



## **Single Electricity Market (SEM)**

### **Capacity Market Code Modifications**

#### **Workshop 42 Consultation Paper**

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|-------------------|---|
| <b>CMC_01_25:</b> | Provision of Information Related to Application Rejection under E.7     |
| <b>CMC_02_25</b>  | Separate De-Rating Factor for New Vs. Existing Capacity                 |
| <b>CMC_03_25</b>  | Clarification of Proportion of Delivered Capacity for multiple tranches |

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Appendix B – CMC\_01\_25, CMC\_02\_25, CMC\_03\_25

Appendix C – Response Template

# 1. OVERVIEW

## 1.1 ABSTRACT

1.1.1 The purpose of this consultation paper is to invite industry participants to provide feedback and comments regarding the Modification Proposals to the Capacity Market Code (CMC) discussed at Workshop 42, held on 20 March 2025.

1.1.2 During this Workshop, three Modification Proposals were presented. This consultation paper relates to:

<b>CMC_01_25:</b>	Provision of Information Related to Application Rejection under E.7
<b>CMC_02_25:</b>	Separate De-Rating Factor for New Vs. Existing Capacity
<b>CMC_03_25:</b>	Clarification of Proportion of Delivered Capacity for multiple tranches

## 1.2 BACKGROUND

1.2.1 On the 06 March 2025, EPUKI submitted two Modification Proposals (CMC\_01\_25 and CMC\_02\_25) under the terms of B.12.4 of the Capacity Market Code (CMC).

1.2.2 On the 06 March 2025, the System Operators (SOs) submitted a Modification Proposal (CMC\_03\_25) under the terms of B.12.4 of the CMC.

1.2.3 As per B.12.9 of the CMC, these proposals were not submitted as urgent proposals.

1.2.4 The Regulatory Authorities (RAs) reviewed the Modification Proposals and determined that they were not spurious as per B.12.6.1 of the CMC.

1.2.5 The RAs then determined the procedure to apply to the Modification Proposals. This is shown in Appendix A. An overview of the timetable is as follows:

1.2.6 The System Operators convened Workshop 42 where the Modification Proposals were considered on 20 March 2025.

- i. The System Operators, as set out in B.12.7.1 (j) of the CMC, prepared a report<sup>1</sup> of the discussion which took place at the workshop, provided the report to the RAs, and published it on the SEMO website promptly after the workshop.

1.2.7 The RAs are now consulting on the Modification Proposals, from the date of publication of the consultation until the closing date of Friday 30 May 2025.

- ii. As contemplated by B.12.11.6, the RAs will make their decision as soon as reasonably practicable following conclusion of the consultation and will publish a report(s) in respect of their decision, at the earliest, by 04 July 2025.

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<sup>1</sup> [Capacity Modifications Workshop 42 Report.pdf](#)

### 1.3 PURPOSE OF THIS CONSULTATION PAPER

- 1.3.1 The purpose of this paper is to consult on the proposed standard Modifications. Further detail is set out in the appended Modification Proposals in Appendix B.
- 1.3.2 The Regulatory Authorities hereby give notice to all Parties and the Market Operator of a consultation on the Modification Proposals.
- 1.3.3 Interested Parties and the Market Operator are invited to make written submissions concerning the proposed Modifications by no later than 17:00 on Friday 30 May 2025.
- 1.3.4 **Please note that late submissions will not be accepted.**
- 1.3.5 Upon closure of the consultation process, the Regulatory Authorities intend to assess all valid submissions received and form a decision to make a modification, not make a modification or undertake further consideration of the modification in respect of each Modification Proposal.

## 2. MODIFICATION PROPOSALS

### 2.1 CMC\_01\_25- PROVISION OF INFORMATION RELATED TO APPLICATION REJECTION UNDER E.7

Proposer: EPUKI

#### CMC\_01\_25: Proposal Overview

- 2.1.1 This Modification Proposal seeks to require the System Operators (SOs) to provide detailed reasoning as to how they arrived at their decision to reject a qualification application under E.7 of the CMC. Furthermore, the Modification Proposal seeks to make available the information shared with third parties in adjudicating the Qualification Process.
- 2.1.2 The Modification Proposal consists of additional wording to E.9.2.2 to achieve greater transparency in the adjudication of the Qualification process, according to the proposer.
- 2.1.3 It further argues that limited information is provided in the current arrangements, leading to delays as participants do not have full visibility of the reasoning of their rejection.
- 2.1.4 If this Modification Proposal were to be implemented according to the proposer, the rejected applicant can seek to address potential issues earlier in the process and consequently, improve fairness, transparency and competition in the Capacity Market.

