

## APPENDIX D – RESPONSE TEMPLATE

### SUMMARY INFORMATION

<b>Respondent's Name</b>	Energia
<b>Type of Stakeholder</b>	Generator
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### CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

<b>ID</b>	<b>Proposed Modification and its Consistency with the Code Objectives</b>	<b>Impacts Not Identified in the Modification Proposal Form</b>	<b>Detailed CMC Drafting Proposed to Deliver the Modification</b>
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<p><b>CMC_01_18</b> – NIROCS in the CRM</p>	<p>Energia are satisfied that the proposed Modification to prevent Candidate Units accredited under the Northern Ireland Obligation Order from participating in Capacity Auctions is necessary to implement a requirement of State Aid approval.</p> <p>However we believe the proposed drafting to the CMC could be amended in order to implement this (see comments under Detailed CMC Drafting)</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which have not been identified.</p>	<p>Energia support the inclusion of a new clause in E.2.1.4 in the revised Modification as opposed to E.2.1.1 in the original Modification Proposal.</p> <p>In relation to the proposed drafting, Energia recommends that the wording is amended to the following:</p> <p><i>E.2.1.4 (b) the Candidate Unit accredited under the Northern Ireland Renewable Obligation Order for any part of the Capacity Year;</i></p> <p><i>E.7.2.2 The System Operators shall reject an application for Qualification for a Capacity Year in respect of each Candidate Unit, or each Generator Unit forming part of each Candidate Unit, which is accredited under the Northern Ireland Renewable Obligation Order for any part of the Capacity Year;</i></p> <p><i>E.7.4.3 The System Operators shall reject an application for Qualification for a Capacity Year in respect of each Candidate Unit, or each Generator Unit forming part of each Candidate Unit, which is accredited under the Northern Ireland Renewable Obligation Order for any part of the Capacity Year;</i></p> <p>The proposed amended drafting outlined above more accurately reflects the terminology with how NIROCs are attributed to Generator Units.</p>

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<p><b>CMC_02_18</b> – Permitted Disclosures – Credit Agencies</p>	<p>Energia are satisfied that the proposed Modification to allow disclosure of confidential information to credit rating agencies is in keeping with the Code objectives.</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which have not been identified.</p>	<p>Energia are satisfied that the drafting to be included in the CMC to deliver the Modification is accurate and will implement the Modification as intended.</p> <p>It could have been assumed that credit rating agencies would have been covered under the term “other financial institution” already included in the Code in paragraph B.23.3.1 (a) so the proposed drafting clarifies this and removes any ambiguity.</p>
<p><b>CMC_04_18</b> – Capacity Auction Participation</p>	<p>Energia are satisfied that the proposed Modification to clarify that a Capacity Market Unit is not required to enter the Capacity Auction for its New Capacity removes an existing inconsistency within the Code and therefore supports the Code objectives.</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which have not been identified.</p>	<p>Energia are satisfied that the drafting to be included in the CMC to deliver the Modification is accurate and will implement the Modification as intended.</p> <p>The updated drafting in paragraph F.2.1.1 addresses the previous inconsistency that existed within the Code with respect to paragraph F.7.1.1. (h) and therefore removes inconsistent treatment of New Capacity within the Code.</p>

