

MODIFICATION PROPOSAL FORM			
<b>Proposer</b> <i>(Company)</i>	<b>Date of receipt</b> <i>(assigned by System Operator)</i>	<b>Type of Proposal</b> <i>(delete as appropriate)</i>	<b>Modification Proposal ID</b> <i>(assigned by System Operator)</i>
Bord Gáis Energy Limited	14 <sup>th</sup> May 2025	Standard	CMC_07_25
<b>Contact Details for Modification Proposal Originator</b>			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
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<b>Modification Proposal Title</b>			
Maintaining Net Present Value in new capacity market contracts for no-fault delays			
<b>Documents affected</b> <i>(delete as appropriate)</i>	<b>Section(s) Affected</b>	<b>Version number of CMC used in Drafting</b>	
CMC	J.5.9, Glossary	Version 12.0	
<b>Explanation of Proposed Change</b> <i>(mandatory by originator)</i>			
<p><b><u>The Problem</u></b></p> <p>Currently, where a project is delayed and receives an extension to its Capacity Quantity End Date and Time (<b>CQEDT</b>), the period for which the capacity contract is extended is applied to the end of the expiration date for the original contract. This means that the revenue missed at the beginning of the contract (during the delay period, before energisation) in Year 1 is instead paid in Year 11 or later, resulting in a lower Net Present Value (<b>NPV</b>) for the project. Projects critical to supporting security of supply which have been procured through the capacity market can experience severe delays. In most cases where a CQEDT extension is applied for, this will be due to a third-party reason (for example delays in delivering new gas connection infrastructure by GNI). The reduction in NPV erodes the economic viability of new capacity investments and unfairly penalises the market participant. It results in an inequitable outcome and undermines the legitimate expectation of revenues that the project had at the point of winning the contract.</p> <p><b><u>Intent of modification proposal</u></b></p> <p>This proposed modification seeks to ensure that when Awarded Capacity receives an extension to its Capacity Quantity End Date and Time (<b>CQEDT</b>) then, subject to a parallel or subsequent separate approval from the SEMC, the relevant Capacity Payment Price can be adjusted to ensure that the Net Present Value (<b>NPV</b>) of the capacity payments is maintained. Approval of an NPV adjustment as sought in this modification is not tied to the existing extension application process as an approved extension to CQEDT does not automatically result in approval of any parallel or subsequent request for a NPV adjustment. BGE proposes that a NPV Adjustment Factor is calculated using a transparent formula, minimising subjectivity and associated workload. This approach should help keep the applicant party in largely the same position with respect to capacity market revenues as if there was no delay in their capacity payments. A previous Capacity Market Code (<b>CMC</b>) modification (CMC-04-24) addressing this topic (recovery of NPV erosion as a result of no-fault delays) has been rejected by the SEMC (in <a href="#">SEM-25-016</a>) on a number of grounds which we have addressed, at a high level, in this proposed modification.</p>			

### **Incentives to deliver**

BGE does not accept the premise that this modification would dampen incentives to deliver Awarded New Capacity on time. We note that even if the NPV of capacity payments is maintained via an NPV adjustment pursuant to this modification, there remains a strong incentive for projects to deliver on time. We agree with the SEMC's view in the recent [SEMC decision](#) on the CMC modification CMC-04-24 an expectation that projects would be "made whole" introduces complexities. This modification is not asking for capacity units to be "made whole" because in practice for example:

- a) This modification will not mitigate the loss of the energy revenues and ancillary services (DS3) revenues during the delay period before the capacity payments start. For developers facing substantial upfront capital outlays, there is strong commercial incentive to deliver as soon as possible and mitigate delays to energy and system services revenues;
- b) Similarly, prolongation costs associated with extended construction project periods incurred in respect of project delays are not mitigated by this modification, and it will still be in the developer's interest to deliver as early as possible/ on time to reduce them;
- c) While this modification is intended to primarily apply in cases where delays are caused by a third party, such as EirGrid or GNI delays in constructing electrical grid or gas connections respectively, BGE does not propose that an applicant receives the NPV adjustment automatically on receipt of an extension to their CQEDT. Rather, the application for the CQEDT extension and the application for an NPV adjustment are to be considered independently of each other and on a discretionary case-by-case basis by the SEMC. Thus, a developer has no guarantee that an extension to CQEDT will lead to approval of an NPV adjustment. This therefore retains the commercial incentive to deliver the project as soon as possible despite any delays.

