



**Single Electricity Market**

**(SEM)**

**Capacity Market Code Workshop 31**

**Decision Paper**

**CMC\_13\_23: Min Completion Prior to Long Stop Date**

**SEM-23-100**

**20 December 2023**

## EXECUTIVE SUMMARY

The purpose of this decision paper is to set out the decision relating to a proposed modification to the Capacity Market Code (CMC). This was discussed at Workshop 31, held on 18 May 2023.

The decision within this paper follows on from the associated consultation ([SEM-23-044](#)) which closed on 21 July 2023.

This paper considers the proposed modification presented at Workshop 31 relating to:

- **CMC\_13\_23: Min Completion Prior to Long Stop Date**  
This proposal will allow Participants who achieve Minimum Completion to inform the System Operator via an updated Implementation Progress Report once they are aware of the situation, rather than having to wait until the Long Stop Date.

Eleven responses were received to the Capacity Market Code Workshop 31 Modification Consultation Paper (SEM-23-044). One was marked as partially confidential.

### Summary of Key Decisions

Following consideration of the proposals and the responses received to the consultation, the SEM Committee have decided:

| Modification   | Decision            | Implementation Date      |
|--|---------------------|--------------------------|
| <b>CMC_13_23:</b> Min Completion Prior to Long Stop Date | Make a Modification | Effective on publication |

### Appendix A Legal Text

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**Appendix A**    Legal Text

# 1. OVERVIEW

## 1.1. BACKGROUND

1.1.1. The SEM CRM detailed design and auction process has been developed through a series of consultation and decision papers, all of which are available on the SEM Committee's (SEMC) website. These decisions were translated into legal drafting of the market rules via an extensive consultative process leading to the publication of the Trading and Settlement Code (TSC) and the Capacity Market Code (CMC). Updated versions of the CMC and the TSC are published on the SEMO website.

### **Process for modification of the CMC**

1.1.2. Section B.12 of the CMC outlines the process used to modify the code. It sets out the processes for proposing, consideration, consultation and implementation or rejection of modifications to the CMC.

1.1.3. The purpose of the modifications process is to allow for modifications to the CMC to be proposed, considered and, if appropriate, implemented with a view to better facilitating code objectives as set out in Section A.1.2 of the CMC. (B.12.1.2).

1.1.4. Modifications to the CMC can be proposed and submitted by any person, (B.12.4.1), at any time. Unless the modification is urgent, modifications are subsequently discussed at a workshop held on a bi-monthly basis. Each workshop represents an opportunity for a modification proposer to present their proposal(s) and for this to be discussed by the workshop attendees.

1.1.5. For discussion at a Workshop, Modification Proposals must be submitted to the System Operators at least 10 working days before a workshop meeting is due to take place. If a proposal is received less than 10 working days before a workshop and is not marked as urgent it is deferred for discussion to the next Workshop.

1.1.6. Following each workshop, and as per section B.12.5.6 of the CMC, the RAs are required to publish a timetable for the consideration, consultation and decision relating to the modification(s) proposed during a workshop.

1.1.7. If a proposal is received and deemed contrary to the Capacity Market Code Objectives or does not further any of those objectives, the Regulatory Authorities (RAs) will reject the proposal on the grounds of being spurious, as set out in section B.12.6 of the CMC.

1.1.8. If a proposed modification is deemed urgent by the RAs, CMC Section B.12.9.5 will become active and the RAs will determine the procedure and timetable to be followed in the assessment of the Modification Proposal. The CMC states that the procedure and timetable may vary from the normal processes set out in the code, allowing for the modification to be fast-tracked.

### Process and Timeline for this Modification

- 1.1.9. On the 4 May 2023, the System Operators (SOs) submitted the Modification Proposal CMC\_13\_23 under the terms of B.12.4 of the CMC. This was marked as Standard.
- 1.1.10. The RAs reviewed the Modification Proposal and determined that it was not spurious.
- 1.1.11. The RAs determined the procedure to apply to the Modification Proposal. An overview of the timetable is as follows:
- i. The System Operators convened Workshop 31 on 18 May 2023 where the Modification Proposal was considered.
  - ii. The System Operators, as set out in B.12.7.1 (j) of the CMC, were to prepare a report of the discussions which took place at the workshop, provide the report to the RAs and publish it on the Modifications website promptly after the workshop.
  - iii. The RAs would then consult on the Modification Proposal with a response time of no less than 20 Working Days (as defined in the CMC) from the date of publication of the Consultation.
  - iv. As per B.12.11 the RAs would make their decision as soon as reasonably practicable following conclusion of the consultation and would publish a report in respect of these. The purpose of the decision paper is to set out the decision relating to the Modification Proposal discussed during Workshop 31 to:
    - a) Make a Modification;
    - b) Not make a Modification; or
    - c) Undertake further consideration in relation to the matters raised in the Modification Proposals.
- 1.1.12. This decision paper provides a summary of the consultation proposals and sets out the SEM Committee's decision.

