

MODIFICATION PROPOSAL FORM			
Proposer (Company)	Date of receipt (assigned by System Operator)	Type of Proposal (delete as appropriate)	Modification Proposal ID (assigned by System Operator)
EirGrid / SONI	19 th May 2025	Standard	CMC_08_25
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Aodhagan Downey		Capacitymarket@sem-o.com	
Modification Proposal Title			
Ensuring robust, transparent and objective qualification criteria in the Capacity Market			
Documents affected (delete as appropriate)	Section(s) Affected	Version number of CMC used in Drafting	
Capacity Market Code	Section E.7 Appendix D	V.12	
Explanation of Proposed Change (mandatory by originator)			
<p>This modification proposes to amend the CMC to regularise the entry criteria which a unit must have fulfilled to be eligible to apply to a capacity auction.</p> <p>Currently, eligibility to qualify for a Capacity Market is set out in the section E.7 of the Capacity Market Code. In addition, further guidance in this regard is set out in the Capacity Market section of the SEMO website where its states:</p> <ul style="list-style-type: none"> • The Participant in respect of a Candidate Unit holds a valid, executed Connection Agreement facilitating connection of the capacity which the Participant is seeking to qualify, or • The Participant in respect of a Candidate Unit holds a valid Connection Offer facilitating connection of the capacity which the Participant is seeking to qualify, or • The Participant in respect of a Candidate Unit will be issued with a Connection Offer where: <ul style="list-style-type: none"> ○ An application for connection for the Candidate Unit has been submitted, has been validated and deemed complete by the System Operator, and the associated full application fee has been paid and the System Operators are not aware, at the time they deem the application effective, of any reason why the Connection Offer would not be issued in respect of the Candidate Unit, or ○ The Candidate Unit is confirmed as due to receive a Connection Offer under Ireland's Enduring Connection Process arrangements. <p>In recent years, the Commission for Regulation of Utilities ('CRU') has issued a number of Security of Supply Directions to EirGrid directing that a grid connection offer be issued to any project that is successful in the relevant capacity auction. Under these Directions, projects have not been required to hold a connection agreement or connection offer in advance of participating in a relevant capacity auction.</p> <p>Whether or not a Direction is issued by a Competent Authority is outside the scope of this modification proposal, and indeed the Capacity Market Code. The focus of this modification is to ensure that requirements under the Capacity Market Code in respect of qualification are robust.</p> <p>Whereas previous security of supply directions required only evidence of a completed planning application at the Final Qualification Submission Date, the most recent CRU Direction (D/25/9470) for</p>			

the next T-4 29/30 auction requires ‘*evidence of granted planning permission for the unit by the Qualification Application Date*’, signalling an appetite to qualify projects at more advanced stages of development.

This modification proposes to regularise the CMC with an enduring set of entry criteria to take effect from the next T-4 29/30 auction (and all future auctions), setting out that to be eligible to apply for provisional qualification a unit must provide evidence of:

- (i) planning permission for the electricity plant for which a unit is intending to apply for qualification to a specific auction, or evidence from the relevant planning authority that planning permission is not required.
- (ii) a connection offer or connection agreement from the relevant electricity grid system operator.
- (iii) a connection offer or letter of connection from the relevant gas operator.

The System Operators (EirGrid and SONI) as the proposer of this modification believe that the above criteria strike a balance between ensuring that serious projects progress to auction stage with a demonstrable ability to deliver required capacity on time, while not acting as an onerous barrier to entry to projects progressing along the grid connection pathway which can ultimately provide required capacity.

While clarifying the auction entry criteria, the proposed approach does not preclude the ability of a Competent Authority from issuing a Direction, which would apply in accordance with B.4.1.1. This modification does not seek to change the CMC in this regard.

Legal Drafting Change

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

E.7.5 Requirements for New Capacity

E.7.5.1 The System Operators shall reject an Application for Qualification for a Capacity Year in respect of New Capacity for a Generator Unit or Interconnector comprising a Candidate Unit unless they consider that:

- (a) where New Capacity is under development, the information provided reflects an accurate view of the state of that development;
- (b) the Implementation Plan dates are achievable;
- (c) Substantial Completion of the Generator Unit or Interconnector can be achieved prior to the start of the relevant Capacity Year;
- (d) all Qualification Data required to be provided in the Application for Qualification is provided and is accurate;
- (e) the New Capacity will comply with the CO2 Limits;
- (f) where the New Capacity is not an Aggregated Generator Unit or a Demand Side Unit, the Participant possesses either a Connection Agreement(s) or a Connection Offer(s) from the relevant Transmission System Operator or Distribution System Operator (sufficient to accommodate the increased capacity). Such Connection Agreement(s) or a Connection Offer(s) should confirm either the Registered Capacity (or inverter rating, if applicable) of that New Capacity or the capacity that such New Capacity is permitted to export;
- (g) where the New Capacity is an Aggregated Generator Unit or a Demand Side Unit, either a Connection Agreement(s) or a Connection Offer(s) exists in respect of the Generators and/or Demand Sites associated with New Capacity from the relevant Transmission System Operator or Distribution System Operator (sufficient to accommodate the increased capacity). Such