It is noted that in its recent decision [SEM-25-016](#) the SEMC expressed reservations about tilting a balance further in favour of providing leniency for delayed projects and placing undue risk on the consumer. For the avoidance of doubt, the intent of this modification is not to adjust the balance of risk between the developer and the consumer. This modification addresses a circumstance where the developer, in response to an incentive by the consumer, has developed a project in good faith and to the best of its ability. Circumstances outside the control of each of the developer and the consumer have resulted in increased costs of delivery, the bulk of which will be carried by the developer.

Ultimately risk should be allocated to those best placed to manage it – in placing this risk unfairly on a developer rather than the consumer for whose ultimate benefit in terms of reliability and security of supply this capacity is being delivered, it removes the incentive on the regulatory authorities and policy makers to help address the underlying cause of the delay. It is also worth noting that the additional risk to security of supply arising from the delay is a further cost carried by the consumer and delivery of the projects incurring ongoing delay costs will mitigate the risk of procuring further TEG in future. Notably the TEG procured to date is expected to cost the consumer in excess of €300 million per year.

Pending the addressing of the underlying cause of third party delays, BGE's ask is that the SEMC (exercising full discretion within the confines of the Code objectives and the SEMC's statutory duties, in line with the precedent established in the delay decision [SEM-23-101](#)) introduce scope into the Code to enable market participants to retain the NPV value of the capacity contract to which they originally signed up and which value is being eroded through no fault of their own.

### **Third Party Delays and the SEMC's discretion**

While this proposed modification has the intent of applying capacity payment NPV adjustments only to third party delay scenarios, we do not specify this in the drafting given that attribution of fault to a third party may require a particular standard of proof or require input of the third party. It should not be

necessary for the impacted developer or the SEMC to enter into a contentious process with a third party in order to determine that the developer was not at fault. As in any civil process, there is a fundamental difference between determining that something is **not** Party A's fault and determining that the fault is Party B's. Given the difficulties in objectively determining fault attribution as recognised in Regulatory Authority (RA) decisions (e.g. [SEM-23-101](#); [SEM-24-027](#)), BGE proposes that the SEMC's discretion should not be fettered in this regard.

This is not to say that the SEMC would not otherwise be bound by their statutory duties and functions and the Code objectives in making the decision in respect of the applicant generator. It simply acknowledges that it may in some circumstances be sufficient for the SEMC to satisfy themselves that the fault is outside of the control of the developer without explicitly allocating the fault to any other party. We disagree with the SEMC's statement in [SEM-25-016](#) that fault attribution is required given the cost to the consumer. Indeed as the SEMC stated in the [SEM-23-101](#) Decision (regarding Modifications to Facilitate Delivery of Capacity) it will not be "*possible to make a binary decision on fault attribution in all relevant cases*". The cost to the consumer requires that the SEMC makes a reasonable and reasoned determination in line with their statutory functions which include having regard to the interests of the consumer. Equally the RAs have an obligation under the Electricity Regulation Act 1999 (S9BC) (as amended) to secure that market participants are able to finance the activities they undertake in SEM. So to strike the balance between the financeability of projects and the costs to consumers, an objective assessment by the SEMC that a project developer is simply not at fault (without having to determine who is at fault) would be an appropriate threshold to apply before approving a NPV adjustment request.

