

EirGrid and SONI Response to SEM-25-057

Capacity Market Code Modifications Workshop 45 Consultation

CMC_16_25, CMC_17_25, CMC_18_25

14 November 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 their mandated duties 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”), collectively referred to as the Regulatory Authorities (“RAs”), 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 (“CMC”) 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” or “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-25-057](#), (dated 13 October 2025) on the CMC Modification Proposals:

- [CMC_16_25](#): CRM De-rating Factors for DSU
- [CMC_17_25](#): Drawdown of Performance Security
- [CMC_18_25](#): Introduction of Modular Generator Unit Types and De-Rating Methodology

2.1. EirGrid and SONI Response

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_16_25: CRM De rating Factors for DSU</p>	<p>1) The SOs have a number of concerns with CMC_16_25 and are of the view that evidence has not been provided to indicate consistency with the Code Objectives, namely:</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><i>(b) to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;</i></p> <p><i>(d) to promote competition in the provision of electricity capacity to the SEM;</i></p> <p><i>(e) to provide transparency in the operation of the SEM;</i></p> <p><i>(f) to ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code;</i></p> <p><i>(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 security of supply of electricity across the Island of Ireland.</i></p>	<p>1) The SOs understand that the primary intent of CMC_16_25 is to introduce unit specific De-Rating Factors ('DRF') for DSUs to account for variability between individual DSUs. It is not evident from CMC_16_25 why unit specific DRFs should apply to DSUs only and not to other technology classes. If progressed, this approach could constitute undue discrimination between Participants, contrary to Code Objective (f).</p> <p>To date, the SOs' position is that providers of capacity adequacy should be assessed on the same basis and procured through the same mechanism to preserve technology neutrality and maximise competition in the CRM. To deviate from this position would require a wider review of the methodology.</p> <p>2) The SOs also have concerns regarding potential impacts regarding incentives / unintended consequences which have not been sufficiently addressed in the proposal form. It is paramount that any approach ensures that the reliability of units (and their composite elements) can be assessed accurately and appropriately reflected in the DRFs. Without sufficient visibility, there is a risk that unit availability is overstated which would impact the provision of required capacity and security of supply.</p> <p>3) In light of the above, it's evident that a wider review of enhancements to the DRF methodology is required to explore possible implementation of unit specific DRFs. The SOs concur with the SEMC Consultation view that changes to the DRF methodology require significant policy analysis and development. The SOs note that there is a process for reviewing and updating the DRF methodology, similar to</p>	<p>1) While the SOs are of the view that CMC_16_25 does not outline sufficient evidence or justification for unit specific DRFs to apply to one technology class only, the SOs further note that the proposed legal text does not appear to give effect to the intent of the modification outlined in other areas of the proposal form.</p> <p>2) As noted, evidence has not been provided as to how the proposal is consistent with the Code Objectives.</p>

		<p>what was undertaken for SEM-22-097 ‘CRM Capacity Requirement and Associated De-Rating Factors’.</p> <p>Following detailed analysis and review, the SOs understand that the methodology would undergo SEMC Consultation. Only following a SEMC Decision, would modification to the CMC progress to effect any methodological changes.</p> <p>4) The SOs will engage further with the RAs regarding this wider review and analysis. While the review may encompass unit specific DRFs (including for DSUs) it would not be specific to CMC_16_25. For the reasons outlined above, the SOs could not support unit specific DRFs for just one technology class.</p>	
<p>CMC_17_25: Drawdown of Performance Security</p>	<p>1) As noted in the CMC_17_25 proposal form, the SOs are of the view that the modification would reduce administration / time required from both the SOs and Participants by providing the additional elective option for Participants to utilise posted Performance Security in the first instance to satisfy Termination Charges due.</p> <p>As such, the SOs are of the view that CMC_17_25 is consistent with the Code Objectives, namely:</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><i>(b) to facilitate the efficient, economic and coordinated operation, administration and development of the</i></p>	<p>1) The SOs wish to clarify that it was not suggested at Workshop 45 that the preference is for a ‘blanket’ approach regarding provision of Participant authorisation to the SOs to draw down on posted Performance Security in the first instance. This remark was seeking to clarify the query of a Participant raised at the workshop.</p> <p>The SOs’ preference at this stage is for authorisation be provided on a case-by-case basis with Participants providing explicit authorisation to the SOs prior to action being taken regarding specific instances of drawdown of posted performance security in satisfaction of Termination Charges owing. Should CMC_17_25 be approved, the SOs will support amendments to the proposed legal text by the Regulatory Authorities to clarify the specific details of the process to give effect to the modification.</p>	

