3rd July 2025

CMC_08_25 Ensuring robust, transparent and objective qualification criteria in the Capacity Market

I am writing on behalf of the Demand Response Association of Ireland (DRAI), a group that represents flexible energy demand customers participating in the all-island Single Electricity Market (SEM). These flexible customers create predictable, reliable, and controllable assets, which provide a valuable source of Demand Side Flexibility (DSF) that can be actively used by system operators to meet the needs of the power system. As Ireland strives to achieve its renewable generation targets for 2030 and beyond, our promise as an industry-led organisation is to champion the development of innovative DSF solutions that are designed to address the system-wide requirement for flexibility.

The DRAI expresses a single voice on policy and regulatory matters of common interest to its members, and we welcome the opportunity to provide feedback on concerning proposal to discourage Demand Side Units from participating in the T-4 capacity auction process.

In recent times the CRU has published the National Energy Demand Strategy while governments both north and south have published ambitious targets to increase flexibility of demand. This proposal ignores how the DSU development process works (both in Ireland and internationally) and would stop the majority of participation of DSUs in the capacity market, clearly at odds with government policy.

The Modification Proposal ID CMC _08_25 contains the text below:

> *(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;*

The DRAI disagrees with the addition of this term as it would require the demand sites who would be providing the capacity to have modifications made to their connection agreements in advance of qualification for the capacity auctions. Where an industrial site makes a decision to install generation, batteries or other equipment that can provide the system with capacity, the timeline to delivery, including changes to their Grid Connection are generally in the order of 12 to 18 months. For sites who plan to have a Zero export (which are the majority of DSUs) this timeline can be even shorter. This proposal requires the DSU to make the changes required to their connection agreement over 4 years in advance of the delivery window.

- Firstly the above is impractical for the decision-making timelines of the most industrial and commercial businesses. The addition of this requirement will ultimately stop DSU from entering new capacity into the T-4 Auctions

- Secondly the proposal would require large numbers of demand sites making speculative applications to the DSO for connection of generators, batteries and other capacity providing assets, which may then not be implemented in the event that they are unsuccessful in the auction. This would both take up a lot of DSO time and block up capacity on the distribution system that could be used by others.

Additionally, DSUs are concerned that the proposal would remove optionality that they have to replace demand sites in their portfolio who do not complete their proposed capacity project. Currently the DSU can find an alternative demand site which would be suitable to provide the capacity. As explained the timelines allow for this to take place. In the event that specific Demand Sites are linked to the awarded capacity, this could lead to an increase in terminations of capacity before the delivery window.

Finally we are not aware of any case where a DSU has not delivered New Capacity due to delays or failure in the Grid connection process.

A further concern in this proposal is the text below:

> *(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*

This clause appears to include DSUs which should not be the case. Firstly the vast majority of New Capacity DSU projects relate to generation, batteries or other capacity offering technologies being deployed within the curtilage of the industrial site. This is an exempted development in accordance the relevant planning act under Class 21 developments.

Class 21. (https://www.irishstatutebook.ie/eli/2001/si/600/made/en/print#part2)

- (a) Development of the following descriptions, carried out by an industrial undertaker on land occupied and used by such undertaker for the carrying on, and for the purposes of, any industrial process, or on land used as a dock, harbour or quay for the purposes of any industrial undertaking—
- (iii) the installation or erection by way of addition or replacement of plant or machinery, or structures of the nature of plant or machinery.
- (b) Any works for the provision within the curtilage of an industrial building of a hard surface to be used for the purposes of or in connection with the industrial process carried on in the building.
    - 1. Any such development shall not materially alter the external appearance of the premises of the undertaking.
    - 2. The height of any plant or machinery, or any structure in the nature of plant or machinery, shall not exceed 15 metres above ground level or the height of the plant, machinery or structure replaced, whichever is the greater.

Secondly as mentioned above, the deployment time for these projects is much shorted than that for large generation projects. Where planning is required it would be extremely premature to the process completed in advance of the qualification process.

Finally we are not aware of any case where a DSU has not delivered New Capacity due to delays or failure in the planning process.

We are also concerned about the proposed text below

(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.*

Many DSU sites which will offer new capacity are connected to the gas transmission system but are not going to use that energy source to provide capacity to the grid. This text should be changed to clarify that it is only relevant for units who will be using that gas to provide capacity.

Your sincerely,

Patrick Liddy, DRAI