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**Capacity Market Code**

**Modifications**

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| Working Group 1 Report (V1.1)  10 May 2018  Eirgrid conference centre, dublin |

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Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 01 June 2018 | Market Modifications Team | Drafting including all working group comments received following meeting |
| 1.1 | 19 June 2018 | Attendee Review complete and document updated. | Final draft published |

Distribution List

|  |  |
| --- | --- |
| **Name** | **Organisation** |
| Working Group Attendees | Various |

Reference Documents

|  |
| --- |
| **Document Name** |
| [Capacity Market Code](file:///\\do-scs-fsp01.aime.local\Common$\Aime\Market%20Development\Mods%20Panel\Capacity%20Market\(https:\www.semcommittee.com\news-centre\publication-i-sem-crm-capacity-market-code-decision) |
| [CMC\_01\_18 NIROCS in the CRM](http://www.sem-o.com/Publications/General/CMC_01_18%20NIROCs%20in%20the%20CRM.docx) |
| [CMC \_02\_18 Permitted Disclosures – Credit Agencies](http://www.sem-o.com/Publications/General/CMC_02_18%20%20-%20Permitted%20Disclosures%20-%20Credit%20Agencies.docx) |
| [CMC\_03\_18 E.5.1.1.A](http://www.sem-o.com/Publications/General/CMC_03_18%20-%20Connection%20Agreement%20Exception.docx) |
| [CMC\_04\_18 F.2.1.1 – Capacity Auction Participation](http://www.sem-o.com/Publications/General/CMC_04_18%20F.2.1.1%20-%20Capacity%20Auction%20Participation.docx) |
| [CMC\_05\_18 Combining Candidate Units into a Capacity Market Unit](http://www.sem-o.com/Publications/General/CMC_05_18%20-%20Combined%20Market%20Unit%20Exceptions.docx) |
| [CMC\_06\_18 Disaggregation of Performance Security Requirements to Capacity Market Units](http://www.sem-o.com/Publications/General/CMC_06_18%20-%20Disaggregation%20of%20Performance%20Security%20Requirements%20to%20Capacity%20Market%20Units.docx) |
| [CMC\_07\_18 Subsection F.9.5 – Information Published following a Capacity Auction](http://www.sem-o.com/Publications/General/CMC_07_18%20-%20F.9.5%20Information%20Published%20following%20a%20Capacity%20Auction.docx) |
| [CMC\_08\_18 Typographical Correction – E.8.2.4](http://www.sem-o.com/Publications/General/CMC_08_18%20%20Missing%20Multiplication%20Sign%20in%20E.8.2.4.docx) |
| [CMC\_09\_18 Paragraph E.9.5.1 – Publication of Qualification Results](http://www.sem-o.com/Publications/General/CMC_09_18%20-%20Publication%20of%20Qualification%20Results.docx) |
| [CMC\_10\_18 Paragraph B.10.4.1 – Report on Capacity Auction](http://www.sem-o.com/Publications/General/CMC_10_18%20-%20Report%20on%20Capacity%20Auction%20-%20B_10_4_1.docx) |

In Attendance

|  |  |
| --- | --- |
| **Name** | **Company** |
| Kevin Lenaghan (Chair) | UREGNI |
| Stuart Ffoulkes | ESP Consulting |
| Aodhagan Downey | Eirgrid |
| David Horan | Aughinish Alumina |
| Brian Mongan | AES |
| Paraic Higgins | ESB |
| Brian Larkin | BGE |
| Sinead O’Hare | Power NI |
| Paul Troughton | Enernoc |
| Rachel O’Dwyer | Brookfield Renewable |
| Eamon Bell | Grid Beyond/Endeco |
| Derek Scully | Energia |
| Tom Bruton | ART Generation |
| Richard Walshe | Grange Energy Centre |
| Denis McBride | AES |
| Cormac Daly | Tynagh |
| Lynda Wood | SONI |

# CMC\_01\_18 NIROcs in the CRM

## Discussion

RAs presented Modification Proposal.

The re-draft of E.2.1.1 removes the obligation to Qualify for units with NIROCs, but there is a need to also explicitly require such capacity not to Apply to Qualify: perhaps as an addition to E.2.1.4.

E.7.2.1 is a “may” clause but possession of a NIROC should directly prevent Qualification to comply with the State Aid decision, so the re-draft would need to be part of a “shall” clause: perhaps as a new E.7.2.2.

The possibility was raised for CMUs with NIROCs to use Secondary Trading where the NIROCS only apply to part of the Capacity Year. This could be considered equivalent treatment for capacity which is closing under E.10.2.

It was noted that wider issues may arise in any future cumulative support scheme if a unit “joins” the scheme after Qualification: how would a RO be terminated?

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_01_18%20Presentation.pptx).

# CMC\_02\_18Permitted Disclosures – Credit Agencies

## Discussion

Participant presented Modification Proposal.