As such, in line with the precedent established by the SEMC in the [SEM-23-101](#) Decision (regarding Modifications to Facilitate Delivery of Capacity), the proposal in this modification is that the SEMC would only consider applications for NPV adjustment on a case-by-case basis after or at the same time a Participant has applied separately for an extension to CQEDT. In line with the SEMC established precedent, we anticipate the SEMC applying discretion in determining the grant of an NPV adjustment only:

- where consistent with the objectives of the Capacity Market Code;
- when the market participant has justified the request with robust evidence, and;
- where the maintenance of the NPV value is otherwise consistent with the SEMC's statutory duties.

Overall therefore, any suggested moral hazard is mitigated by (a) the precedent set in the decision in [SEM-23-101](#) according to which the SEMC's discretion in determining the granting or not of an NPV adjustment, should not be fettered, and (b) the other commercial incentives a project has, to deliver as early as possible regardless of the approval of an NPV adjustment or not.

### **Retrospectivity concerns**

BGE is also live to the concerns that have arisen in the past around the prospect of decisions having retrospective effect. To this point we refer to decisions [SEM-23-045](#) (Indexation of Capacity Payments Detailed Response Paper) and [SEM-23-101](#) (Modifications to Facilitate Delivery of Capacity). These decisions crystallise the SEMC's view, which precedent BGE strongly supports, that a modification such as that proposed here cannot be seen as distortive of competition or discriminatory in a legal context as it does not seek to reopen settled transactions.

### **Prior proposed modification and use of an objective reference**

A key concern raised in the workshop and subsequent consultation on the previous modification related to the subject of NPV adjustment ([CMC 04 24](#) and [SEM-24-027](#)) was that there is a risk that every participant would have a different view on discount rates for NPV and that could introduce strain on the RAs in assessing each application. It could effectively look like a mini-unit specific price cap (USPC) application each time which would require considerable time from the RAs. To remove this burden, BGE

proposes that a SEM regulatory approved standard reference applies to all market participants seeking to use this NPV adjustment option, regardless of the market participant's actual discount rate. We propose that the latest (current) Best New Entrant Weighted Average Cost of Capital (**BNE WACC**) is a suitable reference in this regard. A definition to this effect is proposed below (a "*Capacity Payment Price NPV Adjustment Factor*"). While Participants' actual discount rates may be above or below this BNE WACC, BGE's proposed definition removes concerns around NPV calculation subjectivity, is very transparent and simplifies the overall process. As a result, we don't believe that the application of an adjustment factor to capacity payments to account for NPV preservation for projects which have sought RA approval for a CQEDT extension will unduly burden the TSO or the RAs.

### **Proposed operation and formulaic approach to modification**

Our proposal is that the NPV erosion due to the delay could be recouped by uplifting the Capacity Payment Price (**PCP**) paid to participants, so that the NPV of the project accounting for delays is equal to the original NPV of the capacity payments revenue stream prior to delays.

This can be achieved by multiplying the original Capacity Payment Price (as awarded at auction) by a new '**Capacity Payment Price NPV Adjustment Factor**', defined as follows:

$$PCPNPV_{AdjFact\Omega n} = (1 + r)^{\frac{Delay\ Duration}{12}}$$

Where:

- a)  $r$  = Best New Entrant WACC,
- b) Delay Duration is the rounded integer number of months of delay approved under J.5.9

We believe this approach, spreading the cost of the NPV adjustment over the duration of the capacity contract, presents best outcomes for consumers as costs are not front-loaded into one or two early years for example as had been alluded to in consultation [SEM-24-027](#) (regarding the previous modification proposal on the NPV matter). It is also beneficial on balance to help units maintain their financial viability rather than face regulatory risk which could undermine future investments by the same or different developers in the market, which would thereby undermine security of supply.

Finally, we would also add that under this proposal, Awarded Capacity will only be paid in line with the settlement provisions for the capacity market, i.e. following the point in time when Minimum / Substantial Completion is achieved so there would be no risk of paying units that are not delivering capacity.

