

31st May 2023

RE: CMC_04_23 - Introduction of Remedial Action for Unforeseeable Delays Due to Extraordinary Supply Chain Impacts

Dear Sem Committee,

Kilshane Energy Limited (KEL) was awarded a ten-year capacity contract for a 293MW Open Cycle Gas Turbine (OCGT) project located within the Greater Dublin Locational Capacity Constraint area in the T-3 2024/25 CRM auction (T-3) held in January 2022. KEL are working towards delivery of new capacity.

We are writing in support of a modification proposal submitted by Castlelost Flexgen Ltd in relation to the Introduction of Remedial Action for Unforeseeable Delays Due to Extraordinary Supply Chain Impacts (CMC_04_23).

We have noticed first hand when communicating with third party contractors the impacts of global events, such as the Russian invasion of Ukraine have had on the lead times for key equipment such as turbines, transformers and cable. Whilst a prudent developer should have factored in a reasonable contingency for delays, there have been global events that have resulted in supply chain impacts out of the ordinary. As we are living in uncertain times, KEL believe it is prudent to introduce a mechanism to account for current and potential future supply chain delays that are out of the ordinary and beyond what would be reasonably forecast by a developer.

Whilst we agree in principle with the modification proposal, we believe the Legal Drafting Change could be strengthened to be more specific. Appendix B of CMC_04_23 states;

*“Where the completion of the Substantial Completion Milestone is delayed solely as a result of an **extraordinary supply chain delay** [emphasis added], a Participant or an Enforcing Party (on behalf of a Participant) may apply to the Regulatory Authorities for an extension to the Maximum Capacity Duration and Long Stop Date associated with the relevant Capacity Market Unit.”*

The term “extraordinary supply chain delay” is not capitalised and thus not defined. KEL would suggest this is defined to reduce the ambiguity and would welcome the opportunity to be involved in further discussions on how to define it.

KEL agree that a failure to address these out of the ordinary delays creates a risk around the economic stability of projects and thereby a risk to the security of supply.



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We are open to further discussion and engagement on this matter.

Regards,

Brian McMullan – Project Lead

