important to get the balance correct to allow Participants enough time to review. The Proposer advised that this proposal is in line with the standard communications Participants are already receiving.

Modification Status – RA Consultation

1.3 CMC_03_21

DRAI presented Modification Proposal ([Presentation Material available here](#))

The Proposer from Viotas provided a presentation on the Modification Proposal advising that the current requirement to have contracts in place with demand sites more than 2 years in advance act as a barrier to the participation of demand side capacity which can be delivered quickly and with flexibility.

The Proposer went through the advantages of implementing this proposal noting that it will maximise potential and will enable more optimal use of existing demand side assets, improving competition and consumer prices.

The Proposer moved through the presentation advising that the legal drafting for section J.2.1.3 recognised differences in delivery of capacity. The drafting would modify the milestone and this in turn would provide additional flexibility.

It was relayed that further time was spent researching how its dealt with in other markets and it was shown that these markets set end of day deadlines which are closer to delivery which allows aggregators to do what is required in a much shorter timeframe. It was noted that this process gives Participants an incentive to recruit sites.

The Proposer finally went through the justification of the Modification advising that it reflects the unit type and fits with the existing intent of this part of the Modification. In summary it improves liquidity in demand site aggregation.

The RAs queried when the proof of contract would commence and noted that the other markets that were researched by the Proposer were much larger than SEM and there was a worry that there was no incentive to report early delivery prior to the Proof of Contract milestone leaving it difficult to make up missing capacity in case of under delivery.

The second point raised was in relation to the nature of DSUs or AGUs. The RAs, based on their experience to date, recalled there were exception applications for new capacity contract awards. It was advised that some DSU site proposals need substantial building time for the installation of new capacity as part of a demand response and the proposal could lead to preferential treatment of these sites compared to standard non-demand sites with similar building requirements.

The Proposer thanked the RAs for their insights and suggested in relation to point 2 that a link could be added to provide clarification in relation to the specific projects of individual DSUs and AGUs. The Proposer agreed to take an action in relation to the issue of proof of contact and noted an additional step may need to be added in relation to this.

The TSOs echoed the queries raised by the RAs and noted the concern on reduction in certainty on awarding new capacity beyond the commitments of the Participants involved. It was advised that it was important to ensure that capacity delivers and changing performance security requirements don't provide any proof beyond organisational commitment that capacity can be delivered. Support could be given for this Modification at some stage in the future if the level of certainty re delivery could be demonstrated or increased.

The Proposer advised that it was their view that this proposal did not present material relaxation. It was noted that as it stands Substantial Financial Completion for a conventional unit could have a 6 month delay and that delay may come too late to remedy. The Proposer summarised that the main risk is if capacity isn't delivered on time and it never goes to zero. It was suggested that a mechanism could be put in place which would provide the same level of commitment but in a different form.

A Supplier Participant queried if this proposal would increase credit exposure and if, as a result, it excluded a smaller DSU approach. The Proposer provided assurance that this proposal is an alternative that these sites could elect for but the existing process still remains in place if they choose not to. It was noted that there was an option to voluntarily decrease timelines but a proof of contract would still be required.

The Proposer advised that a version 2 of this Modification Proposal would be submitted by 26th March 2021 in line with the timelines discussed by the RAs in order to proceed with the consultation on this Modification.

Modification Status – RA Consultation

1.4 CMC_04_21

EirGrid presented Modification Proposal.

The Proposer provided a background on the Modification Proposal noting it had similarities to the Modification Proposal raised by DRAI. This Modification would remove an obligation by DSUs and AGUs to provide verification in respect of paragraphs in Chapter J that do not relate to them.

It was also noted that an independent Certified Engineers report would now need to be provided on request from the System Operator rather than a requirement to proceed.

The Proposer advised that efforts were always made to improve enforcing code provisions to allow a fair process for all Parties. A background was given on when the Capacity Code was initially written and they could now see where certain elements were impractical. The Proposer confirmed that this is a Modification

proposal which has to go through due process and although these provisions were not fully enforced in the early stages of the Market, the current rules still apply.

Support was given to this Modification by a number of Participants for the TSO pragmatic approach to the issue.

Modification Status – RA Consultation

2 AOB

Secretariat thanked all for attending the Workshop and confirmed that Capacity Market Workshop 19 will take place on Thursday, 20th May 2021 with a submission deadline of 6th May 2021.

2.1 NEXT STEPS

- 1) TSOs to publish Workshop Report.
- 2) RAs to publish timetable for consultation and decision for all 4 proposals.
- 3) Proposer to update minor error in F.2.9.1 of CMC_01_21 relating to extra comma.
- 4) Proposer to investigate issue on proof of contract in CMC_03_21 and look at implementing additional step if necessary.
- 5) Proposer to submit a version 2 of CMC_03_21.

Status as at 11 March 2021

Modification Proposals 'Under Consultation' without System impacts

Title	Sections Modified	Sent	
N/A	N/A	N/A	

Modification Proposals 'Under Consultation' with System impacts

N/A	N/A	N/A	
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Modification Proposals 'Recommended for Rejection

N/A	N/A	N/A	
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RA Decision 'Further Work Required

N/A	N/A	N/A	
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RA Decision Approved Modifications with System Impacts

CMC_07_20 Change in Technology Class	C,G,J	RA Decision Approved	18 th January 2021
CMC_11_20 Providing greater flexibility for the current interim Secondary Trading Notification (ISTN) process	M.7	RA Decision Approved	26 th October 2020
CMC_10_20 Change to determinations made in F.4.1.1	Section F	RA Decision Approved	26 th October 2020

RA Decision Approved Modifications with no System Impacts

CMC_09_20 Modification to the Long Stop Date for the CY2020/21 T-1 Capacity Auction	Section M	RA Decision Approved	28 th August 2020
CMC_09_19 Supplementary Interim Secondary Trading	M.10	RA Decision Approved	13 th November 2020

RA Decision Rejected

N/A	N/A	N/A	
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Withdrawal Notifications

N/A	N/A	N/A	
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Modification Proposal Extensions

N/A	N/A	N/A	
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Capacity Working Group 19 – 20 May 2021 (Conference Call)