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<p><b>CMC_05_18</b> – Combining Candidate Units into a Capacity Market Unit</p>	<p>Energia notes that a number of concerns were raised at the Working Group over this Modification Proposal.</p> <p>Energia is particularly concerned that the proposed modification lacks clarity and, as discussed at the Working Group, is intended to apply to a very narrow subset of stations, despite a much broader range of stations having costs that are shared across multiple units. The proposed modification therefore has the potential to distort competition and does not better facilitate the CMC objectives.</p> <p>It does however bring attention to a very important issue that does need to be addressed by the RAs. Namely, the CRM bidding process for multi-unit generators is too inflexible (particularly when combined with bidding restrictions in the balancing market) to cope with the shared costs of operation. The auction therefore needs to include some basis (through the USPC process or otherwise, e.g. contingent bidding) for recognising that forward-looking shared costs (e.g. of managing a power station) persist as long as one unit remains in operation, even if one or more of the other units close down as a result of being unsuccessful in the auction.</p>	<p>The proposed Modification is too vague and cannot be properly considered in its current form. It has the potential to distort competition by not applying to all stations having costs that are shared across multiple units and may have other unintended consequences. Consideration should be therefore given to withdrawing it.</p>	<p>The proposed drafting lacks clarity, transparency and has the potential to distort competition by not applying to all stations having costs that are shared across multiple units. It proposes that the application to combine multiple Capacity Market Units into a single Capacity Market Unit would be subject to RA approval. However it does not specify the criteria that would apply for assessment of applications. The absence of any such criteria being explicit within the CMC leaves any application open to the discretion of the RAs and as such leaves the process ambiguous and lacking transparency.</p> <p>Energia does not therefore support this proposed modification. It does however bring attention to a very important issue that does need to be addressed by the RAs. We therefore welcome the fact that the SEM Committee are minded to undertake further consideration in regards to the matters raised in the Proposal following the consultation. However the solution must be clear, transparent and apply to all stations having costs that are shared across multiple units.</p> <p>Energia would welcome further engagement with the RAs on this matter.</p>

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<p><b>CMC_06_18</b> – Disaggregation of Performance Securities to Capacity Market Unit</p>	<p>Energia support the position of the SEM Committee to reject this Modification Proposal.</p> <p>As outlined in the Working Group discussion on the 10<sup>th</sup> May, the CMC as it stands already addresses the situation of the Performance Security transferring to the Transferee in the event of a transfer of a Generator Unit (or a Capacity Market Unit). Energia note that the RAs have since carried out a review of the CMC and are satisfied that it is sufficiently robust to adequately address the issue that the Modification Proposal was intending to deal with. Specifically, this is dealt with in paragraph B.23.1.3 (e) (i) and (ii) and paragraph J.3.2.4 in the CMC. Having reviewed the above, Energia are in agreement with SEM Committee that these paragraphs already contained within the CMC deal with the situation raised by the Modification Proposal and on that basis support the rejection of this proposal.</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which have not been identified.</p>	<p>Energia do not support the Modification Proposal and as such do not support the proposed drafting to be added to the CMC to implement the Modification.</p>

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<p><b>CMC_07_18</b> – Information Published Following a Capacity Auction</p>	<p>Whilst Energia support the proposal in principle to allow publication of Provisional Results after they have been notified to the affected participants, approval of the Modification Proposal is conditional upon further amendments which are outlined below and in the Detailed CMC Drafting section.</p> <p>We note that there has been an important change made to this Modification Proposal after the feedback that was received at the Working Group in relation to the inclusion of a time period between notification of provisional results to participants and their publication to the wider market. Whilst we are of the view that this facilitates the Code objectives of providing transparency, we believe the proposed drafting to be included in the CMC needs to be further revised in order to ensure it is wholly accurate and implements the Modification as intended (see comments under Detailed CMC drafting).</p> <p>In addition, it is necessary for the intended time period between notification of provisional result to participants and publication to the wider market to be maintained at all times and not to be reduced in the event of an unforeseen event e.g. a delay to the Capacity Auction Completion Date or to the Capacity Auction Provisional Results Date. It is important that this is explicit within the CMC and our support of the Modification Proposal is conditional upon this.</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which are not identified.</p>	<p>Whilst supportive of the revisions that have been made from the Working Group feedback, we note that the proposed drafting in relation to Table A, Appendix C firstly contains an error in relation to the numbering and secondly is ambiguous in terms of the actual date provisional results will be published and should be amended to provide the necessary certainty for participants.</p> <ol style="list-style-type: none"> <li>1. The proposed drafting for the additional event to be included in Table A, Appendix C is labelled as 10A in the Proposal. However from review of the CMC it appears that this additional event should be labelled as 15A.</li> <li>2. The proposed drafting also states the Capacity Auction Provisional Results Publication Date as “A - 1.5 weeks”, where A represents the Capacity Auction Run Start. Given that participants will be notified of provisional results on A+3 Working Days, it is unclear from the proposed drafting exactly how long participants will be notified of provisional results prior to them being published. As outlined at the Working Group a defined period of time is required to allow for stakeholder and staff notification. In order to clarify this and remove ambiguity, it is necessary to amend the drafting in Table A, Appendix C to the following: <i>15A Capacity Auction Provisional Results Publication Date A+8 Working Days</i></li> </ol> <p>Finally the time period between notification of results to participants and publication to the market cannot be reduced should there be a delay to a preceding event. This needs to be explicit within the CMC and our support of the Modification is conditional upon it being so.</p>

