

**Capacity Market Code**

**Modifications**

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| Workshop 6 Report23 May 2019conference call |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 07 June 2019 | Market Modifications Team | Drafting including all working group comments received following meeting |
| 2.0 |  | Attendee Review complete and document updated. | Final draft published |

Distribution List

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

Reference Documents

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| **Document Name** |
| [Capacity Market Code](https://www.sem-o.com/rules-and-modifications/capacity-market-modifications/market-rules) |
| [CMC\_05\_19 Housekeeping Changes](https://www.sem-o.com/documents/market-modifications/CMC_05_19/CMC_05_19HousekeepingChanges.docx) |
| [CMC\_05\_19 Presentation](https://www.sem-o.com/documents/market-modifications/CMC_05_19/CMC_05_19HousekeepingChangespresentation.pptx) |
| [CMC\_06\_19 Modification to the Proportion of Delivered Capacity Calculation](https://www.sem-o.com/documents/market-modifications/CMC_06_19/CMC_06_19ModificationtotheProportionofDeliveredCapacitycalculation%28G.3.1.4%29.docx) |
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In Attendance

|  |  |
| --- | --- |
| **Name** | **Company** |
| Cormac Daly | Tynagh Energy |
| Paraic Higgins | ESB Generation & Trading |
| Stacy Feldmann | SSE |
| Julie Ann Mitchell | AES |
| Nichola Westlake | Bord Gais Energy Limited |
| Stuart Ffolkes | ESP Consulting |
| Billy Walker | UREGNI |
| Paul Bell | UREGNI |
| Sean McParland | Energia |
| Aodhagan Downey | EirGrid |
| Robert Corrigan | EirGrid |
| Sandra Linnane | EirGrid |
| Esther Touhey | SONI |

# Programme of Work and System Update

The Secretariat welcomed all to Working Group 6 and gave an update on the Programme of Work. It was advised that version 2.0 of the Capacity Market Code would be published by Friday 24th May with 14 approved modifications incorporated.

TSO representative advised that there was no new update to be delivered, however, there would be an update provided at Working Group 7 with future Auctions information will be provided at the next Working Group on the 29th August 2019.

# Modification Proposals

## CMC\_05\_19 Housekeeping changes

RAs delivered a presentation outlining the rationale for this modification proposal. ([Presentation Material available](https://www.sem-o.com/documents/market-modifications/CMC_05_19/CMC_05_19HousekeepingChangespresentation.pptx))

It was confirmed that the majority of changes were trivial and related mostly to cross–reference duplications except for the change to F.5.1.2(b). Currently the process is unclear in (b) and it should confirm in the paragraph that approval of the final Annual Capacity Payment Exchange Rate is a trigger for timing along with supplying the demand curve.

It was pointed out that there is no reference to the timelines RAs have to provide the above requirements and if the code should be updated to add that protection that these will be provided before the auction. The RAs confirmed they are not bound by the code but as they set out the Modification Timetables they have due responsibility to ensure this information is given in a timely manner.

**Next steps:**

RAs to publish consultation on proposed mod (along the timelines set out in the RAs’ presentation).

RAs to investigate if an issue ever occurred with RA delay and what protection is currently there.

## CMC\_06\_19 modification to the proportion of deleivered capacity calculation

The TSO outlined the reason for raising the Modification Proposal as set out in the Modification Proposal.

Participant feedback from Q&A sessions highlighted that there is a lack of clarity as to how the Proportion of Delivered Capacity should be calculated. Currently paragraphs G.3.1.4 and G.3.1.5 cover this but it is not clear how this is exactly calculated. G.3.1.4 on its own confirms new capacity delivered is assessed against initial capacity. It was highlighted that there are a number of reasons why Awarded New Capacity may be substantially less than the de-rated Initial Capacity (New). G.3.1.5 captures some of these issues in relation to capacity qualified that did not clear but it applies only in the case where there are multiple tranches.

Reverting to the original design decisions, the Modification Proposal seeks to remove the lack of clarity and ensure that the Proportion of Delivered Capacity is assessed against the Awarded New Capacity. As Grid Commissioned Capacity is not de-rated, the proposed approach de-rates this value based on the De-Rating Factor applicable this Technology Class and Initial Capacity.

The issue of speculative capacity trading was raised by a participant as an unintended consequence of this modification proposal. The TSOs representative confirmed that there were a number of checks and balances in place in the qualification process to reduce this risk. In addition, the proposed approach is the approach that is currently being applied by the TSOs and the Modification Proposal is simply seeking to provide clarity of this calculation in the CMC.

