

# Chapter 1: Introduction

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# Foreword

## Capacity Auctions

- The focus of the “Capacity Auctions” course relates to the how the Capacity Auction works.
- It is assumed that the reader has already completed the Capacity Market courses on Registration and Qualification and on the Auction Offers.

## Currency

- This learning material focuses on examples to illustrate concepts rather than providing comprehensive coverage of every topic. The Capacity Market facilitates settlement in both Euro and Sterling. As the market internally operates in Euro the examples tend to be presented in Euro. However, in practice participants in Northern Ireland will see a Sterling equivalent price.

# Governing Rules

The Capacity Market arrangements are governed by a set of rules known as the **Capacity Market Code** (CMC). [<https://www.semcommittee.com/news-centre/publication-i-sem-crm-capacity-market-code-decision>] The CMC define obligations and responsibilities of the Parties to that code, including the registration, qualification, operation of the capacity market and secondary trade, and the obligations on those awarded capacity. Settlement arrangements are covered under the **Trading and Settlement Code** (TSC). [<https://www.semcommittee.com/news-centre/publication-i-sem-trading-and-settlement-code-amendments-decision-paper>].

The CMC is supported by a set of Agreed Procedures. The most relevant of these for this training module is **Agreed Procedure 3 “Qualification and Auction Process”** [<https://www.semcommittee.com/news-centre/publication-i-sem-crm-capacity-market-code-decision>].

It is important to note that these Agreed Procedures are different to the set of Agreed Procedures that support the TSC.