### **Further Context / Example Calculations:**

BGE has attached an Excel file which allows users to consider an example scenario of a project with a 10-year contract for 50MW of derated capacity with a capacity price of €150,000/MW and which is subject to a 6-month delay. The Excel file allows users to adjust the inputs to consider the application of the above formulaic approach to calculating the Capacity Payment Price NPV Adjustment Factor to compensate for the NPV erosion as a result of the delay. As well as calculating the applicable Capacity Payment Price NPV Adjustment Factor, this Excel file explicitly calculates the NPV erosion ('NPV Reduction') as the difference between the NPV of the original capacity payments ('NPV Original') and the NPV of the updated capacity payment revenue stream accounting for the delay ('NPV Updated'). This enables users to consider in detail how the NPV Adjustment Factor is applied to compensate for NPV erosion that would otherwise apply due to the delay. Throughout the calculations the current BNE WACC of 7.27% is used as the applicable discount factor, and the project finance industry standard formula for calculating for a stream of cashflows at monthly granularity is used:

$$NPV = \sum_{t=0}^n \frac{R_t}{(1+i)^t}$$

where:

$R_t$  = net cash inflow-outflows during a single period  $t$

$i$  = discount rate or return

$t$  = number of time periods

The example below (an excerpt from the attached Excel file) shows the outcome of a 7.27% WACC applied to unit which won a 10-year contract for 50MW of derated capacity with a capacity price of €150,000/MW in its capacity auction. In this example the project's commercial operation date (**COD**) is delayed by 6 months resulting in a NPV Reduction of approx. ~€1.9m.

Awarded Capacity	MW Derated	50
Capacity Price Original ( $CP_{original}$ )	€/MW	150,000
Capacity Payment Monthly	€/MW/Month	12,500
BNE WACC Interest Rate		7.27%
Participant Contract Duration (Months)	Months (Integer)	120
Delay Duration (Months)	Months (Integer)	6

Contract as Awarded		Months of CP Payment	3	12	12	12	12	12	12	12	12	12	12	9	0
		Year	1	2	3	4	5	6	7	8	9	10	11	12	
Sum Net CPs	€	75,000,000	Net Cash Flows	€ 1,875,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 5,625,000	€ -	
Sum NPV CPs	€	54,052,413	NPV	€ 1,864,088	€ 7,137,744	€ 6,653,999	€ 6,203,038	€ 5,782,640	€ 5,390,733	€ 5,025,388	€ 4,684,803	€ 4,367,300	€ 4,071,315	€ 2,871,366	€ -

6 Month Delay		Months of CP Payment	0	9	12	12	12	12	12	12	12	12	12	12	3
		Year	1	2	3	4	5	6	7	8	9	10	11	12	
Sum Net CPs	€	75,000,000	Net Cash Flows	€ -	€ 5,625,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 7,500,000	€ 1,875,000	
Sum NPV CPs	€	52,188,636	NPV	€ -	€ 5,306,076	€ 6,653,999	€ 6,203,038	€ 5,782,640	€ 5,390,733	€ 5,025,388	€ 4,684,803	€ 4,367,300	€ 4,071,315	€ 3,795,390	€ 907,954

NPV Reduction	€	1,863,777
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Using the formula defined above, the NPV Adjustment Factor is calculated as **1.0357**, based on a delay of 6 months and BNE WACC of 7.27%. This applies an uplift to the Capacity Payment Price of €5,357/MW/Year. Paying this updated PCP of €155,357/MW results in the ~€1.9m in NPV reduction being exactly recouped.

