



**Electric Ireland Response:  
Capacity Market Code Consultation**

***SEM-17-004h***

**24<sup>th</sup> February 2017**

## SUMMARY INFORMATION

<b>Respondent's Name</b>	Electric Ireland
<b>Type of Stakeholder</b>	Supplier
<b>Contact name (for any queries)</b>	
<b>Contact Email Address</b>	
<b>Contact Telephone Number</b>	

### General Comments / Introduction

Electric Ireland (EI) welcomes the opportunity to comment on the consolidated Capacity Market Code (CMC) documents. While some of the content of the code has already been presented at the Market Rules Working Group (MRWG) meetings, it has not been subjected to the same standard of peer review as the Trading and Settlement Code. Additionally, participants are responding to this CMC Consultation prior to the Capacity Market Parameters decision which adds to uncertainty since the decision may require additional text changes to be made to the CMC.

Participants and the TSOs are required to use reasonable endeavours to comply with the Capacity Auction timetable. Reasonable endeavours obligations should also be placed on the RA's in this regard in order that Participants have all the relevant information available in sufficient time to allow them to compose their auction bids properly.

## Consultation Questions

- **Do you have any issues with the proposed auction timetable set out in this section?**

In terms of auction sequencing, Electric Ireland is of the opinion that all Transitional Auctions should be carried out in advance of the first T-4 Auction. This may be challenging to complete under the suggested timelines but will offer advantages to bidders.

We would welcome more detailed timelines regarding the publication of the required auction information prior to bid formulation and submission and we would encourage that efforts are made to make this information available in a timely manner. In order to ensure that participants can plan and prepare for the submission of comprehensive bids it is important that the Capacity Auction Timetable, the relevant Capacity Auction Information Pack, and final auction parameter values are all published sufficiently in good time. Important to state here that the 10 month notice period has already been encroached. This is of concern to Electric Ireland for the initial and subsequent transitional auctions.

More generally, Electric Ireland feels that the proposed timelines for the first transitional auction are very compressed. For example, the final auction parameters will be published on the 1<sup>st</sup> December 2017, with the auction being held on the 15<sup>th</sup> December. Given that the auction pack is to be issued following publication of the auction parameters it will be challenging for participants to assess the situation and develop reasoning for bidding above the threshold, if required. It must also be acknowledged that this will already be a challenging time for participants given that market trials are also scheduled for this timeframe. Additionally, CMC accession won't be completed until the 15<sup>th</sup> September, with generator and supply licenses not becoming effective until 2<sup>nd</sup> October 2017. It is unclear how CMC accession can commence in advance of the licences becoming effective.

- **Are any drafting changes required to the CMC to accommodate these proposals, and do you have any specific proposals in this regard?**

No, we believe any required changes can be made without a need for drafting changes.

## I-SEM TSC COMMENTS

ID	I-SEM TSC Reference	Short Title	Commentary / Explanation	Suggested Drafting Change to the TSC	Relevant Cross-Reference for any impacted section
1	C.2.1.1	Local Capacity Constraints	[p66] This section implies that there may be an unlimited number of local capacity constraints, however the CRM Locational Issues Decision appeared to indicate that there would be no more than 2. The risk is that a number of local constraints could be considered via a security-led non-market approach which would undermine the concept of market testing of capacity via an auction.	Include a specific limit on the number of Level 1 local capacity constraints that can be included.	
2	D.3.1.2 (o)-(p)	Capacity Auction Information Pack	[p74] It is suggested that “indicative” values will be provided for FASP, scarcity price / reserve curve and strike price parameters. Indicative values will not be sufficient to enable participants to prepare bids. When will final values for these parameters be made available to participants in respect to bid submission deadlines?	The value for FASP, the structure of the scarcity price / reserve curve, and the DSU shutdown price component of the RO strike price should all be finalised at the info pack publication date. Ensure that final values for e.g. gas and oil price and exchange rate parameters are made available to participants at a suitable time in advance of bid submission deadlines.	

