



Capacity Market Code Modifications

WORKSHOP 31 REPORT

18 MAY 2023

MS TEAMS

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Document History

Version	Date	Author	Comment
1.0	25 th May 2023	Market Modifications Team	A Workshop Report summarising the proposals and noting any actions taken.

Distribution List

Name	Organisation
Working Group Attendees	Various

Reference Documents

Document Name
Capacity Market Code
CMC 10 23 Mitigation of Impact on Participants relating to 3rd Party Gas Connection delays
CMC 11 23 Amendment to Drafting Introduced Under Modification CMC 15 22
CMC 12 23 Facilitation of Unit Specific Price Caps for Existing Capacity in Excess of the Auction Price Cap
CMC 13 23 Min Completion Prior to Long Stop Date
CMC 14 23 LCC Violation Criteria

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1 UPDATES

1.1 SECRETARIAT UPDATE

The Secretariat welcomed all to Capacity Market Workshop 31 and discussed the Programme of Work noting that there was a full listing of all open Modification Proposals on the SEMO website.

The RAs provided an update on CMC_01_23 and advised that a decision would be made shortly. It was advised that the RAs see merit in CMC_03_23 and a legal drafting to implement the principle of the proposal was under review. The RAs intend to publish the legal drafting, which they are 'minded to approve', for a short (2 week) consultation. The RAs are mindful of forthcoming T-1 milestones.

1.2 SYSTEM OPERATORS UPDATE

The System Operators provided an update on the development schedule for implementing changes in the Capacity Market Platform, which are summarised in Table 1 below.

Table 1: Capacity Market Platform Development Roadmap

Item	Name	Description	Status	Prev. Date	New Date
1	LCC Maximum Quantity	Implementation of CMC_08_22. Application of Maximum Quantity constraint in the Capacity Auction.	In design phase, expected to conclude next week. Additional complexity has identified where further details in relation to interaction of constraints may need to be implemented in CMC to ensure robustness of auction solution in all cases.	Sept 23	No Change
2	Online Qualification Platform	Online submission of Applications for Qualification and automation of Alternative Qualification Process. More user-friendly application process reduced need for PTs to resubmit forms, reduction in operational risk and delays in the processing of Applications for Qualification.	Advanced design stage. Timeline under review due to priority being given to item 1 and importance of item 3 for participants.	Apr 23	TBC*
3	Online Secondary Trading Platform	Implementation of CMC_11_21. Online submission of secondary trades and automation of validation processes.	Timeline under review due to changes to timelines for items 1 and 2. High level impact assessment indicates a 3 month implementation subject to detailed specification.	Sept 23*	No Change

***Timelines under review** in the context of prioritisation of LCC Maximum Quantity implementation **and Capacity Market operations, which take overall priority.**

2 MODIFICATION PROPOSALS

CMC_10_23

BNM presented the Modification Proposal.

The Proposer delivered a [presentation](#) providing the context for the proposal, noting a reliance on statutory bodies in delivering capacity. The Proposer summarised that the Participant cannot be expected to accept risk when it is outside their control. The Modification was compared to similar Modification Proposals, and it was noted that the difference with this Modification is that it seeks to address concerns noted in Decision paper SEM-23-001 and presents proposed solutions.

Support for the Modification Proposal was given by several Participants while others raised potential retrospectivity concerns if obligations are changed post-auction. The RAs expressed a preference for setting aside CMC_14_22 (currently under further consideration) given the focus of this Modification. The Proposer advised that they wish to keep CMC_14_22 active.

Modification Status – RA Consultation

CMC_11_23

EPUKI presented the Modification Proposal.

The Proposer delivered a [presentation](#) advising that this Modification Proposal seeks to make amendments to Section J.5 of the CMC as introduced through Modification CMC_15_22, introducing a remedial action for directions under Article 17 and Article 18 of the Planning (General Development Procedure) Order (Northern Ireland) 2015. The Proposer outlined how the Department of Infrastructure may become involved in planning applications and potentially delay outcomes. Participants queried the appropriate start and end time for the remedial action and if the application of remedial actions could accumulate as a project moves through the different stages of the planning process.

Modification Status – RA Consultation

CMC_12_23

EPUKI presented the Modification Proposal.

