



**Integrated Single Electricity Market  
(I-SEM)**

**Capacity Remuneration Mechanism  
Exception Application and  
Opt-out Notification Process**

**Briefing note**

**SEM-17-037**

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## 1. INTRODUCTION

- 1.1.1 The I-SEM CRM detailed design and auction process has been developed through a series of consultation and decision papers, these are all available on the SEM Committee's (SEMC) website<sup>1</sup>. These decisions were translated into legal drafting of the market rules via an extensive consultative process leading to the publication of the Trading and Settlement Code (TSC) on 12<sup>th</sup> April 2017 and the Capacity Market Code (CMC) on 2<sup>nd</sup> June 2017. Both these documents are also available from the SEMC's website.
- 1.1.2 The CMC describes the process by which market participants must follow in relation to participation in a CRM auction. This includes detail in relation to the requirement for market participants to apply for Regulatory Authority (RA) approval for certain exception applications (section E5 of the CMC) and opt-out notification determination (section E3 of the CMC).
- 1.1.3 The key processes outlined in this note relate to:
- i. The exceptions application process outlined in section E5 of the CMC. This can be for proposed new capacity to have a price fix of more than 1 and up to 10 years, and for all or part of existing capacity to be subject to a Unit Specific Price Cap in a capacity auction.
  - ii. The application for an opt-out notification requiring RA determination, as set out in section E3 of the CMC.

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<sup>1</sup> <https://www.semcommittee.com/>

## 2. EXCEPTION APPLICATION PROCESS

### 2.1 Overview

- 2.1.1 The Capacity Market Code (CMC) in section E5 describes the process for market participants applying for RA approval for exception applications. This can be for proposed new capacity to have a price fix of more than 1 and up to 10 years, and for all or part of existing capacity to be subject to a Unit Specific Price Cap in a capacity auction. A more detailed timeline and communication procedure for the exception application process is outlined below.

### 2.2 Communication with applicants

- 2.2.1 Participants wishing to apply for RA approval for an exception application, or to communicate with the RAs during the process shall (unless otherwise notified) only contact the RAs through the two email addresses given below:
- CRMsubmissions@uregni.gov.uk, and
  - CRMsubmissions@cer.ie
- 2.2.2 As described in section E5 in the CMC the exception application shall contain the information required by the RAs and set out in the draft templates provided in Appendix A and B of this note. This information and any further information or clarification in respect of the exception applications are to be provided under the electricity licence condition relating to the provision of information to the Commission (CER) or the Authority (UR).
- 2.2.3 If an applicant attempts to contact the RAs for the purposes of the exception application process through another avenue the applicant will be directed to contact the RAs through the two above email addresses.
- 2.2.4 All communication by participants in relation to the exception application process will be to these email addresses, including applying for RA approval for an exception application, providing information requested by the RAs or organising a meeting as part of the process.
- 2.2.5 The RAs will put in place procedures to ensure a fair and equitable process for all applicants, with all applicants having equal access to the same information necessary to prepare and advance their exception applications in a timely manner.
- 2.2.6 The RAs will use the email address contact given in the participants submitted exception application template form to acknowledge receipt and for correspondence during the rest of the exception application process. Applicants may include more than one email address in the Contact Email Address field in the template application form.
- 2.2.7 The RAs shall upon receipt of an exception application assign a unique application file number. This will be included in the RAs acknowledgement to the applicant. Participants are required to quote this application file number in all future communication with the RAs in relation to the specific exception application.

- 2.2.8 During the exception application process the RAs will offer the applicant the opportunity to meet with staff involved in processing the application; these will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any meetings. More than one RA representative shall attend each meeting.
- 2.2.9 During the exception application process the RAs may request a call with the applicant; these will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any call. More than one RA representative shall be on each call.
- 2.2.10 In the event that in the course of meetings or calls concerning an application the RAs provide any information to the applicant that has not otherwise been made public, if appropriate the RAs will provide that information publicly in an appropriate manner.

