APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	Lumcloon Energy Limited
Type of Stakeholder	*Developer/Generator*
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CAPACITY MARKET CODE MODIFICATIONS WORKSHOP 43 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_04_25: Adjustment of CMC auction qualification criteria to facilitate complex projects within State Aid approval	LEL proposal	LEL proposal	LEL proposal
CMC_05_25: Early Termination of Intermediate Length Contract Capacity	No comment	No comment	No comment

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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_06_25: Clarification of Proportion of Delivered Capacity for multiple tranches	No comment	No comment	No comment
CMC_07_25 Maintaining Net Present Value in new capacity market contracts for no-fault delays	No comment	No comment	No comment

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CMC_08_25 Ensuring robust, transparent and objective qualification criteria in the Capacity Market	While we understand the desire for a binary set of qualification criteria to simplify assessment for the System Operator (SO), we are concerned that this measure is not proportionate to its stated aims and will not promote transparency, promote competition, or ensure security of supply at a fair price. We believe the proposal is inconsistent with the aims of the Code for the following reasons: 1. **Promotion of Competition:** This modification erects significant barriers to entry. The connection rights for both electricity and gas are not available for the asking; they are allocated pursuant CRU (acting via EirGrid and GNI) and sometimes Ministerial direction. This means eligibility to participate in an auction would be predetermined by an administrative or political decision, not by a competitive market process. If the proposed modification is approved then the winners of the auction would be	We have apprehensions that the proposal creates a commercially unworkable scenario for new capacity and ignores severe negative impacts on the market. **1. Creation of Unacceptable Commercial Risk and Deterrence of Investment:** a. Early-stage development is conducted on prudent budgets. A Financial Investment Decision (FID) is contingent on securing a revenue stream, such as a capacity contract. This proposal inverts that logic, demanding significant, at-risk expenditure prior to establishing a route to market for the project. b. The financial commitments are not trivial. A gas connection offer typically requires a condition precedent payment of 10% of CAPEX (in the range of 1.5 and 17 million euros) plus 100% bonding for the remainder. Grid connection offers under ECP GSS have limited validity (e.g., 60 days) and require significant financial commitment upon acceptance. c. No responsible board, particularly at a smaller developer, can authorise this level of expenditure on a project with no secured revenue. This will halt investment decisions and severely impact the pipeline of new projects. **2. Inefficient Allocation of Grid Capacity and System Risk:**	While the proposed legal drafting appears straightforward on paper, its practical application is deeply flawed. It replaces an already robust assessment framework with rigid, preliminary requirements that fail to guarantee improved deliverability and ignore the commercial realities of project development while simultaneously jeopardising market competition and security of supply. The drafting proposes new requirements under E.7.5.1 and Appendix D, but this text ignores the existing feasibility tests within the CMC (including paragraph 5(g) of Appendix D and CRU direction letters which have negated this requirement) and the market forces which drive the auction. We note that the SO already has the power to reject applications with unachievable timelines. This proposed change adds no new 'quality control' that isn't already present; it only adds a significant

	selected from a pre-selected pool which would undermine the very purpose of a competitive auction. This is inconsistent with existing State Aid approval which, amongst other things, requires that the auction be competitive. We submit that until such time as grid connections are available on request, the auction must come first with connection offers to be given to the winners, to ensure that the capacity market remains competitive. Further, by front-loading substantial costs and risks onto developers before they can even participate in an auction, it heavily favours established participants with legacy project sites and participants with strong balance sheets. It systematically disadvantages new entrants and small-to-medium-sized developers, stifling competition and innovation. This will inevitably lead to fewer participants in capacity auctions,	a. The proposal would lead to developers applying for and holding grid/gas connection offers for projects that may not be successful in the auction. These connection agreements, held by unsuccessful projects, will represent sterilised system capacity, preventing it from being allocated to projects that could have delivered. This is a highly inefficient outcome that harms the system as a whole and uses up valuable and scarce SO and GNI resources on issuing and refreshing connection offers until such projects are awarded capacity. **3. On 'Speculative' Projects:** We are concerned that the justifications for this proposal ignore and misrepresent the dynamics of the market. Afterall, the market already has powerful and effective mechanisms to deter speculative projects including substantial performance security obligations and the risk of delivering a project at a cost that exceeds the revenue generated under the auction. These mechanisms ensure that only projects with a high degree of confidence will actually submit a bid. Preventing a viable project from participating in the auction at all is far more damaging to competition and security of supply than allowing a project to qualify that ultimately chooses not to bid.	financial hurdle and the following logistical impossibilities: **1. Connection Offers Have Limited Validity:** Grid and gas connection offers are valid for a short period (e.g., 60 days for an ECP GSS offer). It is logistically impossible for a developer to time the receipt of an ECP GSS or GNI offer to align with the qualification window, hold it open through the auction, and only accept upon success. **2. The Process Is Beyond Developer Control:** The ECP-GSS timeline is controlled by the SO and gas connection by GNI's processes and timelines. Developers cannot influence when an offer is issued, making the proposed qualification criteria an arbitrary barrier based on the SO/GNI's own work programme. The issues the proposer seeks to address—delivery risk and project maturity—are valid concerns, but the proposed drafting is a