The Proposer delivered a [presentation](#) on this Modification Proposal noting that it provides optionality to retain existing capacity that is not economically feasible within the limitations of a given auction.. Three approaches to implementation of the Proposal were considered and presented by the Proposer. A challenge in relation to confidentiality in the process was acknowledged. The Proposer clarified that the proposal was intended to only apply to one year capacity awards.

There was support from Participants to looking further at the options raised but felt more thought may be needed on the approach of each. The Regulatory Authorities advised that they would be happy to provide further clarity to Participants in relation to the USPC process. A Participant also that whilst Security of Supply was a concern there was also concern of the knock-on effects of this Modification Proposal on for the overall auction outcome and in delivering value to the customer. In relation to the potential for exceeding the Auction Price Cap it was clarified that the definition of Auction Price Specifies that it is the 'maximum price allowed' thus by definition cannot be exceeded.

Modification Status – RA Consultation

CMC_13_23

TSO presented the Modification Proposal.

The Proposer noted that the Proposal allows for Awarded New Capacity to effectively (in terms of Capacity Payments and obligations associated with the capacity) achieve Minimum Completion before the associated Long Stop Date termination.

The Modification Proposal reflects that challenges can arise with respect to achieving Substantial Completion (90%+ of Awarded New Capacity) and availing of an earlier opportunity to return capacity has merit. An Implementation Progress Report would start the process of reviewing the Awarded New Capacity.

Modification Status – RA Consultation

CMC_14_23

TSO presented the Modification Proposal.

The Proposer noted that this Modification Proposal would provide further detail to the Capacity Market Code following the approval of CMC_08_22 in SEM-22-066 on 30th September 2022. It was advised that the Proposal addresses unlikely but potential unsolvable Locational Capacity Constraints.

The Proposer went through the examples describing how violations of the Locational Capacity Constraints would be economically breached. It was noted that in terms of wording, the legal drafting develops the existing Section F.8.2.3 to provide further detail and transparency.

Several Participants voiced concerns in relation to potentially breaching the minimum capacity requirement. The Proposer advised that the Modification Proposal provides flexibility that does not exist at present to ensure the outcome is as close to desired as possible with respect to minimum and maximum requirements. The proposer advised that the determination of the constraint costs would be expected to undergo regulatory approval in line with the methodology for determining Locational Capacity Constraints.

Modification Status – RA Consultation

3 AOB

Secretariat noted that Capacity Workshop 32 is scheduled for Thursday, 20th July 2023, subject to submission of Modification Proposals, with the deadline for Modification Proposals 6th July 2023.

3.1 NEXT STEPS

1. TSOs to publish Workshop Report.
2. RAs to publish consultation timetable.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT WORKING GROUP 31
Status as of 18 May 2023
Modification Proposals 'Under Consultation' without System impacts

Title	Sections Modified
CMC_01_23 Amendment to Substantial Completion Drafting	J.2.1.1
CMC_02_23 Amendment of milestones associated with Substantial Financial Completion	J.2.1.1
CMC_03_23 Amendment of Long Stop Date for T-1 Capacity Auction	J.6.1.1
CMC_04_23 Introduction of remedial action for unforeseeable delays due to extraordinary supply chain impacts	J, E
CMC_08_23 Typographical Correction Capacity Aggregation Threshold	Glossary
CMC_09_23 Removal of Section J.6.1.6	J

Modification Proposals 'Under Consultation' with System impacts

CMC_16_22 Secondary Trading Awarded New Capacity	E, J, M
CMC_05_23 ARHL Issue Identified in CMDRB Decision	Glossary
CMC_06_23 Second ARHL Modification to Complete SEM-22-044	E,G,I, Appendix E
CMC_07_23 Special Application of ISTA	M

RA Decision Further Consideration Required

CMC_06_22 New Interdependent Combined Units	E.7.6, F.7.1 N/A
CMC_14_22 Modification Re-Mitigation of impact of Third-Party delays on Participants and extension of Support team	J.5 N/A

RA Decision Approved Modifications with System Impacts

Title	Sections Modified	Effective
CMC_09_22 Secondary Trade Approval Notification	M.7, M.12	System update required
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_13_22 Judicial Review Remedial Action	J.5 & J.6	20 th January 2023
CMC_15_22 Introduction of new Remedial action to enable extensions due to planning and Permitting delays	J.5	20 th January 2023
CMC_12_22 Remedial action in the event of planning application to a project that qualifies under a Direction	J.5	20 th January 2023

RA Decision Rejected

N/A	N/A	N/A
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