

EirGrid and SONI Response to SEM-25-015

Capacity Market Code Modifications Workshop 42 Consultation

CMC_01_25, CMC_02_25, CMC_03_25

30 May 2025



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1. Introduction

EirGrid holds licences as the independent electricity Transmission System Operator (“TSO”) and Market Operator (“MO”) in the wholesale trading system in Ireland. The System Operator for Northern Ireland (“SONI”) is the licensed TSO and MO in Northern Ireland. The Single Electricity Market Operator (“SEMO”) is a contractual joint venture between SONI and EirGrid and operates the Single Electricity Market (“SEM”) on the island of Ireland.

EirGrid and SONI, both as TSOs and MOs, are committed to delivering high quality services to all customers, including generators, suppliers and consumers across the high voltage electricity system and via the efficient operation of the wholesale power market. EirGrid and SONI therefore have a keen interest in ensuring that the market design is workable, will facilitate security of supply and is compliant with the duties mandated to us and will provide optimal outcomes for customers.

EirGrid and SONI have duties under licence to advise the Commission for the Regulation of Utilities (“CRU”) and the Northern Ireland Utility Regulator (“UR”) respectively on matters relating to the current and expected future reliability of the electricity supply. EirGrid and SONI have also been allocated responsibility for administering the Capacity Market Code via respective TSO licences. This response is on behalf of EirGrid and SONI in their roles as TSOs for Ireland and Northern Ireland (“the System Operators”, abbreviated as “SOs”).

2. EirGrid and SONI View on the Consultation Topic

EirGrid and SONI welcome the opportunity to respond to the SEM Committee’s (‘SEMC’) Consultation Paper [SEM-25-015](#), (dated 01 May 2025) on the Capacity Market Code Modification Proposals:

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

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
<p>CMC_01_25: Provision of Information Related to Application Rejection under E.7</p>	<p>The existing Capacity Market Code ('CMC') provides a clear set of requirements under Section E.7 'Requirements For Qualification', which a Participant must fulfil to have an Application for Qualification accepted by the SOs for a Capacity Auction.</p> <p>In accordance with Section E.9.2.2, the SOs currently notify rejected Participants of the Section E.7 requirements which the Participant failed to fulfil. The SOs are of the view that the existing provisions of the CMC do not preclude the provision of further information or reasons in relation to a proposed rejection under E.9.2.2.</p> <p>The SOs are always reviewing improvements to existing processes and already have a number of improvements to the qualification process which are proposed to be in place for the next T-4 2029/30 auction, including:</p> <ul style="list-style-type: none"> - Processing of Applications for Qualification will be via the Capacity Market Platform (replacing existing manual process via email). - Introduction of two new auction timetable milestones ('Participation Notice Closing Date' and 'Qualification Application Opening Date', per SO CMC modification CMC_09_25 'Registration and Qualification Auction Timetable Milestones'). 	<p>The proposed modification legal text would introduce multiple unintended consequences and adverse impacts not identified in the Modification Proposal Form.</p> <p>The proposed drafting does not differentiate between relevant and irrelevant information and would require the SOs to provide all information prepared during review of an Application for Qualification (where that application is to be refused) even if the information was not relevant to the reasons for refusal. A hypothetical example is where an Applicant's proposed electricity grid and gas connection were both assessed, with the electricity grid connection deemed to be feasible but the gas connection was deemed to be infeasible in the applicable time frame.</p> <p>Under the proposed modification, the SOs would be required to provide all assessments, commentaries, reports or analysis produced by third parties and considered by the SOs in relation to the gas connection <u>and</u> the grid connection, even though the refusal was based on the gas connection only. There is no allowance made for the relevancy of the information.</p> <p>Furthermore, the proposed requirement for the SOs to provide reports / commentaries provided by third parties during the course of the Qualification</p>	<p>While the SOs are of the view that the modification proposal should be rejected for the reasons outlined, should the SEMC be minded to progress the modification, further detailed engagement with the SOs would be necessary to ensure that any changes can be implemented, having regard for the relevant impacts outlined here.</p>

	<p>These improvements will provide additional efficiencies and opportunities for more extensive engagement with Participants in the Qualification Process.</p> <p>Furthermore, it is the SOs' view that the legal text proposed in the modification proposal is not consistent with the Code Objectives as there are multiple unintended consequences which would place an onerous administrative burden on the SOs while impacting the ability of the SOs to consult third parties (further detail on this is enumerated in the 'Impacts' response section in next column). In particular the modification is not consistent with Code Objective:</p> <p><i>(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;</i></p> <p>Process improvements with respect to the Qualification Process (including rejections) are already being implemented and can be reviewed further without requiring amendment to the CMC (and avoiding unintended consequences, as would be introduced if this modification proposal were implemented).</p>	<p>Assessment Stage, conflicts with the existing commercial clauses in effect between the SOs and Third Party Consultants and would not be enforceable under existing arrangements.</p> <p>Overall, the SOs do not agree with the Proposer's statement in the Modification Proposal Form that the additional administrative burden introduced would be 'minimal'. The modification proposal would involve a material increase in the amount of information which would have to be compiled and issued to unsuccessful applicants. As drafted, the proposal would also result in large amounts of redundant information being provided to Participants.</p>	
<p>CMC_02_25: Separate De-Rating Factor for New Vs. Existing Capacity</p>	<p>The SOs note the concerns expressed by industry at Workshop 42 (as reflected in the Consultation Paper) and acknowledge the SEMC minded-to position to reject the modification proposal.</p> <p>The SOs would note that there are complexities with respect to assessing the performance /</p>	<p>The SOs re-iterate that amendment to the DRF methodology would require detailed policy analysis and development before a modification to the CMC were progressed.</p>	<p>Overall, the SOs support the SEMC minded-to decision to reject the modification proposal.</p>

	<p>reliability of individual units under technology classes. The SOs note the SEMC rationale regarding lack of ‘supporting evidence of robust correlation between the age of units and their reliability’ expressed in the Consultation Paper.</p> <p>More fundamentally, the SOs agree with the SEMC that amendment to the De-Rating Factor (‘DRF’) methodology itself would represent a significant change to the design of the CRM and would require detailed policy analysis and development.</p>		
CMC_03_25: Clarification of Proportion of Delivered Capacity for multiple tranches	The SOs note the SEMC minded to position expressed in the Consultation Paper and re-affirm the SOs’ stance that the modification proposal is consistent with and fulfils the Code Objectives detailed in the Modification Proposal Form.	The SO’s re-affirm its position expressed at Workshop 42 that there are no major impacts regarding implementation of the modification.	The SOs support the SEMC minded-to position to accept the modification.