## 2.3 Process timeline

- 2.3.1 The expected timeline for the exception application process for the first CRM T-1 transitional auction is set out below in table 1, and provides more detail on the process timeline.
- 2.3.2 Table 1 sets out the key dates and deadlines for communications between the applicant and the RAs. As set out in section E5 in the CMC, there is a requirement on applicants to provide information requested by the RAs within the specified timeframe, otherwise the participant is deemed to have withdrawn the exception application.
- 2.3.3 This timeline in table 1 outlines two windows during which the RAs will offer the applicant a meeting, these will be scheduled with pre-set topics agreed in advance and reflected in an agenda.
- 2.3.4 As described in section E5 in the CMC an exception application shall:
- contain the information required by the RAs. Draft information request templates are included in Appendix A and B of this note;
  - contain a certificate signed on behalf of the participant by a participant director.
- 2.3.5 As set out in section E5 in the CMC, if the RAs have not notified the System Operators whether or not they approve an exception application two full working days before the provisional qualification results date, the System Operators shall assume it has been approved, if this applies however the relevant exception application decision will still be subject to the condition of RA approval.
- 2.3.6 Section E5 in the CMC also sets out that if the RAs do not notify the System Operators that they approve an exception application in respect of a Capacity Auction before the final qualification results date, then the RAs shall be deemed not to have approved it.

**Table 1: Exception application process timeline**

<b>Date (2017)</b>	<b>Description</b>
3rd Aug	Qualification & Exception Application deadline
4th Aug	RAs notify System Operators giving details of Exception Applications received
3rd-15th Aug	RAs initial assessment/screening of applications
15th Aug	RAs send follow up questions to exception application participants
15th-24th Aug	RAs offer meeting with exception application participant, with agreed pre-set topics reflected in agenda
24th Aug	Deadline by which exception application participant(s) respond to RA questions
24th-29th Aug	If required, RAs send follow up questions to exception application participant(s), seeking response within 3 working days. Alternatively RAs may request call or meeting
6th Sept	RAs issue draft exception application decision(s) to participant(s)
6th Sept	RAs issue draft exception application decision(s) to System Operators
6th-13th Sept	RAs offer further meeting with exception application participant, with agreed pre-set topics reflected in agenda
13th Sept	Deadline by which exception application participant(s) can provide feedback to draft decision
2nd-4th Oct	RAs submit final exception application decision (s) to System Operators (ahead of deemed approval deadline in CMC)
6th Oct	Provisional qualification results announced

## 3. OPT-OUT NOTIFICATION PROCESS

### 3.1 Overview

3.1.1 The Capacity Market Code (CMC) in section E3 describes the concept of market participants applying for an opt-out notification. More specifically a participant may seek RA approval for the purposes of paragraph E.3.1.1(b), for a unit that will be undertaking a planned outage that results in it not being available for more than three months; or a unit that will be mothballed. A participant is required if applicable under E.3.1.1(b) of CMC to provide a copy of the determination of the RAs as part of their opt-out notification submission to the System Operators, otherwise the System Operators shall reject the opt-out notification. A more detailed timeline and communication procedure for the opt-out notification RA determination part of the process is outlined below.

### 3.2 Communication with applicants

- 3.2.1 Participants wishing to apply for RA approval for opt-out notification, and for communicating with the RAs during the process shall (unless otherwise notified) only contact the RAs through the two email addresses given below:
- CRMsubmissions@uregni.gov.uk, and
  - CRMsubmissions@cer.ie
- 3.2.2 As described in section E3 in the CMC the opt-out notification submission shall contain the information required by the RAs and set out in the template form given in Appendix C of this note.
- 3.2.3 If an applicant attempts to contact the RAs for the purposes of the opt-out notification process through another avenue the applicant will be directed to contact the RAs through the two above email addresses.
- 3.2.4 All communication by participants in relation to the opt-out notification process will be to these email addresses, such as applying for RA approval for the opt-out notification, providing information requested by RAs or organising a meeting as part of process.
- 3.2.5 The RAs will put in place procedures to ensure a fair and equitable process for all applicants, with all applicants having equal access to the same information necessary to prepare and advance their opt-out notification submissions in a timely manner.
- 3.2.6 The RAs will use the email address contact given in the participants submitted opt-out notification template form to acknowledge receipt and for correspondence during the rest of the RA opt-out notification process. Applicants may include more than one email address in the Contact Email Address field in the template application form.

- 3.2.7 The RAs shall upon receipt of an opt-out notification assign a unique application file number. This will be included in the RAs acknowledgement to the applicant. Participants are required to quote this application file number in all future communication with the RAs in relation to the opt-out notification process.
- 3.2.8 As part of the opt-out notification RA determination process the RAs may request a meeting(s) with the applicant; this will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any meeting(s). More than one RA representative shall attend each meeting.
- 3.2.9 As part of the opt-out notification RA determination process the RAs may request a call(s) with the applicant; this will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any call(s). More than one RA representative shall be on each call.
- 3.2.10 In the event that in the course of meetings or calls concerning an application the RAs provide any information to the applicant that has not otherwise been made public, if appropriate the RAs will provide that information publicly in an appropriate manner.