The change may be better treated as a separate sub-paragraph, rather than within the existing B.23.3.1(a).

Questions were raised as whether it was necessary to define “credit reference agency” or better to leave it undefined.

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_02_18%20Presentation.pptx).

# CMC\_03\_18 E.5.1.1.a

## Discussion

TSO presented Modification Proposal.

Concerns expressed that unless the planning consent was unappealable, it had limited practical meaning. It was further observed that full planning consent should cover the grid connection. Reference was made to the [O’Grianne High Court case re Derragh Windfarm and the assessment of grid connections](http://www.courts.ie/Judgments.nsf/09859e7a3f34669680256ef3004a27de/4531402e2fb661ac802580ad0043feb6?OpenDocument). It is worth noting that the initial planning application for this windfarm development was lodged with Cork County Council on the 8th of June 2012 and has therefore been undergoing the planning consent process and judicial review procedures for in excess of four and a half years.

Concerns expressed that proposal could introduce an inconsistency between the requirements for renewable generation and other new capacity and had not taken into account the CRU’s Enduring Connection Policy-Stage 1 (ECP-1)-see publication CRU18058.

It was noted that the planning process is long – potentially of the order of 5 years (or more). The TSO noted that this Modification Proposal may introduce issues of equitable treatment of other forms of generation (namely biomass, solar and wind).

On that basis of the constructive discussion, the TSO indicated that the Modification Proposal would need further development before proceeding further.

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_03_18%20Presentation.pptx).

# CMC\_04\_18 F.2.1.1 – Capacity Auction Participation

## Discussion

The RAs explained the role of Firm Offer Requirement and its relationship to Existing and New Capacity.

The SOs noted that the use of Net De-Rated Capacity (Existing Capacity) in F.7.1.1(h) is an unusual coinage, more normal would be Net De-Rated Capacity (Existing). This could sensibly be fixed in F.7.1.1(h) and used correctly in F.2.1.1.

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_04_18%20Presentation.pptx).

# CMC\_05\_18 Combining candidate Units into a CApacity Market

## Discussion

Participant presented Modification Proposal and stated that to qualify for combination, Candidate Units should share both a site and significant generating assets.

There were concerns that both the definition of site and significant generating assets were unclear, making it difficult for Participants to know whether to seek combination and for the RAs to make a decision.

There was concern that the proposal only applied to Poolbeg and it was unclear how it might apply to other units. It was noted the Ballylumford was a similar 2+1 unit. There were serious concerns about the equity of the proposal as it was drafted purely to cover Poolbeg. Several attendees made the point that the issue of shared costs at a station arises for many sites, though the specific justification around reduced MinGen may be Poolbeg specific.

There was concern about units being treated differently in the energy, capacity and DS3 markets in terms of aggregation.

It was observed that depending on the degree of application of the principle of combination, the CRM could be left with a small number of large units. This would impact the lumpiness of the auction and while this would not necessarily lead to a worse economic outcome as using a combined unit could increase the risk of all its capacity being rejected in favour of a smaller, more expensive alternative unit. However, there were significant concerns for the resolution of lumpiness in constrained zones.

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_05_18%20Presentation.pptx).

# CMC\_06\_18 Dissagregation of Performance Security Requirements to Capacity Market Units

## Discussion

Participant presented Modification Proposal and clarified that the proposal is to deal with the situation where a Participant transfers a CMU (specifically a DSU) and concerns that the CMC did not release the requirement to post the Performance Security from the transferor. They recognised that the proposed approach may be rather a blunt tool and create unnecessary administrative burden.

It was thought possible that CMC already covers this situation adequately. The SOs and RAs will liaise to check robustness of existing CMC drafting to the issue.

# CMC\_07\_18 Subsection F.9.5 – Information Published Following a Capacity Auction

## Discussion

There was a request to allow 3WD between notification to Participant and publishing of data, in line with GB practice.

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_07_18%20Presentation.pptx).

# CMC\_08\_18 Typographical Correction – E.8.2.4

## Discussion

Agreement that this multiplication error should be corrected as proposed.

# CMC\_09\_18 Paragraph E.9.5.1 – Publication of Qualification Results

## Discussion

Agreement that paragraph E.9.5.1 should be corrected as proposed..

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_09_18%20Presentation.pptx).

# CMC\_10\_18 Paragraph B.10.4.1 - Report on Capacity Auction

## Discussion

Agreement that Paragraph B.10.4.1 should be changed to refer to paragraph F.9.3.1 instead of F.9.2.1.

Presentation Material available [here](http://www.sem-o.com/Publications/General/CMC_10_18%20Presentation.pptx).

# NEXT STEPS

1. TSO to publish Working Group Report
2. RAs published [consultation timeline](https://www.semcommittee.com/sites/semc/files/media-files/Capacity%20Market%20Code%20Modification%20Timetable.pdf).