Shannon LNG Limited
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SUMMARY INFORMATION

Respondent's Name	*Shannon LNG Limited*
Type of Stakeholder	*Generator*
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Confidential Response	N

APPENDIX C – RESPONSE TEMPLATE

<u>CMC_15_25: Performance Securities for Extended Projects in T-4 2026/2027</u>

We proposed this modification aimed at linking project extensions with extensions to performance securities timelines in response to uncontrollable planning delays. The core concern is that without this modification, increased risk may force project termination, impacting security of supply and negatively affecting future investor confidence. We note however feedback from the workshop regarding the inclusion of J.5.7, and the application of the code change to one auction only.

Under current rules, projects must post Performance Securities on fixed timelines relative to the start of the original Capacity Year, regardless of any extensions granted. This is problematic for projects that receive a no-fault extension, such as those facing delays due to planning appeals or judicial reviews. These projects may be required to post full Performance Securities well before key project milestones like Substantial Financial Completion are achieved. This creates a disproportionate risk of termination.

SEM-23-069 previously addressed this issue for the T-3 2024/2025 and T-4 2025/2026 auctions and the RAs have since rejected a proposal in SEM-25-017 to allow for this flexibility to be introduced for J.5.5 extensions (though we as proposers did acknowledge that we were open to the RAs extending this to both J.5.7 and J.5.8), for all future capacity auctions.

In SEM-25-017 the RAs rejected the modification CMC_06_24 stating that the RAs only approved this linking of the performance security for the T-3 2024/2025 and T-4 2025/2026 auctions as these projects had been the subject of unexpected events which affected the financial viability of these projects, and that in the opinion of the RAs such unexpected events have not arisen since September 2023.

Shannon LNG believe that this is not the case. For most of 2022 to 2024 the Irish Planning Board, originally An Bord Pleanála and now An Coimisiún Pleanála, was disintegrating leading to unforeseeable delays which affected most participants from the T-3 2024/25 to the 2028/29 Auctions. Specifically, in November 2023, An Bord Pleanála issued an apology for its lengthy backlog and failure to determine cases on time. ABP noted after a tumultuous few years, with the departure of several senior staff, there was and remained delays to many planning decisions, resulting in the final decision being delayed in thousands of cases. An Bord Pleanála noted that *"…..restricted capacity at board level and a consequent backlog of cases for determination,"* and noted that *"…. recruitment of additional resources is progressing. This will provide the necessary capacity to address current delays in determining cases over time."* [Source: *An Bord Pleanála says backlog a result of 'significant turnover of personnel at board level'* The Irish Examiner, 6 November 2023]

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Each of these auctions were run with a clear awareness of the Security of Supply crisis particularly in Ireland. These auctions facilitated projects which did not yet have planning permission entering the auction under a Direction from the CRU to Eirgrid. The fact that there were a number of projects simultaneously looking for planning permission while An Bord Pleanála was struggling with internal governance issues was unexpected and unforeseeable. This is the primary reason why this modification was proposed.

Acknowledging that extensions under J.5.7 may require further clarification, **we recommend amending the modification so that it would only apply to J.5.5, delay due to a third-party planning appeal or Judicial Review.** Similarly, we suggest that the RAs amend the modification **to limit the scope of this change to T-4 2026/2027, T-4 2027/2028, and T-4 2028/2029 auctions only.**

The proposal seeks to provide a proportionate and targeted solution to mitigate uncontrollable planning-related delays, while maintaining clarity and administrative simplicity for market participants and System Operators. The changes are aligned with prior decisions and ensure a consistent approach across affected capacity auctions.

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CAPACITY MARKET CODE MODIFICATIONS WORKSHOP 43 (PART B) 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_10_25: Amendments to E.7			
CMC_11_25: Clarification on provisions relating to 'final and binding' and dispute resolution under the CMC			
CMC_12_25: RAs' role in relation to FQDs			
CMC_13_25: Amendments to the Capacity Auction Timetable			
CMC_14_25: New Dates in the Capacity Auction Timetable			

