

<b>MODIFICATION PROPOSAL FORM</b>			
<b>Proposer</b> <i>(Company)</i>	<b>Date of receipt</b> <i>(assigned by System Operator)</i>	<b>Type of Proposal</b> <i>(delete as appropriate)</i>	<b>Modification Proposal ID</b> <i>(assigned by System Operator)</i>
<b>EirGrid and SONI</b>	<b>9<sup>th</sup> November 2023</b>	<b>Urgent</b>	<b>CMC_25_23</b>
<b>Contact Details for Modification Proposal Originator</b>			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
<b>Diarmaid Gillespie</b>		<b>Diarmaid.Gillespie@EirGrid.com</b>	
<b>Modification Proposal Title</b>			
<b>Market Readiness Certification</b>			
<b>Documents affected</b> <i>(delete as appropriate)</i>	<b>Section(s) Affected</b>	<b>Version number of CMC used in Drafting</b>	
<b>Capacity Market Code</b>	<b>C.3; G.3; J.2; J.6; Glossary</b>	<b>9.0</b>	
<b>Explanation of Proposed Change</b> <i>(mandatory by originator)</i>			
<p>The Capacity Market Code specifies that either Minimum Completion or Substantial Completion is achieved when, inter alia, “a <i>Final Compliance Certificate, Operational Certificate or Final Operational Notification has been issued under the applicable Grid Code in respect of each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity</i>”. This Modification Proposal seeks to amend this requirement to ensure timely participation of new capacity in the Single Electricity Market.</p> <p>The System Operators are seeking to ensure that generation capacity which could be made available to the market to mitigate generation shortfalls and manage risk to security of supply can be securely facilitated pending the completion and certification of all required Grid Code compliance testing.</p> <p>CMC_21_23 Minimum Completion on Receipt of Interim Operational Notification proposes to replace the requirement for a Final Operational Notification (FON) with the Interim Operational Notification (ION). The System Operators intend to respond to the ongoing consultation on CMC_21_23 (SEM-23-084) separately however, whilst the System Operators are supportive of some change, the use of ION alone for Minimum Completion or Substantial Completion is not appropriate.</p> <p>The System Operators are proposing to associate Minimum Completion and Substantial Completion with an additional compliance and testing certification which includes the time bound ION supplemented with a demonstration of capacity. This certification (‘Market Readiness Certificate’) would facilitate Minimum Completion or Substantial Completion and associated revenues and obligations in advance of a Final Operational Notification.</p> <p>The System Operators are not proposing a change to other existing requirements for achieving Minimum Completion or Substantial Completion Milestones including J.2.1.1(c)(iv) and J.6.1.1(a)(v) - “<i>each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has met all Trading and Settlement Code and Grid Code requirements for participating in the Balancing Market</i>” and J.6.1.1(a)(ii) for Minimum Completion - “<i>each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has undergone commissioning testing</i>”;</p> <p><b>Implementation of Market Readiness Certificate</b></p> <p>ION gives a connecting party or User of the power system temporary permission to use the</p>			

system for a defined period during which full Grid Code compliance is demonstrated and a Final Operational Notification is issued. In relation to the Northern Ireland and Ireland Grid Codes and the Ireland Distribution Code it is valid for no longer than 24 months. In relation to the Northern Ireland Distribution Code it is valid for 12 months. In this way, the requirement to comply fully with the Grid Code is retained. For the Generator Unit to continue to operate beyond these timelines, it will need to have achieved FON.

The System Operators are proposing that the new Market Readiness Certificate would be issued to relevant units which have been issued with an ION once they have demonstrated a subset of Grid Code compliance requirements and demonstrated capacity. It will be determined subsequently what Proportion of Delivered Capacity has been achieved i.e., minimum of 50% of Awarded New Capacity for Minimum Completion and minimum of 90% of Awarded New Capacity for Substantial Completion.

Similar to how Grid Code compliance and certification is applied in respect of different technology classes, it is the System Operators intention to publish a policy on Market Readiness Certificates, detailing the specific tests that would be required for each technology class / type.