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3	D.3.1.3(b)	Capacity Auction Information Pack	<p>[p74] It is stated that the RAs provide the TSOs with the Capacity Requirement. We were under the understanding that this was to be the other way round (with the TSOs initially being required to provide the RAs with the capacity requirement). Or else there may be a more general step missing about the TSO analysis of the capacity requirement, de-rating factors, constraint zones etc. for approval by the RAs..</p> <p>However, we acknowledge that this may be a subsequent step to the initial capacity requirement calculation.</p>	Review and confirm. Amend if required.	
4	D.3.1.4	Capacity Auction Information Pack	[p75] This section states that participants should form their own view about indicative values. This is an unreasonable expectation of participants who should be provided with final values, rather than having to compose bids based on forecasts of regulatory parameters.	Remove requirement for participants to form their own views on indicative values and provide participants with final values of parameters in a timely manner.	
5	E.5.1.2 (a)	Exception Applications	[p80] This would require a DSU which is applying for a longer capacity duration (unlikely scenario) to identify the Connection Point?	Change to require DSUs to submit the 'Jurisdiction' instead of the 'Connection Point'	

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6	E.7.7.1	Requirements for Combining Candidate Units into a Capacity Market Unit	[p83] The use of double and triple negatives in this section and the bullet points below makes it difficult to comprehend the text (e.g. the use of reject, unless and none in one statement). Some of the points seem to suggest the opposite of what would be expected (see bullet point (e))	Simplify text and verify intended meaning of bullet points when accounting for negatives.	
7	E.7.7.1	Requirements for Combining Candidate Units into a Capacity Market Unit	Notwithstanding the potential lack of clarity highlighted in the above point, it should be noted that under point (e) there will be cases where Unit Specific Price Caps were not sought and as a result these particular applications should not be rejected. These should only be rejected where a Unit Specific Price Cap was sought and was not approved by the RAs.	Reword to ensure that units will not be rejected on the grounds of a Unit Specific Price Cap in situations where a Unit Specific Price Cap was not sought.	
8	E.8.2.4	Determination of Gross De-Rated Capacity of Generator Units and Interconnectors	[p87] Missing "x" in formula (between DRFT and ICT)	Amend formula	

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9	E.9.3.1	Final Qualification Decisions	[p94] The method described may not provide a robust approval process. There is a distinction between Provisional Qualification Decisions approved by the RAs and Final Qualification Decisions due to the possibility of a participant not accepting a Provisional (rejection) decision via a Reviewable Decision application. While the TSOs have to again submit the final decisions to the RAs for further approval, this means submitting a grievance back to the TSOs where the TSOs only have to consult with the RAs and this is unlikely to result in a different outcome.	Reconsider approval process described in E.9.3.1 where the participant makes an application to the RAs for a Reviewable Decision and where the RAs have the final say on acceptance or rejection.	
10	M.6.2.1 (c)	Secondary Trading	[p158] Given that an outage period may span across the end of a capacity year, under the definitions given, the end date of the secondary trade will be the end of the capacity year. No commentary is provided as to what requirements or options are available for the part of the outage period which falls in the subsequent capacity year: outages extending from September into October are perfectly possible. Will this require an additional secondary trade?	Provide more clarity around the end dates for secondary trades and what this means for outage periods spanning into a subsequent capacity year	

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11	F.8.3.3	Determination of the Auction Clearing Price	[p107] The process for determining the auction clearing price given appears to ignore the scenario where the demand curve intersects the vertical portion of a (potentially) price setting p-q pair. In this case condition F.8.3.3(a)(i) is met but not part (ii), since the offer is <i>higher</i> than the demand curve price, and so presumably case F.8.3.3(b) is applied resulting in erroneous clearing prices and quantities.	Rewrite so that in this case, the previous offer in the ranking from cheapest to most expensive sets the clearing price i.e. that described in the CRM Locational Issues Decision [SEM-16-081], p42, Figure 1 second diagram (but for flexible plant).	
12	Appendix D	Qualification Data	It would be useful if a standardised qualification data template could be provided to participants to ensure consistency of submissions.	Provide a standardised template for participants in order to facilitate data submission. This could be in the form of an web based solution or a spreadsheet	
13	AP4	Communication Channel Qualification	Typos on page numbers in 'Section 3: Procedural Steps'. These should begin with AP4 instead of AP3	Amend typo	
14	General	Capacity Investment Thresholds	In line with our response to the CRM Parameters Consultation, we feel that there should be additional investment categories to facilitate refurbishment, incremental capacity and environmental compliance.	Amend CMC as required to allow for additional investment categories	