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CMC_15_25: Performance Securities for Extended Projects in T-4 2026/7	Shannon LNG strongly feel that this modification enables the following Code Objectives: (a) – EirGrid and SONI can manage project schedules and risk events more accurately by synchronising performance security and termination charge timelines with planning related extensions. This synchronisation can be used to inform forward work and engagement with qualified participants. (b) – the modification mitigates the impact of uncontrollable delays on the financial viability of successful projects. This improves the financial efficiency of projects which can deliver capacity. (c) – Delaying posting of performance securities in line with delays due to planning facilitates undertakings access to energy markets by mitigating financial barriers to entry.	As there is a lack of clarity regarding the reasons for a J.5.7 extension request, we request that this modification only seeks to include J.5.5 extensions. Furthermore, we see that the modification should be amended to include the T-4 2027/2028 and T-4 2028/2029 auctions. As the requirements for planning permission at qualification have been introduced from the T-4 2029/2030, which will likely reduce future requests under J.5.5 – this change to the modification will create a level playing field across auctions since the introduction of the extensions to performance securities in the T-3 2024/2025. These amendments seek to address the concerns raised in	This modification seeks to amend sections J.3.2.9 & J.7.1.3 **J.3.2.9** Where an extension has been granted to Awarded New Capacity in accordance with Section J.5.5, (Extension of Long Stop Date by Third Party Planning Appeal or Judicial Review), the Performance Security Posting Dates/Events applicable to that Awarded New Capacity shall be extended by a period equal to the Third Party Extension Period applicable to such Awarded New Capacity, so that any increase in the Performance Security Rate applicable to such Awarded New Capacity shall be postponed by a period equal to the Third Party Extension Period. This provision applies to Awarded New Capacity in the T-3 2024/2025, T-4 2025/2026, T-4 2026/2027, T-4 2027/2028, and T-4 2028/2029 auctions only.

	(d) – This modification creates a level playing field for projects in the T-4 2026/2027 and the T-4 2027/2028 capacity auctions as projects which received extensions to performance securities in T-3 2024/202 and T-4 2025/2026. With the requirements for planning permission from T-4 2029/2030 in place, this modification ensures that previous modifications (CMC_15_23) further the objectives of the CMC as well. (e) – This modification improves transparency within SEM as the justification for granting extensions to performance securities is explicitly stated and limited to planning disputes only. This limitation ensures that there are clear signals to the system operators in determining whether to grant an extension. (f) – This modification helps mitigate the discriminatory impact that uneven	the capacity market code workshop, namely; - **BNM** indicated that they would support the modification on an enduring basis. While this is not an enduring solution – something which was not favoured by SEMC in SEM-23-69 - this solution represents a pragmatic approach, particularly with the amendment to include the T-4 2027/2028 and the T-4 2028/2029 auctions, in tandem with the recent decision on planning permission as a requirement for qualification in the T-4 2029/2030, and future auctions. - The **System Operators** raised concerns that there are mounting obligations on them to determine extension requests and increasing	**J.7.1.3** The amount of the Termination Charge payable under this section J.7 in respect of each Capacity Market Unit shall be determined in accordance with the formula: TC = TFR x ACO where: (a) TC is the Termination Charge payable; (b) TFR is the termination fee rate for calculating Termination Charges per MW applicable at the time the Awarded New Capacity is terminated or adjusted or the Defaulting Participant is Terminated, as determined by the Regulatory Authorities and specified in the Initial Auction Information Pack for the relevant Capacity Auction in which the relevant Awarded New Capacity was allocated (and, for this purpose, where the Defaulting Participant's designated currency is Sterling, that termination fee rate shall be converted to Sterling

	planning outcomes—such as appeals or legal challenges—can have on certain projects, ensuring those developers are not disproportionately penalised within the Capacity Market framework (g) – This modification ensures that customers will receive more economically efficient capacity delivery and that potential capacity which is facing third party delays is delivered rather than terminating, improving security of supply.	complexity. The proposed amendments to the modification will limit the scope of applications to extension of performance securities. - **System Operators** further noted that 'Planning' (capitalised) in the modification is undefined and should instead be 'planning,' the proposed amendment would remove this ambiguity by removing the planning element entirely. - **RAs** queried as to why J.5.7 requests are included in the modification as they relate to planning, when extensions due to third party delays in the planning process are within scope for J.5.5 extensions. In light of	based on the Annual Capacity Payment Exchange Rate specified in the applicable Final Auction Information Pack), with, (but only in respect of Awarded New Capacity in the T-3 2024/2025, ~~and~~ T-4 2025/2026, T-4 2026/2027, T-4 2027/2028 and T-4 2028/2029 auctions) the relevant Dates / Events used to calculate the applicable termination fee rate each being extended by a period equal to any relevant Third Party Extension Period, so that any increase in the termination fee rate applicable to such Awarded New Capacity shall be postponed by a period equal to the Third Party Extension Period; and (c) ACO (expressed in MW) is the amount of the relevant Awarded New Capacity, or, if the relevant Awarded New Capacity has been reduced, the amount by which it has reduced.

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		this, and for ease of implementation, it is proposed that a J.5.5 extension is sufficient.	

NB please add extra rows as needed.

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