



Capacity Market Code Modifications

WORKSHOP 23 REPORT

2 FEBRUARY 2022

CONFERENCE CALL

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Document History

Version	Date	Author	Comment
1.0	2 Feb 2022	Market Modifications Team	Drafting including all working group comments received following meeting
2.0	9 Feb 2022	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_22 New Interdependent Combined Units
CMC_02_22 Timely publication of FAIP
CMC_03_22 Transparency on Publication of Qualification Results

In Attendance

Name	Company
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Shane Maher	EirGrid
Kevin Hannafin	Energia
Chris Goodman	SONI
Damhnait Gleeson	CRU
Ian Mullins	Bord Gáis
Gill Nolan	EirGrid
Stacy Feldmann	SSE
Lucy Hanlon	SSE
Martin McCarthy	SEMO
Sean McParland	Energia
Elaine Gallagher	Bord na Móna
Justin Maguire	Bord na Móna
Paul Bell	Uregni
Kevin Lenaghan (Chair)	Uregni
Donna Maye	Uregni
Paraic Higgins	ESB
Aodhagan Downey	EirGrid
Marc Curran	EirGrid

Katia Compagnoni	SEMO
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Tomás Mahony	EirGrid
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Esther Touhey	SONI

The Secretariat welcomed all to Workshop 23. The Secretariat gave an overview of the Programme of Work noting that there were a number of Modification Proposals that have been Approved by the Regulatory Authorities ('RA') on the baseline of the Capacity Market Rules. It was confirmed that work is progressing on Version 6.0 of the Capacity Market Code and it is due to be published shortly.

The RAs provided an update on CMC_10_21 'Modification to the provisions for Market Registration of Demand Side Units' Unfortunately, there had been no progression on this due to other priorities but there was regular interaction with DRAI on this with the aim of progressing this Proposal The RAs advised that this engagement will be re-established.

SEMO provided an update on CMC_11_21 'Extending Current ASTN Form' noting that this had been approved pending an Impact Assessment. This had been submitted to the vendor and an initial high-level response was received. SEMO confirmed that they did not have specific numbers yet on cost and timelines. It was advised that the RAs would be provided with any updates when they are received.

A Participant requested more clarity on the progression of this Modification and asked if both elements of the Modification were addressed in the Impact Assessment and if their resolution was running in parallel. SEMO provided assurance that both elements would be assessed, and the overall process needed to be taken into consideration. It was advised that there was a need to ensure units were trading within bounds. SEMO confirmed the next step would be to update the RAs and then give an update at Workshop 24 on 10th March 2022.

It was queried if on completion of the Impact Assessment would the Modification be implemented immediately. SEMO advised that there would be a need to finalise the requirements and then develop an implementation plan for it but unlike the Balancing Market releases can be scheduled at any time during the year. This was reliant on the vendor agreeing a programme. SEMO could not speculate a go-live date for this Modification as a third party was involved but provide communication via the standard channels as soon as available and at the next Workshop in March.

1.1 CMC_01_22

Bord na Móna presented the Modification Proposal.

The Proposer had previously circulated a presentation on this Modification and provided a synopsis on the slides. It was noted that Bord na Móna are keen to support climate action and with that frame of mind there was an extensive programme on wind energy etc. This proposal was drafted to allow multiple interdependent units on the same site to be aggregated for the Capacity Market. It was advised this concept would allow for bidding to take place with separate units and would also be technology neutral.

The Proposer noted that this issue had been already raised in different ways by Energia and ESB which proves that it is of major significance and would ensure efficiencies and greater competition as the costs can be shared over units.

The Proposer noted the risks to the Market given the ongoing security of supply issue combined with the tight system forecasted while the projected growth of energy demand could increase up to 43%. As a result, it was important to revisit this item to facilitate the delivery of additional capacity. The Proposer accepted that the legal drafting was limited to new interdependent combine units but felt that this may have a place for both new and existing units which could increase potential capacity. It was advised that failure to implement this proposal would result in a failure to achieve the code objectives and a reduction in the security of supply.