Connection Agreement(s) or a Connection Offer(s) should confirm the capacity that the Generators and/or Demand Sites are permitted to import and export;

(h) planning permission(s) has been granted in respect of the New Capacity described in the Application for Qualification (which requirement shall be satisfied notwithstanding any ongoing Article 17/18 Direction, Third Party Judicial Review, or Third Party Planning Appeal in respect of the planning permission); and

(i) where the New Capacity is to be connected to the gas transmission system, the Participant possesses a connection offer or letter of offer or connection agreement from the relevant gas system operator with sufficient exit capacity to accommodate the New Capacity.

APPENDIX D: QUALIFICATION DATA

5 In respect of each Candidate Unit to which the Application for Qualification relates that includes New Capacity, excepting the quantum of New Capacity which is already Awarded Capacity in respect of the Capacity Year, a proposed Implementation Plan which includes:

(g) a copy of either the Connection Agreement(s) or a Connection Offer(s) from the relevant Transmission System Operator or Distribution System Operator (sufficient to accommodate the increased capacity). Such Connection Agreement(s) or a Connection Offer(s) should confirm either the Registered Capacity (or inverter rating, if applicable) of that New Capacity or the capacity that such New Capacity is permitted to export (and import in respect of Demand Sites associated with a Demand Side Unit);

(h) a copy of a grant of planning permission from a Relevant Planning Authority or An Bord Pleanála;

(i) in the case of Candidate Units that are proposed to connect to the gas transmission system, a copy of either the connection agreement or the connection offer / letter of offer from the relevant gas system operator (sufficient to accommodate the increased capacity);

Modification Proposal Justification

(Clearly state the reason for the Modification)

The need to regularise and clarify the connection pathways available for capacity auction participants has been acknowledged by both Regulatory Authorities (per SEM-23-036). Ensuring a robust, consistent and transparent set of auction entry criteria is crucial to ensuring a competitive Capacity Market with the right balance maintained between incentivising and facilitating projects which can deliver required capacity services on time while deterring speculative and potentially spurious applications which do not have a feasible likelihood of timely delivery.

Code Objectives Furthered

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

(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;

This modification will regularise and clarify the entry criteria which a unit must have fulfilled with respect to planning permission, connection to the grid, and where applicable, connection to the gas network to be eligible to apply to a capacity auction. A robust, transparent and enduring set of entry criteria will better facilitate the SOs in making decisions with respect to auction qualification.

(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;

The proposed approach will better strike a balance between ensuring that serious projects progress to auction stage with a demonstrable ability to deliver required capacity on time, while not acting as an onerous barrier to entry to projects, with planning permission and, where applicable, a connection offer or letter of offer from the relevant gas operator, progressing along the grid connection pathway which can ultimately provide required capacity.

(d) to promote competition in the provision of electricity capacity to the SEM;

The proposed criteria will provide transparency, consistency and robustness to units seeking to qualify and compete in future capacity auctions.

(e) to provide transparency in the operation of the SEM;

(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.

Ensuring a robust, consistent and transparent set of auction entry criteria is crucial to ensuring a competitive Capacity Market.

Overall this modification seeks to improve the incentives for procuring required capacity services in a competitive manner, which ultimately serves the interests of consumers by ensuring there is sufficient capacity in the SEM while mitigating costs via effective competition.

Implication of not implementing the Modification Proposal

(State the possible outcomes should the Modification Proposal not be implemented)

An important lesson learnt from the 2028/2029 T-4 Capacity Auction was the need to reduce the number of speculative applications, which in many cases do not proceed to auction, and to create more objective participant qualification criteria. The implication of not implementing this Modification Proposal would mean:

- i. Continued participation from less developed projects that are more speculative in nature and may not proceed to auction.
- ii. Awarded Capacity being allocated to projects that are likely to face significant delays, displacing projects which may be more developed and more likely to deliver on time.
- iii. Increased risks factored into auction bids via increased risk premiums, and/or potential barrier to investment required to ensure that the electricity supply in Ireland and Northern Ireland continues to meet demand.
- iv. System Operators being unable to carry out appropriate assessments of capacity delivery progression and risks (including transmission outage planning) due to delays or non-delivery of detailed implementation plans from successful refurbishment projects

Impacts

(Indicate the impacts on systems, resources, processes and/or procedures)

Process changes to ensure that all projects have the required items including connection offer/agreement, planning permission, gas connection etc.

Please return this form to the System Operators by email to CapacityModifications@sem-o.com

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.