## 1.2. RESPONSES RECEIVED TO CONSULTATION

- 1.2.1. This paper includes a summary of the responses made to Capacity Market Code Modifications Consultation Paper [SEM-23-044](#) which was published on the 16 June 2023.
- 1.2.2. A total of eleven responses were received to the consultation with one being marked as partially confidential. The respondents are listed below.
- Bord Gáis Energy (BGE)
  - Bord na Móna (BnM)

- DRAI
- EirGrid / SONI (System Operators (SOs))
- Electricity Association of Ireland (EAI)
- Energia
- EPUKI
- ESB GT
- Gas Networks Ireland (GNI)
- Mutual Energy
- SSE

## 2. CMC\_13\_23 – MIN COMPLETION PRIOR TO LONG STOP DATE

### 2.1. CONSULTATION SUMMARY AS PRESENTED BY THE SYSTEM OPERATORS

- 2.1.1. This modification proposes that where a project achieves Minimum Completion after the beginning of the Capacity Year and the participant acknowledges that Substantial Completion will not be achieved, the System Operator (SO) can reduce the Awarded Capacity as determined in G.3.1.8 of the CMC and will terminate the remainder before the Long Stop Date.
- 2.1.2. The proposal would amend the CMC rule whereby if Minimum Completion has been obtained but Substantial Completion has not, the participant has to wait until the Long Stop Date to receive their capacity payment.
- 2.1.3. The SOs believe that this would allow participants who have achieved Minimum Completion to inform the System Operator, via an updated Implementation Progress Report, as soon as they are aware of the situation rather than having to wait until the Long Stop Date.
- 2.1.4. If the proposal is not implemented, the SOs' argue that it will mean that parties who are unable to reach Substantial Completion but have met Minimum Completion will need to wait until the Long Stop Date and will lose revenue from the start of the Capacity Year to the Long Stop Date and will not be subject to Difference Charges.

### 2.2. RESPONSES

- 2.2.1. The majority of responses were in favour of this proposed modification although a few also voiced concerns around possible consequences as a result of any change.
- 2.2.2. ESB GT believed the proposal provided better clarity regarding expected new capacity delivery with units being able to signal any revised amount of capacity earlier. This would not only promote an early delivery of adjusted capacity but would also provide system operators with information regarding missing capacity previously awarded that needed to be auctioned again in a shorter timeframe.
- 2.2.3. While SSE thought that the proposed modification had some merit when capacity was needed for security of supply, they didn't think it was an ideal solution as capacity should be delivered per the awarded capacity which was won in the auction. SSE did not think it was the correct signal to send for future auctions and should therefore only be used as an exception.
- 2.2.4. SSE also believed that it was unlikely that it would be used by many participants as any chance of making the Long Stop Date would be preferable to maximise capacity payments. They sought clarity on whether participants could revise their positions after they had been awarded Minimum Completion and whether the TSOs would review that position.

- 2.2.5. DRAI supported the principle of CMC\_13\_23, stating that if the edits they proposed to the draft legal text were incorporated, they would support it. They commented that the current drafting didn't consider Substantial Financial Completion and the edits they proposed would enable a participant to declare Minimum Completion and terminate any undelivered Awarded New Capacity in advance of the Substantial Financial Completion date, therefore enabling the participant to achieve Substantial Financial Completion on the portion of delivered Awarded New Capacity.
- 2.2.6. Cautioning that the RAs needed to be vigilant as to whether the modification would lead to more speculative bids in the CRM, Energia drew attention to the fact that a participant could overbid their capacity quantity in the knowledge that they cannot deliver the amount originally committed and then still get a residual amount of capacity for the full ten years of the contract.
- 2.2.7. BGE supported the proposed modification as it ultimately aimed to allow more capacity to participate in the capacity year and would also reduce the delay in units receiving capacity payments and being eligible for difference charges.
- 2.2.8. EPUKI also supported the proposed modification believing that it was beneficial for security of supply and was in the consumer interest. They thought the modification would protect participants from unintended consequences which might arise as a result of the changing Long Stop Date.

### 2.3. SEM COMMITTEE DECISION

- 2.3.1. The SEM Committee welcomes the feedback provided by participants both as part of the Workshop and through the Consultation process.
- 2.3.2. The SEM Committee believes that there is merit in facilitating the early delivery of capacity that has been adjusted to reflect the fact that a unit has met Minimum Completion but will not reach Substantial Completion. The Modification Proposal not only has the potential to contribute to security of supply but also help mitigate against a potential issue raised during the consultation process and decision on CMC\_03\_23 ([SEM 23 046](#)).
- 2.3.3. The implementation of CMC\_03\_23 raised a potential concern that parameterisation of the Long Stop Date (LSD), where the date may be later than would normally be the case, may impact payments to New Capacity which could not reach Substantial Completion but could achieve Minimum Completion. CMC\_13\_23 helps mitigate against this issue by allowing units that have reached Minimum Completion to acknowledge that Substantial Completion will not be achieved and permitting the System Operators to reduce the Awarded Capacity as per G.3.1.8 of the CMC and terminate the remainder before the LSD. This would allow these units to start receiving capacity payments from an earlier date.
- 2.3.4. Several responses to the consultation also pointed out that allowing units to use the process outlined in the Modification Proposal, should be used by exception. The SEM Committee agrees that this should be the case and expects units to endeavour to meet their full obligations.



- 2.3.5. In terms of widening the Modification Proposal to allow for the delivery of capacity before the start of the Capacity Year, the SEM Committee is of the view that any implementation of early delivery should adhere to the normal auction milestones as closely as possible.
- 2.3.6. The SEM Committee do not envisage that a unit's position could change once notification has been communicated to the SOs informing them that Minimum Completion has been met but Substantial Completion will not be met.
- 2.3.7. On the basis on the reasons outlined above, the SEM Committee is making modification CMC\_13\_23 based on the legal text accompanying this Decision.

### **3. NEXT STEPS**

- 3.1.1. The SEM Committee will make proposed modification CMC\_13\_23 using the draft legal text accompanying this Decision Paper.
- 3.1.2. All SEM Committee decisions are published on the SEM Committee website:  
[www.semcommittee.com](http://www.semcommittee.com)