

## APPENDIX C – RESPONSE TEMPLATE

### SUMMARY INFORMATION

<b>Respondent's Name</b>	Bord na Móna
<b>Type of Stakeholder</b>	Generator
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<b>Confidential Response</b>	[N]

### CAPACITY MARKET CODE MODIFICATIONS WORKSHOP 37 CONSULTATION COMMENTS:

#### We choose to respond to mods:

**CMC\_06\_24:** Performance Securities for Extended Projects

**CMC\_07\_24:** Treatment of Capacity Contracts of Varying Duration in Constrained Auction Solution - where we strongly oppose para F 8.4.4(f) (ii) of the proposal, which would further marginalise the ability of large lumpy projects, which are need to meet system needs, to be successful at auction.

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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
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<p><b>CMC_06_24:</b> Performance Securities for Extended Projects</p>	<p>Under <u>current</u> provisions we support what is set out in the modification proposal - that this modification is designed to facilitate achievement of the following objectives (the “<b>Capacity Market Code Objectives</b>”):</p> <p>b) to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;</p> <p>c) to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity in the Capacity Market;</p> <p>d) to promote competition in the provision of electricity capacity to the SEM;</p> <p>e) to provide transparency in the operation of the SEM;</p> <p>f) through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.</p> <p>However, <u>with regard to future implementation</u>, we recognise that the proposal could potentially be in conflict</p>	<p>We recognise the merits of this modification, but we believe that its provisions need to sit very carefully with, and be mindful of, the ‘Recommendations that SEM Committee intends to progress in coming years’ (2029/30 indicatively) as outlined in table 2 of SEM 23 036 in SEMC’s response to the ‘Review of the Performance of the CRM’. Of relevance is their stated future position for:</p> <p>‘Requirement of new prospective capacity to <u>have all necessary consents</u> to prequalify for auction’ as a condition of participation with an indicative date T-4 2029_30 auction. The bringing together of these two strands will require careful consideration.</p>	
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	to some degree with SEMC's positioning whereby new prospective capacity would be required to have <u>all necessary consents</u> to prequalify for auction from an indicative date of T-4 2029_30.		

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<p><b>CMC_07_24:</b> Treatment of Capacity Contracts of Varying Duration in Constrained Auction Solution</p>	<p>This Mod is <u>not</u> consistent with the following Capacity Market Code Objectives:</p> <p>f) to ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code; and</p> <p>(g) through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.</p>	<p>Intermediate Length Contracts, typically small volume refurbishment units with up to 5 yr ROs, would solve at auction in preference to New Capacity 10 yr ROs – which will characteristically have much larger volumes. Preference of a 1 Yr RO over a 10 Yr RO (as is the case in most auctions) is very different than a 5 Yr RO project having priority over 10 Yr ROs.</p> <p>Here are some key points:</p> <p>i) Participation. 10Yr RO Larger projects will be less likely to participate if they and their funders/banks believe they will have less inherent chance of being successful (therefore will be less likely to be allowed to invest/ investor concerns). Other projects may want to avoid pre-auction expenditure for themselves if they see the odds increasingly stacked against themselves).</p> <p>ii) The issue of Scale. This is particularly important in that it impacts on <u>system needs</u> (1GW of CCGT required plus 2GW of flexible generation) not being able to be</p>	<p>‘F.8.4.4 Subject to paragraphs F.8.4.6, F.8.4.6A and F.8.4.7, the System Operators shall determine the remaining price-quantity pairs contained in Capacity Auction Offers cleared in a Capacity Auction by applying the following rules: ‘</p> <p>.....per the proposal</p> <p>‘(f) Exempt Price-Quantity Pairs with:</p> <p>(i) <del>(9)</del>an offered capacity duration less than or equal to five years shall are not to be cleared to satisfy a Locational Capacity Constraint or to maximise Net Social Welfare until all</p> <p><del>(10)</del>applicable price-quantity pairs capable of resolving that particular Locational Capacity Constraint with an offered capacity duration of one Capacity Year have been cleared; and</p> <p><del>(ii) (9)</del>an offered capacity duration greater than five years shall not be cleared</p>
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		<p>satisfied <u>by the likes of a large (lumpy) CCGT or large OCGTs owing to their lumpiness at Auction.</u> These larger 10 Yr RO projects are already at a considerable competitive disadvantage due to lumpiness. This competitive disadvantage is further significantly exacerbated by recent new Mod CMC 14_23 Locational Capacity Constraint Violation Criteria (SEM 23 079 Decision paper).</p> <p>Turning this on its head, a more objective perspective is that there is actually a strong rationale that it is the larger more lumpy project <u>which is required for system needs</u> which should be the constraint which is satisfied in priority over the likes of a smaller ILC 5 Yr project.</p> <p>A banking parallel analogy might be that the reason many companies go out of business is because of shortage of working capital, with the old adage being</p>	<p><del>to satisfy a Locational Capacity Constraint or to maximise Net Social Welfare until all other Exempt Price Quantity Pairs capable of resolving that particular Locational Capacity Constraint with an offered capacity duration less than or equal to five Capacity Years have been cleared.'</del></p> <p>le para F 8.4.4(f) (ii) deleted in its entirety</p>
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		that the prudent operator does not use short term finance to fund long term goals.	
<b>CMC_08_24:</b> Widening of Longstop Extension Process to Awarded Capacity for 2023/24 Auction			
<b>CMC_09_24:</b> Amendments to J.5.7 and J.5.8			

NB please add extra rows as needed.