Awarded Capacity	MW Derated	50
Capacity Payment Price ( $CP_{original}$ )	€/MW	150,000
Capacity Payment Monthly	€/MW/Month	12,500
BNE WACC Interest Rate		7.27%
Participant Contract Duration (Months)	Months (Integer)	120
Delay Duration (Months)	Months (Integer)	6
NPV Original	€	54,052,413
NPV Update	€	52,188,636
NPV Reduction	€	1,863,777
NPV Adjustment Factor		1.0357
Monthly Uplift Required	€/MW/Month	446.40
Capacity Price Monthly Uplifted	€/MW/Month	12,946
Capacity Price Uplifted ( $CP_{uplifted}$ )	€/MW	155,357
NPV Uplifted	€	54,052,413

### Legal Drafting Change

(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)

**BGE proposes the introduction of a new sub-section to the Capacity Market Code as follows (proposed new text in red):**

#### J.5.9 Application of Capacity Payment Price NPV Adjustment Factor to retain the net present value of capacity market payments affected pursuant to an Extension to Capacity Quantity End Date and Time

J.5.9.1 The provisions of this section J.5.9 apply to Awarded Capacity that has applied for an extension pursuant to section J.5.7 and/ or section J.5.8 of this Code.

J.5.9.2 Where a Participant or an Enforcing Party (on behalf of a Participant) applies to the Regulatory Authorities for an extension under section J.5.7 and/ or section J.5.8 of this Code the Participant or an Enforcing Party (on behalf of a Participant), may apply to the Regulatory Authorities for the application

of the Capacity Payment Price NPV Adjustment Factor to their Capacity Payment Price to maintain the net present value of the Unit's Capacity Payments.

J.5.9.3 The application under paragraph J.5.9.2 shall be in the form and made in the manner prescribed by the Regulatory Authorities and shall include:

- (i) Any information specified as required by the Regulatory Authorities;
- (ii) Reasons for the request in reasonably sufficient detail to enable the Regulatory Authorities to consider the request, together with sufficiently detailed supporting evidence.

J.5.9.4 When considering any application under paragraph J.5.9.2, the Regulatory Authorities may request such further information about the application and/or about the Awarded Capacity from the relevant Participant or from the System Operator as they deem appropriate

J.5.9.5 The Regulatory Authorities shall decide to approve or reject the application under paragraph J.5.9.2 within a reasonable timeframe.

J.5.9.6 Where the Regulatory Authorities approve a request under paragraph J.5.9.2, they shall advise the System Operators to apply the Capacity Payment Price NPV Adjustment Factor to the Capacity Payment Price and the System Operators shall record those changes in the Capacity and Trade Register. The Regulatory Authorities shall also advise the System Operators of the approved Delay Duration.

J.5.9.7 Any application made under paragraph J.5.9.2 should be made as soon as reasonably practicable.

J.5.9.8 The System Operators shall determine the Capacity Payment Price to be the Capacity Payment Price determined in accordance with F.9.1 (adjusted by the Capacity Payment Price Indexation Factor in accordance with M.14, if applicable), multiplied by the Capacity Payment Price NPV Adjustment Factor (the "**Capacity Payment Price NPV Adjustment Factor**"), if applicable.

J.5.9.9 Within 5 Working Days of receiving notification from the Regulatory Authorities under paragraph J.5.9.6 the System Operators shall determine, and submit to the Regulatory Authorities for approval the Capacity Payment Price NPV Adjustment Factor ( $PCPNPV_{AdjFact.\Omega n}$ ) for each Capacity Market Unit,  $\Omega$ , for Contract Register Entry,  $n$ , as follows:

$$PCPNPV_{AdjFact.\Omega n} = (1 + r)^{\frac{Delay\ Duration}{12}}$$

Where:

- a)  $r$  is the Best New Entrant Weighted Average Cost of capital, as defined by the Regulatory Authorities from time to time, expressed as a decimal (for example 7.27% is 0.0727); and
- b) Delay Duration is the rounded integer number of months of delay approved under J.5.9

**BGE also proposes three additions to the Capacity Market Code – Glossary, as follows:**

**BNE WACC** means the Weighted Average Cost of Capital factor applicable to the Best New Entrant unit as set out in the SEM Committee decision paper [SEM-23-016](#) Best New Entrant Net Cost of New Entrant, 2026/27 as may be amended, modified or replaced from time to time by the Regulatory Authorities.

