



## **Energia Response to SEM-25-015**

### ***Capacity Market Code Modifications Workshop 42 Consultation Paper***

**30 May 2025**

## ***Introduction***

Energia welcomes the opportunity to respond to SEM-25-015. Energia actively participated at CMC Working Group 42 when the proposed modifications were discussed. Energia's position on the three proposed modifications are:

- **CMC\_01\_25:** Energia acknowledges and broadly supports the intentions of the modification especially in terms of improving market transparency and efficiency. Practical considerations would need to be determined to guarantee the process is as efficient as possible, ensuring qualification timelines are not slowed down further with administrative burden.
- **CMC\_02\_25:** Energia opposes this modification as assigning a de-rating factor based on the age of a plant would be unduly discriminatory to existing and refurbished plants.
- **CMC\_03\_25:** Energia supports the intention of this modification.

## ***CMC\_01\_25: Provision of Information Related to Application Rejection under E.7***

Energia understands the intent of modification CMC\_01\_25 to improve transparency in the qualification process by requiring System Operators to provide clear and reasoned explanations for application rejections under section E.7. Timely, well explained feedback helps market participants understand and address issues early.

Energia acknowledges the practical considerations raised at Workshop 42 by the SOs. The implementation of this proposal should not unduly delay the publication of Provisional Qualification Decisions. If this modification was to be implemented, alternative or supplementary methods of providing feedback such as those raised at the workshop could be considered.

## ***CMC\_02\_25: Separate De-Rating Factor for New Vs. Existing Capacity***

Energia is opposed to CMC\_02\_25 as using age as the basis for assigning different de-rating factors is not a valid or fair indicator of performance or reliability and the proposed modification is unduly discriminatory to existing and refurbished capacity. A generating unit's age does not necessarily correlate with its actual availability or ability to deliver capacity. Certain older units can perform just as well as newer ones, especially if they have undergone significant refurbishment or upgrades.

The assignment of more favourable de-rating factors to new units would create distortions in the Capacity Market, effectively giving new entrants an advantage without adequate consideration of their deliverability or proven operational track record. Awarding a more favourable de-rating factor could exacerbate existing deliverability risks in the Capacity Market. In recent years the capacity market has faced persistent challenges with new units failing to deliver by their required timelines. This has led to a gap between procured and actual available capacity, which could widen if this proposal was passed.

The proposal does not clarify how refurbished units would be treated under an age based de-rating approach. Without clear criteria, it's unclear whether these units would be classified as "new" or "existing," risking the undervaluing of assets that have

undergone significant refurbishment. The proposal to group units into broad age bands does not resolve any of these issues.

***CMC\_03\_25: Clarification of Proportion of Delivered Capacity for multiple tranches***

Energia notes the intention of modification CMC\_03\_25 to bring greater clarity to the calculation of Proportion of Delivered Capacity for units with multiple tranches. While the proposal is highly technical in nature, we recognise that it aims to ensure consistency and alignment with existing processes. We are supportive of efforts by the System Operators to improve transparency and maintain the integrity of delivery assessments in the Capacity Market.