### 3.3 Process timeline

- 3.3.1 The expected timeline for the opt-out notification RA determination process for the first CRM T-1 transitional auction is set out below in table 2, and provides more detail on the process timeline.
- 3.3.2 Table 2 sets out the key dates and deadlines for communications between the applicant and the RAs. The deadline for applying for RA opt-out determination according to the CMC is 6<sup>th</sup> July 2017, but for the first auction applications will be accepted by the RAs until 14<sup>th</sup> July 2017, although given the tight turnaround times, applicants are encouraged to submit their application as soon as possible.
- 3.3.3 As described in section E3.2 in the CMC an opt-out notification submission for RA determination shall:
- contain the information required by the RAs. A draft information request template is included in Appendix C of this note;
  - contain a certificate signed on behalf of the participant by a participant director.
- 3.3.4 As set out in section E3 in the CMC, applicants are required to submit their opt-out notification to the System Operators in advance of the opt-out notification deadline (which for the first T-1 auction will be 3rd August). If applicable (under E.3.1.1(b) of CMC) applicants must provide a copy of the determination of the RAs as part of their opt-out notification submission to the System Operators.



**Table 2: Opt-out notification RA determination process timeline**

<b>Date (2017)</b>	<b>Description</b>
6th - 14th July	Deadline for applying for RA opt-out determination according to the CMC is 6 <sup>th</sup> July, but for the first auction applications will be accepted by the RAs until 14 <sup>th</sup> July.
17th July	RAs notify System Operators giving details of opt-out determination submission(s) received
14th-20th July	RAs initial assessment/screening of applications
20th July	If required RAs send follow up questions/request for information to opt-out notification applicant(s). Alternatively RAs may request call or meeting
25th July	Deadline by which opt-out notification applicant(s) respond to RA questions/information requests
25th July	RAs send follow up questions if required to opt-out notification applicant(s), seeking response within 3 working days. Alternatively RAs may request call or meeting
2nd Aug	Date by which RAs notify applicant(s) of determination on opt-out notification
2nd Aug	Date by which RAs notify System Operators of determination on opt-out notification submission(s)
3rd Aug	Opt-out notification deadline to System Operators
6th Oct	Provisional qualification results announced

## 4. TREATMENT OF CONFIDENTIAL INFORMATION

- 4.1.1 The RAs will put in place procedures to protect confidential information generated by the processes outlined in this note. All reasonable precautions will be taken by both RAs to ensure that:
- any confidential information generated by the process, is kept confidential,
  - confidential information is provided only to those persons to whom it is deemed necessary for the conduct and management of the process,
  - confidential information is clearly labelled and securely stored.
- 4.1.2 Dissemination of applicant's data within the RAs will be limited, with access to storage of physical and electronic copies being protected.
- 4.1.3 Any persons required to assess/review sensitive information will be notified that they are being provided with confidential data (e.g. the SEM Committee members), as above this data will be clearly labelled as such.
- 4.1.4 It is the applicant's responsibility to clearly mark as confidential any information that it considers confidential.

## 5. NEXT STEPS

- 5.1.1 The System Operators will publish an Initial Auction Information Pack in July, at the start of Qualification. The Initial Auction Information Pack will set out a range of information (set out in section D3 of CMC) that will help market participants to submit their qualification information, and to decide whether to submit an exception application.
- 5.1.2 The qualification window will open on 3<sup>rd</sup> July 2017, with the qualification window closing and the exception application deadline falling on the 3<sup>rd</sup> August 2017.
- 5.1.3 As set out in section E3 in the CMC, applicants are required to submit their opt-out notification to the System Operators in advance of the opt-out notification deadline of 3<sup>rd</sup> August. If applicable (under E.3.1.1(b) of CMC) applicants must provide a copy of the determination of the RAs as part of their opt-out notification submission to the System Operators. The deadline for applying for RA approval for opt-out determination is 14<sup>th</sup> July 2017.
- 5.1.4 As set out in section 2.2 and section 3.2 above any participants wishing to apply for RA approval for an exception application and/or opt-out notification shall contact the RAs through the two email addresses below:
- CRMsubmissions@uregni.gov.uk, and
  - CRMsubmissions@cer.ie