**Capacity Payment Price NPV Adjustment Factor** means the Factor by which the Capacity Payment Price should be adjusted to preserve the Net Present Value of a Capacity Market unit's contract as a result of delays to commercial operation date as calculated in accordance with section J.5.9.9.

**Delay Duration** means the integer number of months which the Regulatory Authorities grant a NPV adjustment for, as notified to the System Operators under J.5.9.6. The default period is zero to avoid other unintended consequences.



**Modification Proposal Justification**  
(Clearly state the reason for the Modification)

This modification is required because when a capacity market unit receives an extension to its CQEDT, in practice, it means its capacity payments for the original year 1 of its contract will instead be paid in year 11 or later depending on the delay. Unfortunately, many projects currently are incurring delays driven by third parties (with whom there is no commercial tension) such as delays in delivering electricity and/ or gas network connections. This is eroding the economic viability of new capacity investments which unfairly penalises the market participant in respect of a risk it had no ability to manage. This results in inequitable outcomes and undermines legitimate expectations of revenues that projects had at the point of winning the contract.

BGE believes our proposal merits strong consideration because we've addressed the concerns raised regarding the prior Mod CMC\_04\_24 and in the SEMC decision of 13<sup>th</sup> May [SEM-25-016](#). In summary:

1. BGE agrees with the SEMC that there are complexities involved with accurately calculating the values of the previously proposed new term being "made whole". BGE is not seeking that this modification makes parties "whole", only that parties are kept largely in the same position with respect to capacity market revenues (only) as if there was no delay in their capacity payments. Market participants still have considerable incentives to deliver as soon as possible as prolongation costs, DS3 and energy revenue losses remain regardless of whether this Modification is approved or not. Moreover, even if the Modification is approved, the SEMC has discretion within the bounds of the Code and their statutory duties and obligations such that even where an extension to CQEDT is granted a NPV adjustment is not going to be approved automatically thus incentivising a developer to progress as efficiently and quickly as possible. Lastly, BGE has mitigated the complexities involved in calculating the required NPV adjustment. By using the SEMC approved BNE WACC factor (as the appropriate discount factor when calculating the NPV for a project's capacity revenues) in our proposed formulaic approach, we've removed any subjectivity or complexity in calculating a NPV adjustment.
2. In terms of the concerns the SEMC has around fault attribution, we believe a threshold of determining who exactly is at fault before a NPV adjustment could be made is too high a bar and unnecessary considering too the SEMC's decision in SEM-23-101 that it will not be "*possible to make a binary decision on fault attribution in all relevant cases*". BGE believes that a determination that a delay is simply not the applicant developer's fault, without a determination as to who is at fault, may be sufficient for NPV adjustments and that it is appropriate to leave this to the discretion of SEMC in a particular set of circumstances.
3. The SEMC concerns around additional workload that acceptance of a NPV mod could create for the RAs is in our view mitigated by:
  - a) The need for any operational costs to be considered and justified in the context of the benefits that continued delivery of projects, currently incurring significant NPV loss due to no fault of their own, bring in terms of reliability and security of supply and the avoidance of procuring further costly TEG type units as well as the knock-on positive impact the existence of a NPV adjustment rule would have in terms of the regulatory confidence of investors;
  - b) The fact that there would be no need for an independent arbitrator or expert to determine fault/no-fault delays if the threshold of determining an applicant is simply not at fault is adopted, thus reducing any perceived additional workload in this area;
  - c) Unlike Mod CMC-04-24 BGE is not mandating a specific deadline on the SEMC making a decision on a NPV adjustment modification (instead only requiring them to make a decision within a reasonable timeframe), which removes this SEMC concern around workload from consideration.

