

Capacity Market Code Modifications

WORKSHOP 43 REPORT

28 MAY 2025

MS TEAMS

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Table of Contents

1	Updates	5
1.1	Secretariat Update	5
	CMC_04_25 Adjustment of CMC auction qualification criteria to facilitate complex projects within State Aid Approval.....	5
	CMC_05_25 Early Termination of Intermediate Length Contract Capacity	5
	CMC_06_25 Amendment of ARHL De-Rating Factor Definition to Exclude Intermediate Length Contracts	6
	CMC_07_25 Maintaining Net Present Value in new capacity market contracts for no-fault delays	6
	CMC_08_25 Ensuring robust transparent and objective qualification criteria in the Capacity Market.....	6
	CMC_09_25 Registration and Qualification Auction Timetable Milestones	7
2	AOB	8
	Appendix 1 – Programme of work as discussed at Workshop 43	9

Document History

Version	Date	Author	Comment
1.0	3 June 2025	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_04_25 Adjustment of CMC auction qualification criteria to facilitate complex projects within State Aid approval
CMC_05_25 Early Termination of Intermediate Length Contract Capacity
CMC_06_25 Amendment of ARHL De-Rating Factor Definition to Exclude Intermediate Length Contracts
CMC_07_25 Maintaining Net Present Value in new capacity market contracts for no-fault delays
Submitted Example
CMC_08_25 Ensuring robust transparent and objective qualification criteria in the Capacity Market
CMC_09_25 Registration and Qualification Auction Timetable Milestones

Name	Company
Justin Maguire	BNM
Trevor Greally	CRU
Valeria Arenas Montano	CRU
Elvis Sebastian	CRU
Eoin Sweeney	VIOTAS
Joseph Kavanagh	EirGrid
Clare McGurran	iPower
Andrew Kelly	ESB Generation & Trading
Ross McEnespie	ESB Generation & Trading
Samar Ahmad	ESB Generation & Trading
David Morrow	Energia
Colm Griffin	Energia
Peter Brett	EcoPower
Ian McClelland	Uregni
Damien Doone	Uregni

Paul Collins	Lumcloon Energy Limited
Margurette Leech	Lumcloon Energy Limited
Jake Bracken	Lumcloon Energy Limited
Harry Molloy	EP UK Investments
Pranav Kakkar	EP UK Investments
Julie-Anne Hannon	Bord Gais Energy Limited
Adam Hamilton	EirGrid
Aodhagan Downey	EirGrid
Marc Curran	EirGrid
Cormac Daly	Captured Carbon
Ciaran Breen	Uregni
Ross McFaul	Urgeni
Kevin Baron	Uregni
Damien Doone	Uregni
Lorcan Kennedy	CRU
Emer Gerrard (Chair)	CRU
Esther Touhey (Secretariat)	SONI
Sandra Linnane (Secretariat)	EirGrid

1.1 SECRETARIAT UPDATE

Secretariat welcomed all to Capacity Market Modifications Workshop 43. It was advised that the current distribution lists for all markets were under review and Participants would shortly receive communications on re-subscribing to ensure that details are up to date. An update was given on the Programme of Work noting that 3 decisions were received all of which were rejections, and they had been published. It was confirmed that a Code Update would be initiated on receipt of approved decisions from RAs. The Chair gave an overview of the agenda and confirmed there would be a second sitting of this Workshop on 9th of June 2025 to facilitate further proposals that would be submitted by the RAs on 30th May 2025

RA Update

RAs provided a [presentation](#) giving an overview of all Modification Proposals out for consultation and confirmed that CMC_12_24 had been withdrawn by ESB.

TSO Update

TSOs delivered a [presentation](#) on the Capacity Market Platform Development Plan.

A number of Participants voiced their disapproval regarding the delays implementing Secondary Trading. Concerns were raised regarding the prioritization of projects and a request was made for more understanding on who decides what is a priority. It was asked if the SOs could look at the process and seek out simpler alternatives in the interim and to provide guarantees that timelines can be achieved. It was also requested that if there was a further delay that Industry was contacted before the next Workshop.

CMC_04_25 Adjustment of CMC auction qualification criteria to facilitate complex projects within State Aid Approval

Proposer delivered a [presentation](#) on the Modification Proposal noting that the aim was to better facilitate more complex projects in line with State Aid Approval whilst proposing to limit change to qualification criteria.

System Operators voiced concerns that this Proposal would lead to loopholes in the Capacity Market Code and disrupt the balance of incentives. It was felt that this approach would allow projects to qualify as complex when the delays experienced could be delays that could have been avoided. The Proposer considered this also but advised that currently competition was limited for projects that are more complex and need extra time.

RAs advised that the Proposal referred to high level design and therefore the definition of complex projects would need to be reviewed.

Modification Status – Under Consultation

CMC_05_25 Early Termination of Intermediate Length Contract Capacity

Proposer delivered a [presentation](#) on the Modification Proposal noting that it relates to early termination of Intermediate Length Contracts (ILC). A background and rationale were given noting the importance of a fast decision considering auction timelines. RAs provided assurance that a timetable would be published in the coming days.

The Proposer went through examples confirming that the solution would allow the Participant to flag that they are not able to achieve substantial completion of the ILC unit which would then allow the unit a chance to recontract as existing capacity.

SOs advised that the legal drafting would be better placed under J.6 and suggested to include a reference to J6.1.3 (f) to ensure that there is no ambiguity rather than restating it, to refer to refurbished capacity rather

than using the duration of the Awarded Capacity and that G.3.1.9 already covers the payment of the Existing Capacity at the Auction Clearing Price.

It was summarised that the key aim of this proposal was to avoid termination of the first year where existing capacity was awarded an ILC. It was suggested that the implementation progress report should highlight that it's the second of the 5 years that is terminated and not the first year.

