[](http://www.soni.ltd.uk/)Description: cid:image005.png@01CB4AAA.22FE54A0

**Capacity Market Code**

**Modifications**

|  |
| --- |
| Workshop 10 Report  21 november 2019  conference call |

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Table of Contents

[1 Programme of Work and System Update 5](#_Toc25246092)

[1.1 CMC\_08\_19 5](#_Toc25246093)

[1.2 CMC\_09\_19 5](#_Toc25246094)

[2 AOB 6](#_Toc25246095)

[2.1 Next Steps 6](#_Toc25246096)

[Appendix 1 – Programme of work as discussed at Working Group 10 7](#_Toc25246097)

Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 18 Dec 2019 | Market Modifications Team | Drafting including all working group comments received following meeting |
| 2.0 | 23 Dec 2019 | Attendee Review complete and document updated. | Final draft published |

Distribution List

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

Reference Documents

|  |
| --- |
| **Document Name** |
| [Capacity Market Code](https://www.sem-o.com/rules-and-modifications/capacity-market-modifications/market-rules) |
| [CMC\_08\_19 Housekeeping Mod E.8.2.5 & E.8.2.8](https://www.sem-o.com/documents/market-modifications/CMC_08_19/CMC_08_19-HousekeepingModE.8.2.5E.8.2.8.docx) |
| [CMC\_09\_19 Supplementary Interim Secondary Trading](https://www.sem-o.com/documents/market-modifications/CMC_09_19/CMC_09_19-Modification-SupplementaryInterimSecondarytrading.docx) |
| [CMC\_08\_19 Presentation](https://www.sem-o.com/documents/market-modifications/CMC_08_19/CMC_08_19Presentation.pdf) |
| [CMC\_09\_19 Presentation](https://www.sem-o.com/documents/market-modifications/CMC_09_19/CMC_09_19-SupplementaryInterimSecondaryTradingSlides.pptx) |

In Attendance

|  |  |
| --- | --- |
| **Name** | **Company** |
| Paraic Higgins | ESB Generation & Trading |
| Sinead O’Hare | Power NI PPB |
| Robert Flanagan | Electricity Exchange |
| Julie-Ann Mitchell | EP |
| Brian Hastings | Grange Backup Power Limited |
| Iain MacDonald | SSE |
| Robert McCarthy | Electricity Exchange |
| Morna McCarthy | SSE |
| Sean McParland | Energia |
| Tim Cox | Mutual Energy |
| Cormac Daly | Tynagh Energy |
| Kevin Lenaghan (Chair) | UREGNI |
| Billy Walker | UREGNI |
| Stuart Ffoulkes | UREGNI |
| Aodhagan Downey | EirGrid |
| Esther Touhey | SONI |
| Sandra Linnane | EirGrid |

# Programme of Work and System Update

The Secretariat welcomed all to Workshop 10 and gave an update on the Programme of Work. It was confirmed that there are currently no modifications on the baseline and CMC\_07\_19 Treatment of Multiyear Contracts in the Event of Simultaneous Capacity Auctions was rejected by the RAs.

It was noted that there was no System Update at this time.

## CMC\_08\_19

RAs presented Modification Proposal ([Presentation Material available here](https://www.sem-o.com/documents/market-modifications/CMC_08_19/CMC_08_19Presentation.pdf))

It was confirmed by the RAs that this was a Standard Housekeeping Modification which aims to correct a number of typographical errors in formula set out in the CMC. The proposal sets out to make changes to the formula contained within E.8.2.5 and E.8.2.8 to correct these typographical errors.

The proposer summarised the changes that needed to be made to the calculation for Gross De-Rated Capacity (New) for a Generator Unit that is Variable and a Generator Unit that is an Aggregated Generator Unit.

There were no issues raised by participants on this Modification Proposal.

## CMC\_09\_19

Tynagh Energy presented Modification Proposal ([Presentation Material available here](https://www.sem-o.com/documents/market-modifications/CMC_09_19/CMC_09_19-SupplementaryInterimSecondaryTradingSlides.pptx))

The Proposer confirmed that this is a Provisional Modification which requires further development. A second version will be presented at a later date. The proposer provided the background to the Modification Proposal explaining that in the Capacity Market Code there are two ways to transfer Reliability Obligations (RO) and an interim solution where the Participant can opt out but will not get paid the RO payment.