	resulting in higher clearing prices borne by the consumer. 2. **Transparency:** The proposal does not increase transparency. It simply adds more milestones, which add costs at an earlier stage in the development process. Critically, it makes qualification contingent on the SO-controlled Enduring Connection Process (ECP-GSS) or a connection from GNI. This effectively gives the SO, GNI or CRU control over which units can qualify for an auction. A test for a project's feasibility has already been established under the existing Code; the proposed change obscures that assessment behind an operational process and administrative decisions outside of the auction. **3. Interests of Consumers:** A less competitive market leads to higher prices and jeopardises long-term security of supply and does not benefit the consumer. We do not agree with the proposal's premise	**4. On Preventing Delays and Displacing Viable Projects:** We feel that the argument that this modification will prevent capacity from being awarded to projects "likely to face significant delays" is unsubstantiated. Securing a connection offer or planning permission (which may still be subject to appeal or judicial review) is not a guarantee of on-time delivery; it is just another milestone among many, and significant execution risk remains. The proposal is anti-competitive as it essentially amounts to allowing the SO (and GNI) to select which projects to support and may be construed as "picking winners" in advance of the auction, potentially creating a moral hazard where projects are favoured based on a preliminary milestone rather than their ability to deliver capacity competitively. This reduction in competition and selective approach to qualification involving ranking of projects during the evaluation will in fact result in higher auction clearing prices and could potentially lead to higher-cost projects being awarded capacity, to the detriment of the consumer. **5. On Risk Premiums and Investment Barriers:** We disagree with the suggestion that this change will reduce risk, prevent barriers to investment and improve deliverability of projects. This modification creates a massive barrier to investment and will	disproportionate and damaging solution. Therefore, we make the following recommendations: **3. REJECT CMC 08_25:** We strongly recommend that this modification is rejected in its entirety due to the severe, negative, and unintended consequences it will have on competition, investment, and ultimately, consumer prices and security of supply. **4. CONSIDER ALTERNATIVES:** As an alternative, a more appropriate mechanism to manage delivery risk for complex projects would be to introduce auctions with longer lead times. This would provide realistic timeframes for developers to secure all necessary consents and agreements *after* being successful in an auction, securing their route to market and unlocking investment. We suggest the following possible options: **A. MOD CMC_04_25: Adjustment of CMC auction qualification**

	– that the existing qualification criteria are not robust. The current Capacity Market Code already contains strong provisions requiring the SO to assess the feasibility of a project, whether an Implementation Plan is achievable and if a project can reach Substantial Completion on time. This is the crucial test of deliverability. Furthermore, the requirement for a grid connection offer already exists in the Code under Appendix D 5(g) but has been limited by CRU direction letters which have facilitated a competitive auction. This modification replaces that substantive assessment with an exercise that creates an onerous barrier to entry without meaningfully increasing the likelihood of project delivery. We do not believe that the risk of delay disappears once a connection offer is in hand or planning permission is granted; this change merely front-loads costs without de-risking the outcome.	increase risk by forcing developers to commit millions in at-risk capital for connection agreements before securing a route to market. This added risk will, most likely, halt or severely reduce and slow investment as no rational investor will approve such expenditure without a secured revenue stream. **6. On Assisting SO Assessments:** We are concerned that the SO's need to "carry out appropriate assessments" (essentially an attempt to solve a perceived administrative issue) will unintentionally shatter the project pipeline, in particular for the T-4 2029/2030 auction. The SO already possesses the necessary tools to monitor project progression through the existing Implementation Plan and milestone reporting requirements under the Code. If greater foresight is needed, we would urge the alternative options we have set out at 4A and 4B of the 'Detailed CMC Drafting Proposed to Deliver the Modification' section be adopted. These would be a more proportionate and effective solution that benefits both the SO and project developers rather than the significant negative impacts on the market that the proposal would introduce to simplify an administrative task.	**criteria to facilitate complex projects within State Aid approval; B. LONGER LEAD TIME AUCTIONS (T-5/T-6).** **5. DELAY IMPLEMENTATION:** If, despite our strong objections, this modification is accepted, we recommend that it does not come into effect until after the T-4 2029/2030 auction at the earliest. Bringing in such a change on short notice introduces significant uncertainty and undermines investor and developer confidence. To do so would severely reduce, if not eliminate, the number of eligible applicants, creating a less competitive auction, jeopardising security of supply, and increasing costs for consumers. At a minimum, implementation should be deferred until T-4 2030/2031 to allow the market and project pipeline to adapt.

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CMC_09_25 Registration and Qualification Auction Timetable Milestones	No comment	No comment	No comment

NB please add extra rows as needed.