



Capacity Market Code Modifications

WORKSHOP 32 REPORT

20 JULY 2023

MS TEAMS

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Document History

Version	Date	Author	Comment
1.0	27 July 2023	Market Modifications Team	A Workshop Report summarising the proposals and noting any actions taken.

Distribution List

Name	Organisation
Workshop Attendees	Various

Reference Documents

Document Name
Capacity Market Code
CMC_15_23 Amendment to Performance Securities for Extended Projects
CMC_16_23 Extension to New Capacity Impacted by Indexation
CMC_17_23 Updates to LCC Areas

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1 UPDATES

1.1 SECRETARIAT UPDATE

The Secretariat welcomed all to Capacity Market Workshop 32 and discussed the Programme of Work noting that there were currently four approved Modification Proposals on the baseline. It was also advised that the Secretariat had received notification from Bord na Mona that they wish to withdraw CMC_14_22 Modification Re-Mitigation of Impact of Third-Party delays on Participants and extension of support term. The RAs noted that there were currently many active Modifications with them for review and provided a summary of the status of each based on the Workshop they were discussed at.

Workshop 31 – CMC_10_23, CMC_11_23, CMC_12_23, CMC_13_23 and CMC_14_23. It was advised that the consultation closes on 21st July 2023.

Workshop 30 – CMC_04_23, CMC_05_23, CMC_06_23, CMC_07_23, CMC_08_23, CMC_09_23 – It was advised that decisions would be issued shortly on these.

Workshop 29 – CMC_01_23 is currently under review, CMC_02_23 was withdrawn, CMC_03_23 – a decision paper was issued on 30th June 2023.

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 testing and certification. CMC_14_23 out for consultation. CMC_17_23 for consideration at this workshop.	Sept 23	No Change
2	Online Secondary Trading Platform	Implementation of CMC_11_21. Online submission of secondary trades and automation of validation processes.	Operational priorities and item 1 have resulted in delays to implementation. Currently, at requirements stage. Review of rules regarding trading above Gross De-Rated Capacity required.	Sept 23*	H1 FY23/24*
3	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 2 for participants.	TBC*	H2 FY23/24*
4	Post Auction Process Improvements	Online Performance Security status. Online Implementation Progress Report submission. Online submission of milestone verification documents. Improved status tracking.	In planning.	N/A	TBC

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

Further to the update on the roadmap set out in Table 1, the System Operators provided an update on how they are providing for both operations and development work for the coming business year from Oct 23 to Sept 24.

Root Cause	FY22/23 (Oct 22 - Sept 23)	FY23/24 (Oct 23 - Sept 24)
Multiple Concurrent Auctions	Bringing 27/28 T-4 forward to 4 years ahead has resulted in as many as three auctions occurring at same time	One auction occurring at a time. 24/25 T-1 in March and 28/29 T-4 expected in Sept 24.
Resource Constraints	Priority given to operations. Reduced capacity for development work.	Additional resources on board to provide for operational needs and also to support development work.
Manual processes	Manual processes increasingly under strain due to increasing amounts of complexity (previously awarded capacity, terminations, transfers, tech class changes, extensions, miscellaneous). This is resulting in higher operational risks and issues.	Secondary Trading and Qualification development work will significantly reduce manual processes. Other changes under consideration in respect of post-auction processes (e.g. Performance Security, Implementation Progress Reporting, Milestone Verification).

Clarification was sought in relation to the September 2023 target delivery for the LCC Maximum Quantity and related mods that are currently under consideration, namely CMC_14_23 and CMC_17_23. The System Operators clarified that delivery as planned is dependent on the approval of related mods. Where the mods are not approved, the System Operators would need to impact assess any decision and update the timeline accordingly.

Regarding the Secondary Trading modification, a Participant expressed support for any approach that could deliver the online component of secondary trading earlier noting that the elements of the CMC_11_21 may need further consideration to ensure that the intended functionality has been captured in the Modification.

2 NEW MODIFICATION PROPOSALS

CMC_15_23 AMENDMENT TO PERFORMANCE SECURITIES FOR EXTENDED PROJECTS

EPDEL presented the Modification Proposal.

The Proposer delivered a [presentation](#) noting that this Modification Proposal was prompted by CMC_15_22 and where investment decisions were affected by planning challenges. The Proposer agreed that a version 2 of the Modification Proposal would be submitted with updated legal drafting prior to proceeding to consultation.

The System Operators agreed that a revised proposal should consider together both Termination Charges and Performance Securities. They further noted that Performance Securities / Termination Charges are designed to reflect the risk to the consumer of non-delivery and that risk remains with the consumer when a project is delayed.

The Proposer suggested that the damage would be greater to consumers if these projects terminated rather than committing further whilst delayed. One participant noted that Security of Supply should trump all considerations.

The RAs requested that modification proposals include developed legal drafting prior to discussion at a workshop.

Modification Status – RA Consultation subject to revised modification proposal.