#### CMC\_01\_25: Workshop Feedback

- 2.1.5 Capacity Market Code Modifications Workshop 42 took place on 20 March 2025, where the Modification Proposal was presented and discussed by EPUKI.
- 2.1.6 The SOs noted they are open to improving ways on providing reasons for rejection through the Provisional Qualification Decisions (PQDs) and review process. They further stated that there are practical considerations associated with increasing the level of detail provided to each rejected applicant as this may increase workload and impact on timelines to publish the PQDs.
- 2.1.7 BGE supported the sentiment of the Modification Proposal. It further noted that it is frustrating when clear reasoning is absent when a project is rejected during the Qualification Process. BGE also said it is open to ideas to provide greater clarity to participants and suggested that the SOs hold bi-lateral calls as an alternative to this Modification Proposal.
- 2.1.8 The SOs responded to BGE's suggestion, noting that this approach may be more straightforward than the proposal and that they could consider it, but that it may be difficult to organise numerous bi-lateral calls.
- 2.1.9 The DRAI asked if the SOs could share an estimate on the proportion of rejections that move onto dispute.
- 2.1.10 The SOs said they were unsure what information is published and needed to check if this information can be made available. If so, this information can be reflected in any consultation response to this paper.

## CMC\_01\_25: Minded To Position

- 2.1.11 The SEM Committee welcomes feedback and comments regarding this Modification Proposal.
- 2.1.12 At the time of drafting this consultation paper, the SEM Committee has not formed a minded to position on this Modification Proposal.

## 2.2 CMC\_02\_25- SEPARATE DE-RATING FACTOR FOR NEW VS. EXISTING CAPACITY

Proposer: EPUKI

### CMC\_02\_25: Proposal Overview

- 2.2.1 This Modification Proposal seeks to include 'Age of Unit' as a variable in the calculation of de-rating factors (DRFs). The proposer argues that this will more accurately reflect the expected performance of units in the Capacity Market.
- 2.2.2 EPUKI also noted in its Modification Proposal that bespoke DRFs for each auction might be complex and challenging and therefore, offered to categorise plants based on age in five or ten-year blocks.

### CMC\_02\_25: Workshop Feedback

- 2.2.3 Capacity Market Code Modifications Workshop 42 took place on 20 March 2025, where the Modification Proposal was presented and discussed by EPUKI.
- 2.2.4 SSE stated that the DRF calculation methodology needs to be reviewed and simplified. SSE also asked how refurbishment of plants is considered in this Modification Proposal.
- 2.2.5 EPUKI responded and said it had briefly considered this and did not have a final position on how refurbishment would be addressed concerning this Modification Proposal.
- 2.2.6 BGE agreed with the sentiment expressed by SSE. It also said that the current DRF methodology is not reflective of recent reliability and should be revisited.
- 2.2.7 BGE also noted that age is not directly correlated with plant performance as there are many variables at play. Therefore, BGE argued that using age as a variable for DRF calculation is an oversimplification and an inaccurate way of calculating DRFs. It argued that instead, if the methodology focussed on recent ratings, refurbishment and investment spent, this would be a preferred method.
- 2.2.8 The RAs sought clarity on whether BGE were referring to individualised, unit-specific DRFs.
- 2.2.9 BGE responded that it was and acknowledged that this would more than likely be difficult to do and could only be feasible for large generators. BGE also said using the age of the unit in isolation as a key variable would be inaccurate.
- 2.2.10 Energia shared the concerns raised by BGE and broadly agreed with BGE that age is a blunt and poor indicator when calculating DRFs. Energia also highlighted its' concern of awarding a higher

DRF based on age considering that issues remain with the deliverability of Awarded New Capacity.

- 2.2.11 EPUKI agreed to a certain extent that this Modification Proposal was an oversimplification and not a perfect indicator for DRF outcome. EPUKI further noted that it seeks to simplify the DRF process to make it more transparent, practical and implementable.
- 2.2.12 EPUKI also responded to the concerns of Energia in awarding a higher DRF for Awarded New Capacity and said the current counterfactual scenario is that DRF factors are too low. EPUKI did not agree with giving a DRF for Awarded New Capacity based on availability of older plants, which is impacting on investment.

#### CMC\_02\_25: Minded To Position

- 2.2.13 The SEM Committee welcomes feedback and comments regarding this Modification Proposal.
- 2.2.14 The SEM Committee shares the concern highlighted by industry with using age of unit as a key variable in the calculation of DRFs as it has not seen supporting evidence of robust correlation between the age of units and their reliability.
- 2.2.15 The SEM Committee is also concerned using this method of calculation due to possible issues of discrimination between New and Existing plants. The SEM Committee considers that the potential reconfiguration of DRFs to be a significant change to the design of the CRM and would require detailed policy analysis and development.
- 2.2.16 The SEM Committee notes that ahead of each auction, the RAs scrutinise DRFs per technology class. The RAs are currently undertaking this exercise and would consult on any methodological changes relating to DRFs alongside the parameters consultation paper for the T-4 2029/30 auction.
- 2.2.17 Based on these considerations, the SEM Committee is minded to reject this Modification Proposal.