The RAs raised the point that some units may voluntarily de-rate their capacity beyond the De-Rating Factor where this is permitted through a DECTOL > 0 or otherwise. It would be important to retain the nominated de-rated capacity factor in the assessment of delivery and this feature needs to be reflected in the legal drafting. The legal drafting should also provide for the use of duration of DSU and storage units when determining the appropriate De-Rating Factor to be applied to the Grid Code Commissioned Capacity. The TSOs agreed with these suggestions and agreed to reflect these points in a second version of the proposal that would be appended to the Workshop minutes.

**Next steps:**

Proposer to submit a version 2 of this proposal updating the current legal drafting to reflect the points discussed.

RAs to publish consultation on proposed mod (along the timelines set out in the RAs’ presentation).

# AOB

Capacity Working Group 7 is provisionally scheduled for Thursday, 29th August 2019.

Deadline for the receipt of new Modification Proposals is Thursday 15th August 2019

## NEXT STEPS

1. Secretariat to issue Working Group Report by early next week.
2. RAs to issue consultation on Standard Modification Proposals.
3. RAs to investigate if an issue ever occurred with RA delay and what protection is currently there.
4. Proposer to submit a version 2 of this proposal updating the current legal drafting to reflect the points discussed.

# Appendix 1 – Programme of work as discussed at Working Group 6

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| **Status as at 23 May 2019** |
| **Modification Proposals ‘Under Consultation’ without System impacts** |
| **Title** | **Sections Modified** | **Sent** |
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| **Modification Proposals ‘Under Consultation’ with System impacts** |
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| **Modification Proposals ‘Recommended for Rejection’** |
| CMC\_04\_19 Finalisation of Exchange Rate in Auction Information Pack | D.3.1.2 | n/a |
| CMC\_05\_18 Combining Candidate Units into a Capacity Market Unit | F.2.1.1 | n/a |
| CMC\_06\_18 Disaggregation of Performance Security Requirements to Capacity Market Units | J.3.2 | n/a |
| **RA Decision ‘Further Work Required’** |
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| **RA Decision Approved Modifications with System Impacts** |
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| **RA Decision Approved Modifications with no System Impacts** |
| CMC\_01\_18 NICROS in the CRM | E.2.1.1, E.7.2.1, E.7.4.1 | 01 Oct 2018 |
| CMC\_02\_18 Permitted Disclosures – Credit Agencies | B.23.2.1 (a) | 01 Oct 2018 |
| CMC\_04\_18 F.2.1.1 Capacity Auction Participation | F.2.1.1 | 01 Oct 2018 |
| CMC\_07\_18 Subsection F.9.5 Information Published following a Capacity Auction | F.9.5 | 01 Oct 2018 |
| CMC\_08\_18 Typographical Correction E.8.2.4 | E | 01 Oct 2018 |
| CMC\_09\_18 Paragraph E.9.5.1 Publication of Qualification Results | E.9.5.1 | 01 Oct 2018 |
| CMC\_10\_18 Paragraph B.10.4.1 Report on Capacity Auction | B.10.4.1 | 01 Oct 2018 |
| CMC\_11\_18 Long Stop Dates | D.2; D.3.1.2; J.5.2.1; J.6.1.1(b); J.6.1.2(a); Glossary | 30 Nov 2018 |
| CMC\_12\_18 Tolerance Class | D.3.1.2; D.3.1.3; E.8.2.3; E.8.2.6-E.8.2.8; Glossary | 30 Nov 2018 |
| CMC\_13\_18 Modification to Letter of Credit | Appendix H | 30 Nov 2018 |
| CMC\_14\_18 Proposed Modifications in Regards to the Modification of LCC MW Limits by the RAs | F.4.1.8 | 30 Nov 2018 |
| CMC\_01\_19 Interim Solution for Conducting Capacity Auctions | M.4.1.2, M.4.1.6, M.6.1.7 | 20 Mar 2019 |
| CMC\_02\_19 Negative Interest | Section B.7.2.1 & J 3.3.2 (d) | 20 Mar 2019 |
| CMC\_03\_19 Treatment of Exempt Price-Quantity Pairs | F.8, Glossary | 20 Mar 2019 |
| **RA Decision Rejected** |
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| **Withdrawal Notifications** |
| CMC\_03\_18 E.5.1.1.A | E, J, Appendix D | n/a |
| **Modification Proposal Extensions** |
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| **CMC\_06\_19 Second Workshop – 19June 2019****Capacity Working Group 7 – 29 August 2019** |