

## Powerhouse Generation Ltd (PHG) Response to SEMC Supplementary Consultation SEM-23-80– Modifications to Facilitate Delivery of Capacity

Powerhouse Generation (PHG) operates in the Demand Side Response sector of the electricity industry right across the whole island of Ireland, in both jurisdictions. We have participated in all the Capacity Auctions and have a wealth of experience in how the Capacity Market Code has been applied.

The following comments are in relation to the published SEMC consultation.

### **Introduction**

Powerhouse Generation welcomes this supplementary consultation and broadly support the modification proposals.

### **Comments on proposals**

There is a proposal by the SEMC itself to introduce a modification that ultimately gives it the power to adjudicate on request from participants for extensions to SFCs and also to request for extensions to Long Stop date / Capacity Quantity End Date and Time. This is to address the multiple modifications that have recently been submitted, and which would have required the System Operators to adjudicate on anyway, should they have been approved.

PHG has encountered issues around delayed delivery of expected functions, by TSOs, DSOs and even the RAs themselves. They have had less experience over delays in planning and fuel connections.

The delays witnessed have resulted in increased Performance Security requirements, which have financial implications to PHG.

PHG would like to draw attention to the use of the term “Third Parties”, which could be considered as those institutions not directly named in the Capacity Market Code, Trading & Settlement Code, or Grid Code. We have witnessed delays by the CRU, the TSOs, and the DSOs and therefore would urge the SEMC to ensure that these institutions are considered part of the sources of delays, and not excluded from any assessment.

It is the understanding that date deadlines have to be achieved and that drives developers to deliver all that is within their control. Developers also have an expectation that certain institutions have sufficient resources to handle work requests and process/deliver them within a reasonable timeframe. In recent years PHG has noticed that SONI/Eirgrid and even the CRU have had challenges that has stretched their workforce and that has resulted in application processing being severely delayed. The Energy Crisis was expressed as an issue that the CRU had to address and that meant that Licence applications were not being reviewed in the same efficiency as before. PHG has experienced delays in obtaining processing of RTU provision by Eirgrid/SONI and ESB. That was also put down to workload and resource limitations.

These issues are outside the control of Participants and this consultation should be aware of them and incorporate them into the SEMC proposals.

Whilst there isn't a direct comment regarding the length of awarded capacity, it appears that the consultation is worded to address the needs of capacity awarded multi-year contracts.

PHG would like to point out that the Demand Response sector can grow and provide new units and capacity through the provision of single year contracts. Whilst the cost of development may not exceed the investment threshold, there still needs to be a recovery of investment through going live in the Capacity Market and the avoidance of Termination Charges. These developments can still however suffer the same delays as the multi-year contract developments, and they do have the ability to alleviate System Security risk when they deliver.

We would therefore request the SEMC to incorporate all awarded New Capacity/Units in their modification proposals, irrespective of contract length.

The SEMC appears to be considering whether to restrict these provisions to specific auctions. Whilst there may be certain years that Security of Supply is to the fore and there is a drive to support delivery, it should be understood that participants developing growth in any auction in the future shall still be open to external delays and financial risk. This has already been identified as a risk that should be avoided and thus promote delivery, even if it is late. This approach should be maintained for all future auctions and that would place a firm understanding and level of support for such developers in attempting to deliver growth and deliver Security of Supply.

PHG supports the proposal - 2.1 Linking approval of Substantial Financial Completion Delays to Long Stop Dates and Capacity Quantity End Date and Time for specific auctions. Due to the nature of Aggregator development and the specific clauses in the CMC regarding aggregators it is likely that Financial Completion is less a risk.

PHG strongly supports the proposal - 2.2 To provide a mechanism for the SEM Committee to approve extensions to the Long Stop Date and Capacity Quantity End Date and Time for specific auctions. The issues mentioned above are more aligned with this proposal.