CMC_16_23 EXTENSION TO NEW CAPACITY IMPACTED BY INDEXATION

EPDEL presented the Modification Proposal.

The Proposer delivered a [presentation](#) acknowledging that this proposal and the drafting was not yet complete. It was noted that the SEM Committee in their indexation consultation process acknowledged a period of high inflation had put new capacity projects in jeopardy.

Concerns were raised in relation to the broadness of this Modification Proposal potentially giving a blanket extension to all projects with relevant capacity contracts.

The RAs advised the Proposer to submit the revised proposal and stressed that in future Proposals needed to have developed legal drafting to allow for proper workshop consideration.

Modification Status – RA Consultation subject to revised modification proposal.

CMC_17_23 UPDATES TO LCC AREAS

System Operators presented the Urgent Modification Proposal.

The Proposer advised that this Modification Proposal is necessary for the forthcoming 2027/28 T-4 auctions while methodology for capturing Maximum Quantities in the methodology is being developed.

A number of Participants voiced concerns that this Modification Proposal suggested a focus on implementing constraints while the delivery of infrastructure and capacity is an acknowledged priority. The proposer emphasised that the Modification Proposal was seeking to ensure that auction outcomes can reasonably be accommodated on the transmission system in the timeframes involved. The System Operators are committed to the development of the transmission systems in Ireland and Northern Ireland to meet the needs of customers and policy objectives and that there are a number of processes that exist in this regard including Shaping Our Electricity Future, Tomorrows Energy Scenarios, the Ten-Year Network Development Plan, the Transmission Development Plan, the Transmission Forecast Statement and the Generation Capacity Statement.

Concerns were expressed regarding transparency of any decisions taken under the proposed changed text, in that it would be moving from decisions based on a published methodology to decisions approved based on other considerations. The System Operators stated that it would be possible to include additional wording to require that, where decisions are based on other considerations not included in the published methodology or where LCC Areas are updated between the IAIP and the FAIP, information on the basis of those decisions be included in the FAIP.

The change in available information between IAIP and FAIP was cited as a concern, with respect to DSU individual demand sites. The proposer acknowledged that finalising constraints in the IAIP would be preferable there can be circumstances where new projects come forward in an area such that available capacity is exceeded.

Modification Status – RA Consultation

3 AOB

Secretariat noted that Capacity Workshop 33 is scheduled for Thursday, 21st September 2023, subject to submission of Modification Proposals, with the deadline for Modification Proposals 7th September 2023.

It was noted that the SEM Committee have published a timetable for an urgent consultation on CMC_17_23.

3.1 NEXT STEPS

1. SOs to publish Workshop Report.
2. RAs to publish consultation timetable for CMC_15_23 and CMC_16_23 subject to revised Modification Proposals.
3. Proposer of CMC_15_23 and CMC_16_23 to submit a version 2 of both proposals with updated legal drafting to RAs and TSOs.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT WORKSHOP 32

Status as of 20 July 2023

Modification Proposals ‘Under Consultation’ without System impacts

Title	Sections Modified	Sent
CMC_16_22 Secondary Trading Awarded New Capacity	E, J, M	N/A
CMC_01_23 Amendment to Substantial Completion Drafting	J.2.1.1	N/A
CMC_04_23 Introduction of remedial action for unforeseeable delays due to extraordinary supply chain impacts	J, E	N/A
CMC_08_23 Typographical Correction Capacity Aggregation Threshold	Glossary	N/A
CMC_09_23 Removal of Section J.6.1.6	J	N/A
CMC_10_23 Mitigation of impact on Participants relating to 3 rd Party Gas Connection delays	J.5, Glossary	N/A
CMC_11_23 Amendment to Drafting Introduced Under Modification CMC_15_22	J, Glossary	N/A
CMC_13_23 Min Completion Prior to Long Stop Date	G, J	N/A

Modification Proposals ‘Under Consultation’ with System impacts

CMC_05_23 ARHL Issue Identified in CMDRB Decision	Glossary	N/A
CMC_06_23 Second ARHL Modification to Complete SEM-22-044	E,G,I, Appendix E	N/A
CMC_07_23 Special Application of ISTA	M	N/A
CMC_12_23 Facilitation of Unit Specific Price Caps for Existing Capacity in Excess of the Auction Price Cap	F	N/A
CMC_14_23 LCC Violation Criteria	F, Glossary	N/A

Modification Proposals ‘Recommended for Rejection’

N/A	N/A	N/A
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RA Decision ‘Further Work Required’

CMC_06_22 New Interdependent Combined Units	E.7.6, F.7.1	N/A
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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
CMC_03_23 Amendment of Long Stop Date for T-1 Capacity Auction	J.6.1.1	30 th June 2023
RA Decision Rejected		
N/A	N/A	N/A
Withdrawal Notifications		
CMC_14_22 Modification Re-Mitigation of impact of Third-Party delays on Participants and extension of Support team	J.5	20 th July 2023
Modification Proposal Extensions		
N/A	N/A	N/A
Capacity Workshop 33 – 21 September 2023		