



Trading and Settlement Code Modifications Committee  
c/o Esther Touhey  
SEMO Modifications Committee Secretariat  
The Oval  
160 Shelbourne Rd  
Dublin 4

13 November 2023

**Our Ref:** F/26/242

**SEM Committee Decision for the Regulatory Authorities in relation to Mod\_01\_23 (Final Recommendation Report FRR\_01\_23)**

Dear Esther,

On 20 April 2023, the Modifications Committee submitted its Final Recommendation Report (FRR) regarding Modification Proposal Mod\_01\_23 'Remuneration of Commissioning Unit' in accordance with Paragraph B.17.18.1 of Part B of the SEM Trading and Settlement Code (TSC). Modification Proposal Mod\_01\_23 was submitted to the Modifications Committee by EPUKI on 8 February 2023 and discussed at Modifications Committee Meeting 115 on 22 February 2023. Following an Industry Call on 23 March 2023, a revised proposal was submitted on 14 April 2023, and a further revised proposal was submitted on 19 April 2023. The RAs note that this modification proposal received a majority vote for approval at Modifications Committee Meeting 116 on 20 April 2023.

The RAs are concerned that specific details, including variances to the potential cost to consumers and how New Capacity Units would be remunerated during Grid Code and commissioning testing were amended at various stages throughout the modification process, and also subsequent to the Committee vote at Meeting 116.

In the modification proposal, EPUKI stated that exposure to non-recovery of costs associated with commissioning testing and Grid Code testing is a significant obstacle for New Capacity to achieve Substantial Completion. Members of the Committee raised concerns that these costs may already be included by New Capacity units in capacity auction bids. The RAs considered the Best New Entrant (BNE) studies and concur that New Capacity units have the opportunity to recover their commissioning testing and Grid Code testing costs within the existing CRM design.

EPUKI provided its view that the modification has not been necessary to date as a thermal generation unit has not commissioned under the revised SEM arrangements introduced in 2018. The proposed modification was drafted so that units would be paid their 3-part complex offer prices during commissioning testing and Grid Code testing. The RAs note that units commissioned under the previous SEM rules (2007-2018), were paid the System Marginal Price (SMP) as a 'price taker' for energy produced during commissioning testing and Grid Code testing, not their 3-part complex offer prices.

Furthermore, the RAs considered the Market Operator's concerns that additional costs would be passed onto consumers, both in terms of the TSO's requirement to hold 100% reserve during commissioning of new units and in terms of the potential transfer of risk to consumers. The Market Operator considers that the risks associated with commissioning testing and Grid Code testing are controllable more by the units themselves. SEMO also indicated concerns that there are a significant number of thermal units planned for the next 3 years and this proposal would have a large impact on both the market and the TSOs, noting that implementation may not be possible until at least 2024.

Considering the above, and in accordance with Paragraph B.17.20 of the Trading and Settlement Code, the SEM Committee rejects this modification, as set out in Appendix 1 of FRR\_01\_23.

Yours sincerely,

**Kevin Hagan**  
**Manager**

**Wholesale Electricity Markets**  
**Commission for Regulation of Utilities**

**Leigh Greer**  
**Head of Security of Supply &**  
**Retail Market Operations**

**Utility Regulator**

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