## 2.3 CMC\_03\_25- CLARIFICATION OF PROPORTION OF DELIVERED CAPACITY FOR MULTIPLE TRANCHES

Proposer: System Operators (SOs)

### CMC\_03\_25: Proposal Overview

- 2.3.1 This Modification Proposal seeks to provide clarity in the treatment of multiple tranches of Awarded New Capacity in the calculation of Proportion of Delivered Capacity (PDC) across multiple auction years.
- 2.3.2 The Modification Proposal, according to the proposer, does not change the calculation of Proportion of Delivered Capacity except as outlined in CMC\_12\_24, presented by ESB GT at Workshop 40.
- 2.3.3 The Modification Proposal seeks to rework section G.3.1.3 to delete the current text and move the definition of De-Rated Grid Code Commissioned Capacity (DRGCCC) from G.3.1.4A to this section and introduce an updated formula in G.3.1.4 for the treatment of PDC as seen in Appendix B(iii). Lastly, sections G.3.1.4A and G.3.1.5 are proposed for deletion.

### CMC\_03\_25: Workshop Feedback

- 2.3.4 Capacity Market Code Modifications Workshop 42 took place on 20 March 2025, where the Modification Proposal was presented by the SOs.
- 2.3.5 ESBGT said the Modification Proposal achieves the objectives of CMC\_12\_24, an earlier Modification Proposal presented by ESBGT. ESBGT also noted that it will work through the formulas to fully determine if this Modification Proposal satisfies its' concerns that led to the proposal of CMC\_12\_24. It also noted that this Modification Proposal is more comprehensive.
- 2.3.6 Energia agreed with ESBGT that this was comprehensive and quite complicated to fully understand.
- 2.3.7 The SOs said they will make the presentation slides used for its presentation available, to aid in understanding their Modification Proposal.
- 2.3.8 Energia also queried why this Modification Proposal was not presented at Workshop 40 and on the timing of submitting this Modification Proposal.
- 2.3.9 The RAs responded and noted that they had to proceed with consulting on CMC\_12\_24 when they received the Modification Proposal CMC\_12\_24 last year.
- 2.3.10 The SOs stated from its perspective, it identified a gap in the Code and this Modification Proposal was not ready for consultation when ESBGT submitted its Modification Proposal. The SOs further noted that consultation responses provided to CMC\_12\_24 will still be relevant, avoiding duplication of work.
- 2.3.11 EPUKI questioned whether the Gross De-Rated Capacity (existing) is linked to the auction where the capacity participant previously bid successfully, as raised earlier in CMC\_12\_24.



- 2.3.12 The SOs responded and said this was a good point to raise and that their own mod clarifies what CMC\_12\_24 sought to achieve.
- 2.3.13 SSE said they will look through the slides and the Modification Proposal. It asked the SOs if they think this will be easy to implement on a timely basis.
- 2.3.14 The SOs responded to this question and said there is no major impact on implementation and that they could do so from the effective date of decision by the RAs.

#### CMC\_03\_25: Minded To Position

- 2.3.15 The SEM Committee welcomes feedback and comments regarding this Modification Proposal.
- 2.3.16 Subject to further consideration and any issues raised through the consultation process, the SEM Committee is minded to accept this Modification Proposal as it purports to bring clarity to the treatment of multiple tranches in Proportion of Delivered Capacity while also ensuring consistency throughout the CMC.

### 3. CONSULTATION QUESTIONS

- 3.1.1 The SEM Committee welcomes views and responses on the Modification Proposals raised within this consultation paper.
- 3.1.2 Respondents are invited to provide comments and feedback in respect of:
- the Modification Proposals and their consistency with the Code Objectives.
  - any impacts not identified in the Modification Proposals Forms, e.g., to the Agreed Procedures, the Trading and Settlement Code, IT systems etc.; and
  - the detailed CMC drafting proposed to deliver the Modifications.
- 3.1.3 A template has been provided in Appendix C for the provision of responses.

### 4. NEXT STEPS

- 4.1.1 The SEM Committee intends to decide, at the earliest, by 04 July 2025 on the implementation or otherwise of the Modifications outlined within this consultation paper as per B.12.11.6 of the CMC.
- 4.1.2 Responses to the consultation paper **must** be sent to both the UR and CRU CRM Submissions inboxes ([CRMsubmissions@uregni.gov.uk](mailto:CRMsubmissions@uregni.gov.uk) and [CRMsubmissions@cru.ie](mailto:CRMsubmissions@cru.ie)), **by close of business 17:00 on Friday 30 May 2025. Please note that late submissions will not be accepted.**
- 4.1.3 We intend to publish all responses unless marked confidential. While respondents may wish to identify some aspects of their responses as confidential, we request that non-confidential versions are also provided, or that the confidential information is provided in a separate annex. Please note that both Regulatory Authorities are subject to Freedom of Information legislation.