### Code Objectives Furthered

*(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)*

BGE believes that the proposals here will further the 7 CMC Code Objectives as follows:

- (a) to facilitate the efficient discharge by EirGrid and SONI of the obligations imposed by their respective Transmission System Operator Licences in relation to the Capacity Market;  
*BGE: the TSOs have responsibility inter alia to maintain a secure and reliable system. This Mod should have the effect of enhancing investors' regulatory confidence in retaining the value of current investments where value is undermined for third party driven reasons. This in turn should help enhance regulatory confidence for future prospective capacity market investments.*
- (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;  
*BGE: the Mod would alleviate the inequitable revenue losses, caused by third parties, that projects are incurring currently which will in turn improve future investor confidence in the market. BGE's proposed objective BNE WACC reference and formula for the NPV adjustment will enable efficiency in administration and contribute to economic development of capacity investments.*
- (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;  
*BGE: protecting and maintaining investor confidence by approving this Mod should better facilitate participation in the capacity market resulting in prospective new investments materialising.*
- (d) to promote competition in the provision of electricity capacity to the SEM;  
*BGE: approval of this Mod would support new investments due to confidence in the value of capacity being fairly maintained where deemed appropriate by the SEMC and, in turn, increase competition.*
- (e) to provide transparency in the operation of the SEM;  
*BGE: the choice of an industry approved standard (the BNE WACC) in the calculation of the NPV adjustment factor applies substantial objectivity to this proposed Mod and by formulaically encoding this in the Code makes it clear to existing and future investors, how such NPV value is regarded and applied with the RAs' discretion. Transparency in its treatment in turn aids investor confidence which should result in better informed and viable investments that contribute to competition and reliability/ security of supply.*
- (f) to ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code; and  
*BGE: our proposed Mod does not seek to distinguish or discriminate between existing or future parties to the CMC. Where the RAs decide, in applying their discretion, to grant an NPV adjustment our view is that can be applied to any person(s) with Awarded Capacity that the RAs deem fit to receive it.*
- (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.  
*BGE: enhanced investor confidence leads to more investments and more competition. Better competition is good for consumer price outcomes and overall reliability and security of supply interests will in our view be served better if the proposed Mod is approved. Furthermore, the effect on consumer payments to cover the capacity price adjustment to cater for NPV is spread evenly with no front- or back- loading of payments for consumers which is positive for consumers.*



<p align="center"><b>Implication of not implementing the Modification Proposal</b>  <i>(State the possible outcomes should the Modification Proposal not be implemented)</i></p>
<p>Existing projects experiencing delays driven by third parties (such as GNI delays in building gas connections and connecting projects to the gas grid) will continue to be inequitably penalised through a reduced NPV over the 10-years of their capacity contract if this Modification is not approved. This erodes the value of the contract and from an investor perspective undermines importance that the RAs and SEMC place on the delivery of capacity for consumers to ensure secure and reliable supplies of electricity.</p> <p>Investors' confidence in the SEM regulatory system will be undermined, with ultimately negative outcomes for future investments in capacity and so on security of supply and costs for consumers.</p>
<p align="center"><b>Impacts</b>  <i>(Indicate the impacts on systems, resources, processes and/or procedures)</i></p>
<p>Internal TSO calculation updates are likely needed to address the application of the NPV Adjustment Factor to capacity price payments but we do not anticipate this to be a barrier to approval or implementation.</p>
<p><b>Please return this form to the System Operators by email to <a href="mailto:CapacityModifications@sem-o.com">CapacityModifications@sem-o.com</a></b></p>

**Notes on completing Modification Proposal Form:**

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Regulatory Authorities.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

CMC / Code:	means the Capacity Market Code for the Single Electricity Market
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms “System Operators” and “Regulatory Authorities” shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
  - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
  - 1.2 to the Regulatory Authorities to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
  - 1.3 to the System Operators and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
  - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.