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| Respondent's Name | Kilshane Energy Ltd |
| Type of Stakeholder | Generator |
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| Confidential Response | N |

15th April 2024

RE: SEM-24-024 – Proposal to Introduce Early Delivery Incentives into the CRM

Dear SEM Committee,

Kilshane Energy Limited (KEL) welcomes the opportunity to respond to consultation SEM-24-024. KEL was awarded a ten-year capacity contract for a 293MW Open Cycle Gas Turbine project (The Project) located within the Greater Dublin Locational Capacity Constraint area.

KEL Response to SEM-24-024

KEL makes the following feedback based on the consultation questions as set out in SEM-24-024;

1. The overall design of the early delivery options (as set out in Section 2.1);

KEL is happy with the overall design of the early delivery options. An early delivery payment based on the capacity award will provide investors an incentive to deliver early where possible.

2. The minded to position to restrict eligibility for early delivery payments to multi-year New Capacity (see Section 2.2)

KEL understands the need to try and limit gaming potential. However, it is worth noting that any project that decides to game, does so at significant risk. There is the real risk that they terminate, enter the upcoming T-4 and are not awarded a capacity contract.

KEL believe that to limit the gaming potential, an option the SEM Committee should consider it to apply the early delivery incentives to already contracted, but not yet delivered New Capacity. This would incentivise those that have contracted in earlier years, to try and deliver

earlier also instead of considering the termination of their existing contract. This would ultimately benefit consumers if projects can deliver their awarded MWs quicker.

3. The minded to position to allow early delivery payments to start no more than a year before the start of the capacity delivery year for the auction in question (see Section 2.3);

KEL agree with this minded to position for the reasons outlined in SEM-24-024.

4. The minded to position to not employ payment multipliers for early delivery (as per the options set out in Section 2.4);

KEL strongly disagree with this minded to position. The cost to the developer and the benefit to the system as a whole for early delivery is greater than 1 and so there should be a multiplier set greater than 1 to reflect this. KEL also do not agree with the seasonal approach. Early delivery is early delivery in all circumstances and because the capacity year begins in October, applying a higher multiplier in Winter only skews the incentive. Effectively, you would have to be more than six months early to benefit from this which is unfair. The T-4 auction is set as such as it was decided 4 years is a reasonable time to deliver a project, it should be noted that any day / week / month a project can delivery earlier than this is hard gained and it should be rewarded as such.

5. Whether there are any changes required to Qualification and Exception Application rules or processes (see discussion in Section 2.5);

KEL have no comments on this. KEL believe the TSO as administrators are based placed to comment on this.

6. The minded to position to apply early delivery incentives to all auctions until further notice (see Section 2.6);

KEL agree with this minded to position, subject to the points above being considered. KEL would recommend that sufficient notice is provided to participants ahead of any change to this position. Such notice should be no later than the publication of the Initial Auction Information Pack.

7. Any other incentives that may be appropriate to promote early delivery of capacity

KEL believe that early delivery of capacity cannot be solved by modifications to the Capacity Market Code alone. There needs to be a more holistic approach across the various government departments. This was talked about in more detail at the senior stakeholder workshop and KEL understand there are limits to what the SEMC can do, but, as Regulators there is statutory responsibility to ensure security of supply. The planning system currently



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makes it easy for frivolous appeals to hold up a project for years. Similar to the Directions given by the Minister of DECC for the procurement of temporary emergency generation, there could be Directions given to prioritise and permit projects.

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

Regards,

Brian McMullan – Project Lead