System Operators commented that previous rejections highlighted issues in relation with market power and bidding 'lumpiness'.

A solution could be to look at a potential cap greater than and distinct from the current De-Minimis threshold which would reduce the likelihood of lumpiness and market power. A cap of 120-150 megawatts was suggested with Market Participants being able to recover market costs.

The RAs noted that it would be useful to further investigate why the other two Modifications were rejected and appreciated the frustration with dealing with a lot of small units in the market.

The System Operators queried the criteria that would apply to assess if an application is valid and what could be considered shared infrastructure. The Proposer offered to provide a project case study to the RAs on a

confidential basis to assist with discussions around defining shared assets with the focus being on shared generation assets as opposed to wider development costs.

The System Operators suggested that the application could avail of the existing exception process and this would allow for broad sets of infrastructures to be combined. There would be workload increases on the RA side as exceptions are an RA process.

The RAs agreed there was a spectrum of possibilities. It was advised that the exception process did not include existing units and the far end of the spectrum was bigger than 10 megawatts. It was noted that a quantitative analysis on lumpiness had not been carried out and they were open to the idea that the limit which would apply could be a different number to the current De-Minimis level of 10 megawatts. If this could reduce workload in preparation for auctions it was something that they would be happy to consider. The Proposer agreed that this could be a good solution and was happy to discuss this more broadly with the RAs and the TSOs.

A Participant noted that this Modification was submitted as urgent and queried if it was the intention for this to be implemented for the next T-4 auction in March. It was advised that the window for this auction was not achievable. There was agreement with the Proposer and System Operator that more work and consideration was needed for this Modification. The RAs advised that they still agreed to treat it as urgent for the next available Auction timelines and a version 2 could be raised as part of the consultation process to address some of the items discussed such as:

- Extending the proposal to existing units
- Defining better the concept of shared infrastructure or common generating assets
- Define a new threshold greater than 10MW to be applied only to Candidate Units.

A question was raised if a Workshop or Industry Call could be scheduled to discuss the Modification further. Secretariat confirmed that further workshops did not come in under the remit of the Capacity Market process.

A question was raised on the application of De-rating quantity and the impact of increasing de-minimis on other Codes. The System Operator lastly advised that the de-rating capacity is already calculated only at Candidate Unit level and gross de-rated Capacity is then aggregated for Combined units. Combined units are already allowed under the CMC. Assurance was given that there is freedom there to bring units together but there are some limitations under E.7.6.1 and if the Proposer could work within the existing framework by just changing the aggregation threshold it would reduce the risk of unintended consequences. As per the impact of changing the threshold that didn't actually change the De-minimis as used in other Codes, but it would only be a new distinct threshold for the purpose of the Capacity Market only.

Modification Status – RA Consultation

1.2 CMC_02_22

Energia presented this Modification Proposal.

The Proposer provided a summary on CMC_02_22 and CMC_03_22 together as they are both very similar in origin and purpose. It was advised that they both related to key information which was required before an auction took place and there were some concerns on the publication of both documents being either delayed or revised after the timetabled publication date because of errors. It was noted that this would cause significant disruption and there didn't appear to be any real consequences for not publishing this information on time.

The System Operators acknowledged the concerns raised and welcomed the feedback. Assurance was given that the timetable and accuracy of the reports were taken very seriously and where there were delays, there cause was multifactorial and in part due to the number of auction processes that were running in parallel. The System Operator stated an openness to discuss how things could be done better in the future.

The Proposer noted that the rationale behind the Modification was to get the information correct and if there are errors the impact of this currently falls on the Participant to manage within already tight timeframes. It was noted that the intention of the Modification was that if a delay occurred the impact of this delay should be to delay the auction itself by an equivalent time period. It was hoped that something could be put in the Capacity Market Code to re-balance the burden of delays.

