

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	ESB Generation and Trading
Type of Stakeholder	Generator
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Confidential Response	[N]

CAPACITY MARKET CODE MODIFICATIONS WORKSHOP 33 CONSULTATION COMMENTS:

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ID	Proposed Modification and its Consistency with the Code Objectives	Impacts Not Identified in the Modification Proposal Form	Detailed CMC Drafting Proposed to Deliver the Modification
<p>CMC_18_23: Amendment to Definition of Third Party Extension Period</p>	<p>ESB GT believes this proposal is in line with CMC objectives especially (c) and (g).</p> <p>The proposal correctly identifies the issue arising at the end of Third-Party Planning Appeal process where An Bord Pleanála made its determination, but the appellant has an opportunity to apply for judicial review.</p> <p>This issue is also mentioned in SEMC decision paper SEM-23-87 in paragraph 2.3.8 where SEMC states <i>'...in Ireland, the final granting of planning has not been achieved until this eight-week period progress'</i>.</p>	<p>ESB GT supports the proposed modification and not additional impacts have been identified.</p>	<p>No additional changes in proposed drafting identified.</p>

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<p>CMC_20_23: Amendment to Timing of Opt Out Notifications</p>	<p>ESB GT believes this proposal is in line with CMC objectives especially (b), (c), and (d).</p> <p>Considering the ratio of older conventional generators in the overall capacity market portfolio and rising costs associated with keeping these units operational ESB GT believes the rationale of this proposal is valid and needs to be addressed in a timely manner and before start of the qualification process for T-4 2028/29 auction. While we understand the concerns raised by RAs during the workshop regarding their perceived risk of the potential for market power by withdrawing units close to the capacity market auction. However, ESB GT does not believe that the current arrangements strike an appropriate balance between the commercial freedom of market participants and the RAs concern, it is not reasonable to expect units to to risk operating at loss.</p>	<p>ESB GT supports the rationale of this proposal and agrees with the proposer that Opt-Out notification should be made after the USPC application is assessed and the decision is issued.</p> <p>It is our understanding that USPC process is both labour and time intensive for both RAs and applicants. During the workshop RAs mentioned they would be open to review the existing USPC process that may shorten the timelines needed for decision. While we believe this would certainly address some of the issues, it does not address the main issue of opt-out notifications being closed in advance of USPC application determinations.</p> <p>While the timelines proposed in this proposal may be challenging from the governance perspective, there is currently an additional proposal</p>	<p>Shifting of the USPC process to the beginning of the capacity auction process should allow all parties sufficing time to prepare and assess the submissions prior the Opt-Out notification date. This approach is similar to the alternative proposal CMC_24_23, except for the order of the Exception Application Date and IAIP publication date to ensure the Existing Capacity Price Cap value is published prior the USPC application.</p> <p>Proposed Auction Timeline:</p> <ol style="list-style-type: none"> 1. IAIP publication date 2. Exception Application Date 3. Exception Application Decision Date 4. Opt-Out Notification Date 5. Qualification Application Date 6. Provisional Qualification Result Date 7. Final Qualification Submission Date 8. Final Qualification Results Date
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	<p>Aging units that are not expected to undergo refurbishment that would allow them to benefit from the expected introduction of the Intermediate length contracts but are still able to contribute to the Security of Supply should be able to make an informed decision regarding participation in the CM auction or potential closure notice with sight of the RAs determination on an USPC application, with applicable.</p>	<p>CMC_24_23 that focuses on USPC applications being assessed prior to the Opt-Out Notification Date and Qualification Application Date which address the above-mentioned concern.</p>	<p>9. Qualification Results Publication Date</p>

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<p>CMC_21_23: Minimum Completion on Receipt of Interim Operational Notification</p>	<p>ESB GT believes the merit of this proposal is in line with CMC objectives especially (b) and (g).</p> <p>It is our understanding that the purpose of this proposal is to facilitate the achievement of substantial completion in advance of the Final Operational Notification being issued if the unit has demonstrated the ability to contribute to Security of Supply (SoS).</p> <p>ESB GT agrees that unit should be able to achieve Substantial Completion prior to the final FON being issued due to high level of detailed work from both Transmission System Operators and the market participants that may postpone the issuance of final documentation, but the unit is operationally available and can contribute to the SoS. There is an analogue with the existing arrangement where an existing unit can return to service from an outage having completed any required testing while the test reporting and any Grid Code derogation processes are</p>	<p>While we support the merit of the modification proposal, we agree with concerns voiced during the workshop regarding the Interim Operational Notification not being sufficient as a proof of unit's full operational capability and also with the fact that currently achievement of the Minimum Completion is the final milestone and unit cannot subsequently achieve the Substantial Completion.</p> <p>SOs presented an alternative proposal during the Workshop 34 that does address the above-mentioned issues. Pending the publication of the consultation paper and the final modification wording ESB GT currently expects to support the alternative proposal.</p>	<p>No additional changes in proposed drafting identified.</p>
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	<p>completed. With achievement of substantial completion, a unit is liable for penalties associated with non-delivery of the obligated capacity in cases where the Reliability Option is exercised. In this way the performance incentive within the capacity market is maintained</p>		

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<p>CMC_22_23: Indexation of Capacity Payment Price for Inflation</p>	<p>ESB GT believes the merit of this proposal is in line with CMC objectives especially (b) and (g).</p> <p>While the indexation of the capacity payments has not been a regular feature of the capacity market to date, the current economic development encourages the need to evaluate this approach. Rising costs and economic uncertainty due to the world events are having a major impact on every part of the power plant operation. Securing the capacity market contract gives the generating unit certainty of the income but not the proportionate adjustment of this income in line with economic development.</p> <p>ESB GT notes that there has been significant change in the interest rate environment in the last 16 months since the ECB began increasing key rates in July'22, before this the previous increase in key rates by the ECB had been eleven previous.</p> <p>The resulting uncertainty undermines the investment confidence that the capacity seeks to engender for both</p>	<p>ESB GT supports the proposal as it delivers the certainty of inflation adjusted capacity payments for all capacity awards regardless of the New or Existing status.</p>	<p>No additional changes in proposed drafting identified.</p>
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	<p>developers of the new assets and the owners of the existing assets and therefore negatively contributes to the current Security of Supply concerns. Uncertainty can lead to the inclusion of risk premiums into the capacity market bids and impact prices for the end consumer regardless on the fact if the inflationary event happened or not.</p> <p>ESB GT notes that the exposure to either inflationary or interest conditions will vary significantly by project, as such ESB GT believes that the proposed modification offers a pragmatic approach to the recognition of these risk facts with the capacity market without seeking to be overly perspective in how market participants manage their exposures.</p>		

NB please add extra rows as needed.