#### **Legal Drafting Change**

*(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

The following tracked changes are the Code text amendments required to implement the proposal. The changes amount to the addition of a new defined term ('Market Readiness Certificate') along with reference to the term where appropriate to give effect to the intent of the proposal. Existing references to 'Operational Certification' are corrected also, replaced with the correct defined term 'Operational Certificate'.

### **C.3 INITIAL CAPACITY**

#### **C.3.7 Initial On Time**

C.3.7.1 For a Generator Unit (other than a Demand Side Unit), the Initial Maximum On Time (Existing) for a Capacity Year shall be equal to the Maximum On Time based on the Final Compliance Certificate, Operational Certificate, Market Readiness Certificate ~~ion~~ or Final Operational Notification for that Generator Unit or Interconnector under the applicable Grid Code.

C.3.7.2 For a Demand Side Unit, the Initial Maximum On Time (Existing) for a Capacity Year shall be equal to the Maximum Down Time based on the Final Compliance Certificate, Operational Certificate, Market Readiness Certificate ~~ion~~ or Final Operational Notification for that Demand Side Unit under the applicable Grid Code.

### **G.3 COMMISSIONED CAPACITY**

G.3.1.1 In the Capacity and Trade Register, Commissioned Capacity (qCCOMMISSΩγ) represents the level of Initial Capacity (Total) determined in the Qualification Process, that is subsequently achieved. It is a modified version of the Grid Code Commissioned Capacity.

G.3.1.2 The value of Grid Code Commissioned Capacity in respect of a Generator Unit or Interconnector at a given time is the Registered Capacity based on the Final Compliance Certificate, Operational Certificate, Market Readiness Certificate ~~ion~~ or Final Operational Notification for that Generator Unit or Interconnector under the applicable Grid Code. For the avoidance of doubt Commissioned Capacity is not de-rated capacity.

G.3.1.2A The value of Grid Code Commissioned Maximum On Time in respect of a Generator Unit or Interconnector (other than a Demand Side Unit) at a given time is the Maximum On Time based on the Final Compliance Certificate, Operational Certificate, Market Readiness Certificate or Final Operational Notification for that Generator Unit or Interconnector under the applicable Grid Code.

G.3.2.1B The value of Grid Code Commissioned Maximum On Time in respect of a Demand Side Unit at a given time is the Maximum Down Time based on the Final Compliance Certificate, Operational ~~Certificate~~ Certificate, Market Readiness Certificate or Final Operational Notification for that Demand Side Unit under the applicable Grid Code.

## **J.2 CONTENT OF IMPLEMENTATION PLANS**

J.2.1.1(c) Substantial Completion: this milestone is achieved when:

- (i) all the construction, repowering or refurbishment works associated with providing the Awarded New Capacity are substantially complete (subject only to snag or punch list items or any other matters which do not prevent substantial completion or taking over the works taking place under the applicable Major Contracts);
- (ii) a Final Compliance Certificate, Operational Certificate or Final Operational Notification has been issued under the applicable Grid Code or Market Readiness Certificate has been issued in respect of each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity;
- (iii) the Proportion of Delivered Capacity in respect of the Awarded New Capacity is not less than 90%; and
- (iv) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has met all Trading and Settlement Code and Grid Code requirements for participating in the Balancing Market; and
- (v) each new or refurbished Generator Unit providing Awarded New Capacity complies with the CO2 Limits.

J.2.1.8 Where completion of a Milestone requires a Participant to provide evidence about a matter to the System Operators (for example, a Final Compliance Certificate, Operational Certificate, Market Readiness Certificate or Final Operational Notification) and either of the System Operators was responsible for issuing that evidence in its capacity as the transmission system operator under a Grid Code, then the Participant is not required to submit that evidence again under this Code.