	<p><i>Capacity Market and the provision of adequate future capacity in a financially secure manner;</i></p> <p><i>(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 security of supply of electricity across the Island of Ireland.</i></p>		
<p>CMC_18_25: Introduction of Modular Generator Unit Types and De-Rating Methodology</p>	<p>1) The SOs have a number of concerns with CMC_18_25, both in terms of intent and the proposed approach to implement, and are of the view that the proposal does not contain sufficient evidence indicating that the proposal is consistent with the Code Objectives, namely:</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><i>(b) to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;</i></p> <p><i>(d) to promote competition in the provision of electricity capacity to the SEM;</i></p> <p><i>(e) to provide transparency in the operation of the SEM;</i></p> <p><i>(g) through the development of the Capacity Market, to promote the short-</i></p>	<p>1) On review of the proposal form, it appears that the primary intent of CMC_18_25 is a reformulation of the DRF methodology for Combined Cycle Gas Turbine ('CCGT') Units. This is evident as (in addition to new defined terms proposed) the majority of the legal text proposed relates to changes to calculation of Gross De-Rated Capacity under Section E.8.2.9 and 'Appendix D' of the CMC.</p> <p>As has been noted in the existing Consultation SEM-25-057 by the SEMC regarding CMC_16_25, changes to the DRF methodology would require significant policy analysis and development. An additional impact assessment would be required to determine any 'knock on' effects regarding system volume impacts and volume setting activities for existing / future auctions.</p> <p>2) Regarding the substance of the proposal, in the SOs' view there is insufficient evidence provided in the proposal form to justify lowering DRFs for CCGT units (as is effectively being proposed by re-classifying CCGTs as new defined term 'Modular Generator Unit' or 'MGU'). Without sufficient evidence and analysis, if the proposal progressed, CCGT unit availability may be overstated with a unit's 'size effect' effectively ignored. As noted by the SOs and various participants at Workshop 45, the proposal also ignores the issue of a 'single point of failure' regarding CCGT's incremental units.</p>	<p>1) Overall, it is not evident from the proposal form that CMC_18_25 is consistent with the Code Objectives. There are issues regarding the general intent (as the primary changes proposed relate to a reformulation of the DRF methodology). This would require much more detailed analysis to determine impacts on the wider system volume calculation process.</p> <p>2) There are also issues regarding the legal text proposed, which does not appear to consider impacts on other network / market codes and appears overly broad for the intended purpose.</p>

	<p><i>term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.</i></p>	<p>All these factors could lead to DRFs for CCGTs (and other units which may fall under the umbrella of an AGU) being assigned an understated DRF (thus overstating availability) which would have detrimental effects on the provision of awarded capacity when it's required (and thus risking security of supply and increasing costs to the end user via inflated Capacity Payments and having to procure required capacity from other providers).</p> <p>3) As noted at Workshop 45 by the SOs, it is not evident that the Grid Code (or market codes) has been considered in the proposed legal drafting. For example, there is already a definition under the Grid Code for incremental CCGT units. It is not evident how the new defined terms proposed interact with other definitions.</p> <p>In the SOs' view, the proposed defined terms are also overly broad and as drafted could incorporate unintended units (for example, Power Park Modules).</p> <p>4) The SOs would reiterate comments made at Workshop 45 regarding auction assessment difficulties which the modification would create, in particular relating to Annual Run Hour Limits and CO2 verification.</p>	
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