



Proposed Modification to CMC:

Adjustment of CMC auction qualification criteria to facilitate complex projects within State Aid approval.



Explanation of Proposed Change

- The proposed modification would **introduce a clear definition of “applicable time frame” for the assessment of an Application for Qualification of New Capacity which is consistent with the rationale for Long Stop Date introduction to the CMC.**
 - This change allows the System Operators and Regulatory Authorities to facilitate participation of New Capacity with longer construction and commissioning times in the Capacity Auction.
 - Recommended limited use of the mechanism
 - Applied only to T-4 Capacity Auctions for New Capacity.
 - Limit to New Capacity which is assessed by the System Operator to require additional time for delivery of new Transmission System or Distribution System to the Connection Point.
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Proposal Justification

- Currently when proposed New Capacity with longer construction and commissioning is assessed to require additional time to deliver beyond the Capacity year it cannot be qualified.
- The original intent of the Long Stop Date is frustrated as it has not been reflected in the qualification step, this proposal is intended to resolve this inconsistency.
- A strong commercial incentive remains for the New Capacity to be delivered by the Capacity Year.
- New Capacity with longer construction and commissioning time requirements due to grid and gas network connection requirements will be able to participate, resulting in greater competition and facilitation of more New Capacity long term.
- Significant New Capacity is required, some of which will require significant connecting infrastructure.
- Proposed change is limited in its application and is intended to allow more New Capacity qualify for the Auction but in T-4 auction and only for New Capacity that constitutes a complex project. This will facilitate complex project and New Capacity that is essential for Ireland's security of supply participating in auction and securing a milestone that allows a project to obtain investors and financing. It is intended that the 18-month extension will only apply to projects which are not being pre-qualified due to factors that are outside the control of the Applicant, such as delivery of electricity or gas transmission systems, distribution systems or connection points and therefore will not benefit projects that are not progressing in an efficient and timely manner.



Proposed CMC drafting Changes:

“Complex Project” definition: consistency with prior decision re Long Stop:

SEM-16-022 decision: “more complex plant”

<https://www.semcommittee.com/files/semcommittee/media-files/SEM-16-022%20I%20SEM%20CRM%20Detailed%20Design%20Decision%20Paper%202.pdf>

“There will be the addition of an extra 18 month long stop window which leaves a total period of 5½ years between the auction results and the termination (with penalties) of the reliability options for any plant that has not become operational. This 5½ year period is sufficiently long to accommodate the more complex plant that the project team is aware of being considered for the I-SEM”

Proposal Justification (continued)



EY CRM performance review 2022, [SEM-22-054A Performance of the SEM CRM.pdf](#)

Primary reason for non qualification:
“Substantial completion will not be achieved.....”

Reasons for rejection of plant pre-qualification applications (T-4 Auction for 2024/25)				
Reason	Total MW	Total Existing Capacity (MW)	Total New Capacity (MW)	# units
Substantial completion of the unit will not be achieved due to info in application	1,032	0	1,032	18
Unit does not meet emissions requirement i.e., has a carbon intensity of under than 550g of CO2 / kWh	975	973	2	5
Substantial completion will not be achieved due to amount new capacity in early negotiations	613	223	389	19
Information in application deficient/incorrect	380	0	380	4
Application does not contain evidence of securing a connection offer/agreement	309	0	309	6
Plant closure	228	228	0	2
Unit type does not meet criteria of Trading and Settlement Code (TSC)	100	0	100	2
Substantial completion of the unit not be achieved due to amount of new capacity associated with other existing unit	60	0	60	3
Unit registered under TSC to participant other than participant submitting the application	13	13	0	1
Grand Total	3,709	1,437	2,272	60
*Source: SEMO				

Conclusions made relating to delivery time requirement:

Sub-question	Conclusions	Assessment
3.1: Are T-4 timelines long enough to enable new build to deliver?	There was a maximum of 3.5 years between FCAR publication date and the start of the auction capacity delivery year. Given the most common reason for disqualification is an unrealistic likelihood of meeting substantial completion, this timeline is too short.	Major scope for improvement

#	Remedy	Advantages	Disadvantages	Benefit	Feasibility
3.1	Increase lead time to at least 4 years from announcement of auction results to start of capacity delivery year.	<ul style="list-style-type: none"> Greater participation in auction Greater likelihood of delivery of projects that are contracted 	<ul style="list-style-type: none"> Having to set targets further ahead which could increase uncertainty Implementation challenges – would have to run 2 auctions immediately after each other (one T-4, one T-5) 	Very high	Medium*

Implications



Given the difficulty and varied assessment of required timescales associated with delivery of grid connection infrastructure or gas network infrastructure of any scale, failure to implement this modification will prevent the CRM from supporting such necessary network development.

Non implementation of this proposed modification will result in exclusion of projects which the System Operators assess as requiring longer construction times where such projects could otherwise deliver strategic improvements in security of supply, development of grid and gas infrastructure and enhance competition to the benefit to the consumer.

The assessment of qualification applications by the SO will require a change to assess each project to determine if it falls into the Complex Project category. This is not a difficult assessment given the proposed definition.

CMC Text Changes

Proposed CMC drafting Changes:

Change to section E.7.2.1 (f)

they consider the delivery of a part or all of any New Capacity proposed in the Application for Qualification is not feasible (either technically or ~~within the applicable time frame~~ Applicable Time Frame); or

Change to section E.7.5.1 (c)

Substantial Completion of the Generator Unit or Interconnector can be achieved ~~prior to the start of the relevant Capacity Year within the applicable time frame~~ Applicable Time Frame;

Insertion of defined terms in the CMC Glossary:

Applicable Time Frame

means the time frame to be considered in the assessment of an Application for Qualification for New Capacity, being,

1. where the New Capacity is not a Complex Project or where the Capacity Auction is not a T-4 Auction, from the date of the final Capacity Auction Results to the start of the first Capacity Year for which the New Capacity is to be delivered; or
2. where the New Capacity is a Complex Project and the Capacity Auction is a T-4 Auction, from the date of the final Capacity Auction Results to the last day of the eighteenth full calendar Month after the start of the first Capacity Year in which the New Capacity is to be delivered.

Complex Project

means New Capacity where the assessment of feasibility under E.7.2.1 (f) and E.7.5.1 (c) determines that the delivery of any new Transmission System or Distribution System to the Connection Point, or new gas network connection infrastructure cannot be achieved by the start of the relevant Capacity Year.