## **J.6 TERMINATION OF AWARDED NEW CAPACITY**

J.6.1.1 For the purposes of this section:

- (a) Minimum Completion: Awarded New Capacity achieves Minimum Completion when:
  - (i) all the construction, repowering or refurbishment works associated with providing the Awarded New Capacity are substantially complete (subject only to snag or punch list items or any other matters which do not prevent substantial completion or taking over taking place under the applicable Major Contracts);
  - (ii) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has undergone commissioning testing;
  - (iii) a Final Compliance Certificate, Operational Certificate or Final Operational Notification has been issued under the applicable Grid Code or Market Readiness Certificate has been issued in respect of each new or refurbished

- Generator Unit or Interconnector providing the Awarded New Capacity;
- (iv) the Proportion of Delivered Capacity in respect of the Awarded New Capacity is not less than 50%; and
  - (v) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has met all Trading and Settlement Code and Grid Code requirements for participating in the Balancing Market; and
  - (vi) each new or refurbished Generator Unit providing New Capacity complies with the CO2 Limits;

New Glossary Definition:

**Market Readiness Certificate** in relation to a new or refurbished Generator Unit or Interconnector, means a certificate issued by the relevant System Operator confirming that the new or refurbished Generator Unit or Interconnector has successfully completed the relevant compliance tests, as published from time to time by the relevant System Operator, under the Grid Code. This includes a notification, certificate, permit or authorisation having equivalent effect that is issued by the relevant System Operator instead of a market readiness certificate.

**Modification Proposal Justification**  
(Clearly state the reason for the Modification)

**European Network Code on Requirements for Generators (RfG)**

The System Operators believe there is justification in allowing new capacity to participate in the SEM once an appropriate subset of Grid Code compliance tests have been satisfactorily completed and certified. This would be for a defined period in advance of subsequent full completion of Grid Code compliance testing and certification per Final Operational Notification. This approach is more aligned with the European Network Code on Requirements for Generators (EU Regulation 2016/631) which allows generation units to operate for a limited time in advance of completing the full Grid Code compliance process.

**Security of Supply**

The All-Island Generation Capacity Statement 2022-2031<sup>1</sup> describes the security of supply situation on the island of Ireland, stating that “the current outlook, based on the best information available, is very serious”. This Modification Proposal forms part of the System Operators’ response by potentially expediting the ability of new capacity to contribute to security of supply earlier in a project’s implementation while ensuring that the safe and secure operation of the power system is not compromised. The proposal also mitigates a termination risk for new capacity which is largely complete but without a Final Operational Notification at its Long Stop Date.

**Responding to Market Participant Feedback**

Further to EPUKI’s proposal CMC\_21\_23 and the discussion at Capacity Market Code Modifications Workshop 33 which have been informative, EirGrid and SONI are aware of the concerns of industry in relation to the existing requirements for Minimum / Substantial Completion and associated Long Stop Date obligations. EirGrid and SONI believe this Modification Proposal on market readiness certification is an appropriate solution which balances investor risk, longer term investment signals and shorter term security of supply concerns with safe and secure operation of the power system.

**Code Objectives Furthered**  
(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)

<sup>1</sup> [All-Island Generation Capacity Statement 2022 - 2031](#)

The System Operators make this Modification Proposal on the basis that it furthers the Code objectives set out in Section A.1.2 including:

- (b) *to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;*
  - By facilitating the availability of new capacity in a more expedited manner and mitigating a termination risk associated with compliance testing and certification.
- (c) *to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity in the Capacity Market;*
  - By facilitating the availability of new capacity in a more expedited manner and mitigating a termination risk associated with compliance testing and certification.
- (g) *through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.*
  - By facilitating the availability of new capacity while maintaining appropriate compliance requirements.

**Implication of not implementing the Modification Proposal**

*(State the possible outcomes should the Modification Proposal not be implemented)*

There is a risk that new capacity which could alleviate tight generation margins and mitigate security of supply risks would not be available pending further Grid Code compliance testing, certification and subsequent Minimum Completion or Substantial Completion. There is also a risk of termination of new capacity which is constructed but is yet to receive a Final Operational Notification before the associated Long Stop Date.

**Impacts**

*(Indicate the impacts on systems, resources, processes and/or procedures)*

No impact is envisaged on systems however a review of System Operator process and procedures will be required prior to implementation.

***Please return this form to the System Operators by email to [CapacityModifications@sem-o.com](mailto:CapacityModifications@sem-o.com)***

## Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Regulatory Authorities.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

CMC / Code:	means the Capacity Market Code for the Single Electricity Market
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms "System Operators" and "Regulatory Authorities" shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
  - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
  - 1.2 to the Regulatory Authorities to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
  - 1.3 to the System Operators and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
  - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.