

01 Aug 2024

Single Electricity Market Committee

The Exchange	Queens House
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Re: Workshop 37 Consultation Paper - SEM-24-047

Dear Sir / Madam,

Shannon LNG welcomes the opportunity to respond to this consultation.

We have no comment to make on the following modifications:

- **CMC_07_24:** Treatment of Capacity Contracts of Varying Duration in Constrained Auction Solution
- **CMC_08_24:** Widening of Longstop Extension Process to Awarded Capacity for 2023/24 Auction
- **CMC_09_24:** Amendments to J.5.7 and J.5.8

However, regarding modification CMC_06_24 raised by Shannon LNG we believe that it is important to implement this modification as soon as possible. If this modification is not implemented, then a number of units will be at increased risk of termination.

The SEMC have previously agreed that units that have been subject to delays due to third party actions may be granted extensions; this is to allow otherwise viable units to be developed.

It makes little sense to have a mismatch between the required implementation steps and increases in the security payments. If a unit has been granted an extension, then that unit is not due online until the extended start date. It is practical and reasonable that the increases in performance security match this timing, otherwise there are two potential perverse outcomes:

1. A viable unit closes because there is a significant increase in security required while the unit is waiting final planning permission, or
2. A unit that is no longer viable but has reached the maximum performance security does not terminate at the appropriate time.

For point 1 this will lead to an increased risk to security of supply which will then see further requirements at future T-4 auctions and could see the required MW not being delivered for a further five years, for no benefit to the system. While for point 2, the unit which should have been terminated possibly two years before its extended date has already paid its maximum performance security and does not terminate hoping for a 'hail Mary' intervention.

Both of these situations are resolved by aligning performance securities with the extended milestones. SEMC previously agreed with this position in SEM-23-069 where they stated that ***'The SEMC believes that it would be undesirable to permit extension of time for a third-party delay under SEM-23-001 without recognising that the underlying delay can lead to issues in respect of performance securities'***.

Shannon LNG are also conscious that a number of parties have asked that this modification should apply beyond the text of the existing modification. Shannon LNG are conscious that it is the RAs' remit to adjust the text of the modification if they

so decide. From our perspective, it is important any adjustment to the text should not be used as a reason to delay the implementation of this change.

Sincerely,

Sent by email so bears no signature.

Martin Ahern