

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

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

We wish to comment on only CMC_02_25

BnM's proposals:

- highlight the need for an uplift in derating multiplier for New plant, particularly to support New plant needed to support the path to Net Zero – where Gas CCGTs are derated well below their recognised reliability
- recognise that Refurbished plant is justified in also receiving an uplift – but that the scale of this uplift should be 2/3 lower so as to reflect the Scale of Investment Rate Threshold difference between New and Refurbished projects – which is 300,000/100,000 per MW derated – or 3:1
- set out that to reward Refurbished plant with the full uplift of New plant would be to the disadvantage of the Consumer being exposed to unnecessary increased cost. To further couch this point, we are mindful that New and Refurbished plant can potentially get remunerated at up to the same level, ie, up to the Auction Price Cap.

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CAPACITY MARKET CODE MODIFICATIONS WORKSHOP 42 CONSULTATION COMMENTS:

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
CMC_01_25: Provision of Information Related to Application Rejection under E.7			

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<p>CMC_02_25: Separate De-Rating Factor for New Vs. Existing Capacity</p>	<p>We support the Code Objectives as outlined by the Proposer – with the exception of A.1.2.1 f) shown with strikethrough below.</p> <p>A.1.2.1 This Code is designed to facilitate achievement of the following objectives (the “Capacity Market Code Objectives”):</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>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</p>	<p>We believe, per decision paper SEM 23_001 Ref CMC_15_22:</p> <p>Introduction of New Remedial Action to Enable Extensions due to Planning and Permitting Delays, that modifications which enhance Ireland’s Security of Supply should be particularly respected, and should be ‘minded to be rejected’ only after thorough consideration.</p> <p>In this regard we highlight the Capacity Market Code Objective A.1.2.1 g) – cited in the column to the left – which focuses on Security of Supply. It is not clear to BnM, given Ireland’s acute need for suitable ‘New’ Plant, that this aspect of the modification, is sufficiently recognised in the current ‘minded to be rejected’ SEMC position on this Mod.</p> <p>Second point is that it is very clear that the current capacity mechanism is not delivering all the technology types required to be able to facilitate the delivery of Net Zero, such as New CCGT. Recent derating factors for large New CCGT fail to reflect the reliability of such New units. This is extremely damaging to the Investor Business case for such new Units, given the relative importance of the Capacity revenue stream.</p>	<p>Detailed CMC Drafting Proposed to Deliver the Modification CMC_02_25 is shown below this table.</p>
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	<p>security of supply of electricity across the Island of Ireland.</p>	<p>Third point is that while the Mod itself fails to fully recognise that Refurbished plant too have a role in supporting Security of Supply – and, as determined in the Consultation paper, this ‘discrimination’ should be taken into account – however any such recognition must not be to the extent that it discriminates against ‘New’ projects, given that there is a vast difference in expenditure per MW derated between New and Refurbished projects.</p> <p>Any adjustment of derating factors needs to differentiate between the Capex Investment Rate Thresholds differences between ‘New’ plant and ‘Refurbished’ plant. New plant CIRT is €300,000/MW derated, while that for Refurbished Intermediate Length Contracts is just one third of that value, at €100,000/MW derated.</p> <p>We propose below, a formula on how to recognise Refurbished Plant in a balanced way which does not over-compensate them, ie, while removing the discrimination against them – but being very mindful of not discriminating unfairly against New plant by over rewarding them, to the additional cost to the consumer.</p>	
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		<p>In fact, the relative spend gap between 'New' and 'Refurbished' plant is far greater than the 300,000/100,000 cited above, as 'New' plant is frequently closer to 1,000,000/MW derated – closer to a 10:1 ratio than a 3:1 ratio.</p> <p>Before explaining our proposal, it is important to note that both 'New' and 'Refurbished' plants are eligible to receive up to the Auction Price Cap – which of itself highlights the need to differentiate between two project types of vastly different scale of Capital expenditure.</p> <p>This being the case BnM proposes that the uplift in derating factor for the 'Refurbished' plant be 100,000/300,000 (2/3 of that for 'New' plant). Our proposal is that the New plant would utilise a derating factor which would be reflective of its recognised performance – similar to the UK. This would create an uplift in derating factor between what would have resulted from the IAIP derating factor and this higher 'performance based' rating which would be characteristic of New plant. Our proposal is that Refurbished plant would receive that same uplift factor – divided by 3</p>	
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		<p>(to avoid over compensation – and an over burdensome additional cost to the Consumer).</p> <p>Lastly we believe that this adjusted modification restores A.1.2.1 of the “Capacity Market Code Objectives”): d) to promote competition in the provision of electricity capacity to the SEM</p>	
CMC_03_25: Clarification of Proportion of Delivered Capacity for multiple tranches			

NB please add extra rows as needed.

Detailed CMC Drafting Proposed to Deliver the Modification CMC_02_25

Modify the following paragraph as shown:

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C.1.1.2 Key concepts used in the Capacity Market include:

(g) a *de-rating curve* is specific to a technology class and defines the de-rating factor applicable to a specific value of initial capacity, initial maximum on time, and initial run hours limit, **for Existing Capacity, provision for uplift for New Capacity, with a discount on New Capacity derating for Refurbished Capacity**. The de-rating curves are determined by the Regulatory Authorities; and

Add the Following sub-section:

E.8.2 Determination of Gross De-Rated Capacity of Generator Units and Interconnectors

E.8.2.5 The System Operators shall determine the Gross De-Rated Capacity (New **or Refurbished**) of a Generator Unit (other than an Aggregated Generator Unit) which is a Variable Generator Unit in accordance with the following formula:

$$\text{GDRCN} = \text{MAX}[0, \text{MIN}[\text{DRFT} \times \text{ADRFT} \times \text{ICT} \times (1 + \text{INCTOL}), \text{NDRVE} + \text{NDRVN}] - \text{GDRCE}] \text{ **NEWCAPUL or RFURBCAPUL**}$$

E.8.2.6 For the purposes of paragraphs 8.2.4 and 8.2.5:

(k) **NEWCAPUL** is the New Capacity Uplift to the derating presented in the Initial Auction Information Pack

(l) **RFURBCAPUL** is the Refurbished Capacity Uplift which is the **NEWCAPUL** multiplied by the Investment Rate Threshold for Refurbished Capacity divided by the Investment rate threshold for New Capacity (currently 100,000/300,000)

Modify the following paragraphs as shown:

Glossary

Add the following definitions:

(i) **NEWCAPUL** will be based on the OEM warranted derating factor of the Unit (or alternatively the approach adopted by the UK, particularly relevant to CCGTs).

There may be further minor adjustments required.