A Participant looked for more understanding on why the TSO were having these issues and if the timelines needed to be addressed. The System Operator stated that there were varying issues that could arise leading to delays or errors but there was no single cause. Assurance was given that any time there was an issue, the

System Operator was answerable to the RAs and Auction Monitor. It was agreed that the timetable can be challenging and there was a need to look at the feasibility of the timetables into the future.

It was also noted that in terms of the Modification if the System Operators are directed by SEMO not to release information relating to the auction, they must abide by that.

Modification Status – RA Consultation

1.3 CMC_03_22

Energia presented this Modification Proposal.

The Proposer discussed this Modification in conjunction with CMC_02_22.

Modification Status – RA Consultation

2 AOB

SSE – AOB Item 1

A [presentation](#) was circulated in relation to this item. It was advised that this piece was more in context with the Modifications that Energia had proposed where Market Participants could identify deliverables, and something could be put in the Code relating to accountability.

The issues noted were around the publication of the timetable and consequences around the Code. It was asked how these nebulous areas which could lead to Modifications could be brought forward without raising the issue with the group first.

The RAs thanked both Energia and SSE for their feedback and assured that the team would take this away to review. It was advised that more thought will go into the structure and format of these documents. It was noted that locational capacity was a recurrent theme and that area could benefit from its own Modification. A Participant asked in relation to delays in error review, could publication dates be brought forward and would it be possible to reduce the lead time from a month to 5 days to finalise the approval of auction submissions.

The System Operator discussed the qualification process and how it operates. The importance of allowing adequate time for Participants to analyse published information before submitting their offers was acknowledged. Clarity of publication of documents, standardisation and information on auctions were all highlighted as important areas to review. The System Operators agreed to take this away and review the format of the documentation and its accessibility.

Secretariat thanked all for attending Capacity Market Workshop 23. It was advised that the 2022 schedule has been published.

Capacity Workshop 24 will take place on Thursday, 10th March 2022.

2.1 NEXT STEPS

- 1) TSOs to publish Workshop Report.
- 2) RAs to publish consultation timelines within next 10 days.
- 3) RAs to review CMC_01_22 further in advance of the consultation process and establish if a V2 of the Modification should be submitted.
- 4) System Operator to review the publication of auction documents and improving accessibility.

Status as at 26 January 2022

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

CMC_10_21 Modification to the provisions for Market Registration of Demand Side Units	E & I	N/A
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RA Decision Approved Modifications with System Impacts

Title	Sections Modified	Effective
CMC_06_21 NIRO & DSU	E & I	21 September 2021
CMC_07_21 E.4 Application for Qualification Date	E.4	2 November 2021
CMC_11_21 Extending Current ASTN Form	M	TBC – following completion and analysis of SOs impact assessment

RA Decision Approved Modifications with no System Impacts

CMC_03_21 Modification to the provisions for Substantial Financial Completion	J	19 November 2021
CMC_12_21 Modification to the methodology for calculating the De-Rated Grid Code Commissioned Capacity	G	19 November 2021
CMC_01_21 Amendment relating to the provision of the CAM Report following a Capacity Auction	B.10.4.1	14 July 2021
CMC_02_21 Amendment to Capacity Market Code Modifications Workshop Agenda Timeline	B.12.7.1	14 July 2021
CMC_04_21 Verification Requirements for Implementation Plan Milestones	J.4.3	14 July 2021
CMC_08_21 Ex-post Verification of Compliance with the CO2 limits	I.1.2	2 November 2021
CMC_09_21 Timeframe to consider SFC Extensions	J.5.2	21 September 2021

RA Decision Rejected

CMC_05_21 Substitution of Candidate Units	J.5.5	
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Withdrawal Notifications

N/A	N/A	
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Modification Proposal Extensions

N/A

N/A

Capacity Working Group 24 – 10th March 2022