This Modification is working in tandem with the current interim solution but has an improvement which will ensure original cleared Capacity is always available in the market.

The Proposer discussed the presentation providing examples to show how Registered Trading would allow the obligation to be covered. All payments associated with the secondary trade would be settled through the existing Capacity Market settlement processes with the key component being that participants would receive a portion of what the other participant would have received in Capacity Payments and this amount could be negotiated between the participants.

A question was raised about the Capacity Register and if it would be publicly available. A TSO representative confirmed that the register itself is not public and secondary trades would not be visible to markets. If a decision was made to make this visible the advantages and disadvantages of this would need to be analysed.

Further questions were raised around what parties would qualify and be eligible to trade in the market. All parties that have been Qualified for the period in question and have sufficient Net De-Rated Capacity take on the additional capacity would be eligible.

The availability of the enduring secondary trading process and the issues of potential market power were also raised and discussed.

Concerns were raised about the exposure increased Stop Losses. A TSO representative believed that the Stop Loss process would take into account secondary trades and this would need to be considered further.

The TSO representative confirmed that he supported the general thrust of the modification. Process components needed to be improved to make sure it can operate efficiently. Timelines will need to be checked on indicating trade and turnaround and he explained it would be useful to get the number of trades.

The discussion moved to the Master Trade Request with a suggestion from a TSO representative that rather than having the Master Trade Request between the parties that it could be built into the code for all participants. It could be built into the Capacity Code with exceptions included to provide for regulatory approval. The proposer agreed that this may improve the process but that some regulatory checks on potential market power issues would be needed. A DSU representative supported the inclusion of the Master Trade Request in the CMC rather than as a separate document.

It was also agreed that in order to bring this modification to the next draft there were a number of elements which required clarity. A procedure would need to be created around the mechanics of the process, the execution of the Master Trade Request and a procedure around entering into the trade, the timelines and notifications.

# AOB

Secretariat thanked all for attending the Workshop and confirmed that Capacity Market Workshop 11 will take place on Thursday, 30th January 2020 with a submission deadline of 16th January 2020.

## Next Steps

1. TSO to publish Working Group Report.
2. RAs to review inclusion of Master Trade Request in CMC directly and options to encourage liquidity.
3. RAs to look at Stop Loss Limits and how these would be impacted by any Secondary Trades.
4. RAs to support Proposer with required legal drafting.
5. TSO to work through simplifying the process but also one that would discourage participants from entering and existing at short intervals.
6. TSO to draft TSO procedures required to implement such a process.
7. Proposer to submit Version 2.0 by 16th January for discussion at Workshop 11 on 30th January 2020.

# Appendix 1 – Programme of work as discussed at Working Group 10

|  |  |  |
| --- | --- | --- |
| **Status as at 21 November 2019** | | |
| **Modification Proposals ‘Under Consultation’ without System impacts** | | |
| **Title** | **Sections Modified** | **Sent** |
| N/A | N/A | N/A |
| **Modification Proposals ‘Under Consultation’ with System impacts** | | |
| N/A | N/A | N/A |
| **Modification Proposals ‘Recommended for Rejection’** | | |
| N/A | N/A | N/A |
| **RA Decision ‘Further Work Required’** | | |
| N/A | N/A | N/A |
| **RA Decision Approved Modifications with System Impacts** | | |
| N/A | N/A | N/A |
| **RA Decision Approved Modifications with no System Impacts** | | |
| N/A | N/A | N/A |
| **RA Decision Rejected** | | |
| CMC\_07\_19 Treatment of Multiyear Contracts in the Event of Simultaneous Capacity Auctions | E.9, F.3, F.7, F.9.3 | 30 Oct 2019 |
| **Withdrawal Notifications** | | |
| CMC\_03\_18 E.5.1.1.A | E, J, Appendix D | 01 Oct 2018 |
| **Modification Proposal Extensions** | | |
| N/A | N/A | N/A |
| **Capacity Working Group 11 – 30 January 2020 (Conference Call)** | | |