



Single Electricity Market

(SEM)

Capacity Market Code Workshop 34

Consultation Paper

CMC_24_23: Revision of the Exception Application timelines

SEM-23-109

21 December 2023

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1. OVERVIEW

1.1 ABSTRACT

1.1.1 The purpose of this consultation paper is to invite industry participants to provide feedback and comments regarding the Proposed Standard Modification to the Capacity Market Code (CMC) discussed at Workshop 34, held on 16 November 2023.

1.1.2 During this Workshop, two modification proposals were presented. This consultation paper relates only to the Standard Modification:

CMC_24_23: Revision of the Exception Application timelines

1.2 BACKGROUND

1.2.1 On the 02 November 2023, Bord Gáis Energy (BGE) submitted one Urgent Modification Proposal (CMC_25_23) under the terms of B.12.9.1 of the CMC.

1.2.2 As per B.12.9.3 of the CMC, the Regulatory Authorities (RAs) assessed the Modification Proposal and did not consider it to be urgent and therefore categorised the proposal as Standard.

1.2.3 On the 30 November 2023, the RAs determined the procedure to apply to the Modification Proposal. This is shown in Appendix A. An overview of the timetable is as follows:

- i. The System Operators convened Workshop 34 where the Modification Proposal was considered on 16 November 2023, alongside one other Urgent Modification.
- ii. The System Operators, as set out in B.12.7.1 (j) of the CMC, prepared a report¹ of the discussions which took place at the workshop, provided the report to the RAs, and published it on the Modifications website promptly after the workshop.
- iii. The RAs are now consulting on the Modification Proposal from the date of publication of the Consultation until the closing date of Friday 26 January 2024.
- iv. As set out in B.12.11, the RAs will make their decision as soon as reasonably practicable following the conclusion of the consultation and will publish a report in respect of their decision by 26 February 2024.

¹ [Capacity-Modifications-Workshop-34-Report-V1.0.pdf \(sem-o.com\)](#)

1.3 PURPOSE OF THIS CONSULTATION PAPER

- 1.3.1 The purpose of this paper is to consult on the Proposed Modification. Further detail is set out in the appended Modification Proposal in Appendix B.
- 1.3.2 The Regulatory Authorities hereby give notice to all Parties and to the Market Operator of a consultation on the Proposed Modification.
- 1.3.3 Interested Parties and the Market Operator are invited to make written submissions concerning the Proposed Modification by no later than 17:00 on Friday 26 January 2024.
- 1.3.4 **Please note that late submissions will not be accepted.**
- 1.3.5 Upon closure of the consultation process, the Regulatory Authorities intend to assess all valid submissions received and form a decision to make a modification, not make a modification or undertake further consideration of the modification.

2. MODIFICATION PROPOSAL

2.1 CMC_24_23 – REVISION OF THE EXCEPTION APPLICATION TIMELINES

Proposer: Bord Gáis Energy (BGE)

CMC_24_23: Proposal Overview

- 2.1.1 This Modification Proposal aims to change the timelines around the Exception Application process, which BGE state would reduce the Security of Supply risk that exists today with the current timing for a USPC determination occurring after the closure of the Opt-Out process for participants.
- 2.1.2 The proposal seeks to address this risk by introducing a new event in the Auction timeline – Exception Application Decision Date and to move the Exception Application Date to be the first event in the auction timeline, allowing sufficient time for a determination to be made.
- 2.1.3 The proposal notes that contrary to CMC_20_23, it does not seek a change to E.5.1.11, nor the removal of it, and the grounds for a participant giving an Opt-Out notification would remain the same as they are currently; a Plant Closure, a Planned Outage in excess of 3 months, or Mothballing.
- 2.1.4 The proposal would also aim to facilitate evidence-based decisions for market participants around the Opt-Out process by having the decision on an Exception Application available to them earlier.
- 2.1.5 The proposal was marked as “Urgent” as it is intended to prevent the inadvertent exit signal being sent to existing capacity and subsequent Opt-Out of said capacity.

- 2.1.6 Further details on the Modification Proposal are set out in the appended Modification Proposal Appendix B, which includes the draft changes to the CMC.

CMC_24_23: Working Group Feedback

- 2.1.7 Capacity Market Code Modifications Workshop 34 took place on Thursday 16 November 2023 where the modification was presented and discussed.
- 2.1.8 BGE presented the modification and requested the RAs to reconsider progressing the modification as urgent, stating that the modification needs to be considered in time for the next T-4 auction.
- 2.1.9 EPUKI supported the modification, stating the proposal is similar to the modification EPUKI raised at the previous Workshop, Workshop 33.
- 2.1.10 EPUKI also supported and called for the urgent implementation of the modification so it could be in place for the next T-4 auction.
- 2.1.11 EPUKI highlighted that the previous modification raised by EPUKI identified the same risk of units opting out rather than bearing the risk of not getting a USPC.
- 2.1.12 EPUKI also commented on the de-rating factors for gas turbines in the T-1 auction.
- 2.1.13 The RAs noted the points made by BGE and EPUKI and stated that a consultation on refurbishment was being progressed to endeavour for it to be in place for the next T-4 auction.
- 2.1.14 The RAs also stated that the USPC process is very intensive and resembles a mini price control for each unit and confirmed they are looking to streamline this process to make it more efficient and easier.
- 2.1.15 The SOs welcomed the submission of modifications from both BGE and EPUKI and stated they would work with the RAs to find a good solution in this regard.

CMC_24_23: Minded To Position

- 2.1.16 The SEM Committee welcomes feedback and comments regarding the Proposed Modification.
- 2.1.17 The SEM Committee acknowledges the challenges faced by market participants as a result of the timelines around the Exception Application process.
- 2.1.18 The SEM Committee will consider this Proposed Modification in the context of the design and evolution of the Capacity Remuneration Mechanism and must balance its decision to ensure Security of Supply and cost considerations for consumers.
- 2.1.19 While the SEM Committee does not have a minded to position for the Proposed Modification at this stage, it would like to highlight the ongoing consultation on the introduction of an

intermediate length contract for intermediate levels of investment (i.e. less than the New Capacity Investment Rate Threshold (NCIRT)) for both Existing and New Capacity ([SEM-23-093](#)), which closes on the 21 December 2023.

3. CONSULTATION QUESTIONS

- 3.1.1 The SEM Committee welcomes views and responses on the Proposed Modification raised within this consultation paper.
- 3.1.2 Respondents are invited to provide comments and feedback in respect of:
- the Proposed Modification and its consistency with the Code Objectives;
 - any impacts not identified in the Modification Proposal Form, e.g., to the Agreed Procedures, the Trading and Settlement Code, IT systems etc.; and
 - the detailed CMC drafting proposed to deliver the Modification.
- 3.1.3 A template has been provided in Appendix C for the provision of responses.

4. NEXT STEPS

- 4.1.1 The SEM Committee intends to decide at the earliest, by 26 February 2024 on the implementation or otherwise of the Modification outlined within this consultation paper as per B.12.11.1 of the CMC.
- 4.1.2 Responses to the consultation paper **must** be sent to both the UR and CRU CRM Submissions inboxes (CRMsubmissions@uregni.gov.uk and CRMsubmissions@cru.ie), **by close of business 17:00pm on Friday 26 January 2024. Please note that late submissions will not be accepted.**
- 4.1.3 We intend to publish all responses unless marked confidential. While respondents may wish to identify some aspects of their responses as confidential, we request that non-confidential versions are also provided, or that the confidential information is provided in a separate annex. Please note that both Regulatory Authorities are subject to Freedom of Information legislation.