A Participant advised of caution in respect to termination of an ILC unit later in the contract / nearer to the delivery year noting that in these scenarios the proposed modification approach would not facilitate recovery of investment costs.

Modification Status – Under Consultation

CMC_06_25 Amendment of ARHL De-Rating Factor Definition to Exclude Intermediate Length Contracts

Proposer delivered a [presentation](#) on the Modification Proposal noting that its purpose was to reflect ILCs in the definition of the CMC with respect to Annual Run Hour Limit De-Rating Factors (ARHL DRF). It was advised that CMC_10_24 has a requirement that ILCs would not have lower ARHL than existing capacity, but clarity was needed before the T-4 auction.

The Proposer advised that there would be two changes to the legal drafting and the amendments would mean that ILC Capacity will not be considered as new capacity with respect to ARHL DRFs.

A Participant queried instances where ILC could also lead to incremental new capacity (if it was for example replacing a gas turbine) and where was the certainty that it could be captured under proposed approach? System Operators provided an initial view that CMC_03_25 aligns the proportion of delivered capacity with qualification calculations so in principle it should be aligned.

System Operators noted they support greater reliability from Candidate Units and any mechanism which more accurately identifies a unit's underlying reliability however it's not clear that the modification proposal facilitates this.

Modification Status – Under Consultation

CMC_07_25 Maintaining Net Present Value in new capacity market contracts for no-fault delays

Proposer delivered a [presentation](#) on the Modification Proposal noting the benefits of CMC_16_23 (projects subject to no-fault delays can apply to the RAs for an extension to their Capacity Quantity End Date and Time or 'CQEDT'), but advised that it doesn't preserve the Net Present Value ('NPV') of the capacity payment following an approved CQEDT. The Proposer advised that this proposal would ensure that NPV is maintained in instances of an approved CQEDT. The new mechanism with NPV adjustment and removal of subjectivity by using Best New Entrant ('BNE') Weighted Average Cost of Capital ('WACC') was also discussed.

System Operators raised concerns regarding the impact on Participant delivery incentives and how the proposed approach would distinguish between Participants that were applying best practices in terms of project delivery vs. those that had not. Proposer noted that the RAs already have a process for this through the CQEDT process, and review who gets accepted.

Modification Status – Under Consultation

CMC_08_25 Ensuring robust transparent and objective qualification criteria in the Capacity Market

Proposer delivered a [presentation](#) on the Modification Proposal noting the aim was to introduce a robust set of auction entry criteria to ensure that new projects which qualify have a reasonably good chance of being delivered by the Capacity Year. The Proposer advised that by updating E.7 to require a connection offer for

the electricity and gas network, and planning for the project, this would reduce reliance on more subjective criteria such as feasibility and achievability.

A number of Participants requested clarity on the point regarding gas and use of other fuel types. It was advised that gas connection timelines were already considered as part of the assessment of feasibility / achievability and the intention here was to set out a more objective requirement.

Participants also raised concerns around being required to make large investment decisions in advance of a capacity award. The System Operators welcomed feedback on this point and stated that the proposed items were identified as things that could be achieved prior to committing to more significant investment decisions.

A Participant noted it was very late to be introducing new criteria for auctions after the timetable being published recently.

Modification Status – Under Consultation

CMC_09_25 Registration and Qualification Auction Timetable Milestones

Proposer delivered a [presentation](#) on the Modification Proposal advising that it would introduce two new auction timetable milestones regarding registration and qualification. It was advised that this will facilitate the processing of qualification applications through the Capacity Market Platform from the next 2029/2030 T-4 Capacity Auction. It was also noted that new glossary terms would be added in the legal drafting.

A Participant raised again that this change was extremely late with the auction deadline in September and that some modification proposals could take a year to get progressed. The Proposer advised that this change was proposed on an enduring basis, and the Code will be applied as is until a decision is made. Assurance was also given that an information pack will issue in the coming weeks in respect of the online qualification process change to ensure that Participants have time to prepare.

Modification Status – Under Consultation

RAs confirmed that further Proposals would be raised on Friday 30th May with an additional session of Workshop 43 scheduled for Monday 9th June – Secretariat advised that meeting materials would be distributed to those who had registered for Workshop 43.

Next Steps

1. TSOs to publish Workshop Report.
2. RAs to publish timelines for consultation.

Status as of 28 May 2025
Modification Proposals ‘Under Consultation’ without System impacts

Title	Sections Modified	Decision Due
CMC_01_25 Provision of Information Related to Application Rejection under E.7	Section E	4 th July 2025
CMC_03_25 Clarification of Proportion of Delivered Capacity for multiple tranches	Section G	4 th July 2025

Modification Proposals ‘Under Consultation’ with System impacts

CMC_02_25 Separate De-rating Factor for New Vs Existing Capacity	Appendix D, Section C, Section D, Section E, Section G, Section I	4 th July 2025
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RA Decision ‘Further Work Required

CMC_07_24 Treatment of Capacity Contracts of Varying Duration in Constrained Auction Solution	F.8	TBC – following completion and analysis of SOs impact assessment
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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

N/A	N/A	N/A
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RA Decision Rejected

CMC_06_24 Performance Securities for Extended Projects	J.3.2.9, J.7.1.3	13 th May 2025
CMC_04_24 Recovery of Net Interest Value Lost as a Result of No-Fault delays to new capacity	J, Glossary	13 th May 2025
CMC_02_24 Modification to the Performance Security Requirement	J	13 th May 2025

Withdrawal Notifications

CMC_12_24 Proportion of Delivered Capacity in respect of Incremental New Capacity	G	27 th May 2025
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Capacity Working Group 43 – 28th May 2025