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<p><b>CMC_08_18</b> – Typographical Correction – E.8.2.4</p>	<p>Energia are satisfied that the proposed Modification is consistent with the Code objectives in terms of providing transparency in the operation of SEM.</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which are not identified.</p>	<p>Energia are satisfied that the drafting to be included in the CMC, which is simply the inclusion of a missing multiplication sign in the formula to calculate the Gross De-Rated Capacity of a Generator Unit or Interconnector, is a necessary correction required to deliver the Modification as intended.</p> <p>If this amended drafting were not included in the CMC, the formula as is currently presented in paragraph E.8.2.4 would remain ambiguous.</p>
<p><b>CMC_09_18</b> – Publication of Qualification Results</p>	<p>Energia are satisfied that the proposed Modification in relation to the publication of Qualification Results and which clarifies whether Qualified Capacity relates to Existing or New Capacity in respect of a Capacity Auction is consistent with the Code objectives, most notably in providing transparency in the operation of SEM.</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which are not identified.</p>	<p>Energia support the proposed drafting to be included in the CMC to deliver the Modification and are satisfied that it will implement the Modification as intended.</p> <p>The proposed drafting in relation to the Qualification Results from a Capacity Auction is explicit in stating whether Qualified Capacity relates to Existing or New Capacity and amends the CMC in line with how Qualification results are intended to be published. If results data were not published in the manner outlined in this Modification it would lead to a lack of clarity and incomplete information for Capacity Market participants.</p>
<p><b>CMC_10_18</b> – Report on Capacity Auction</p>	<p>The proposed Modification to amend an incorrect reference within the CMC in relation to the clause under which the System Operators are required to submit Capacity Auction Results to the Regulatory Authorities is consistent with the Code objectives of seeking to facilitate an efficient administration of the Capacity Market.</p>	<p>Energia are not aware of any impacts in the Modification Proposal Form which are not identified.</p>	<p>The proposed drafting to be included in the CMC by amending a reference included in paragraph B.10.4.1 from “F.9.3.1” to “F.9.2.1” removes an existing error within the CMC. As such Energia are satisfied that the proposed drafting is accurate and will implement the Modification as intended.</p>

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<b>Respondent Comments in relation to the CMC Modifications process</b>	<p>As previously communicated in consultation responses, Energia are of the view that the CMC Modification process should be more closely aligned to that of the T&amp;SC Modification process. Whilst noting the merits of a consultation phase to the CMC Modification process, which allows for substantial consideration and analysis of modification proposals and an opportunity to submit a written response, the lack of a defined committee and voting mechanism as per the T&amp;SC Modification process is a concern.</p> <p>The current CMC Modification process allows for RA's to form a decision on whether to implement or reject a modification proposal based on their assessment of the consultation responses. However this process leaves the decision open to an element of interpretation which is not present in the T&amp;SC Modification process. As such our recommendation is for elements of the T&amp;SC Modification process to be incorporated into the CMC, most notably with respect to the formation of a committee and the quorum and voting requirements respectively. This will serve to remove some of the elements of the CMC Modification process that are causing a lack of clarity and certainty at present.</p> <p>To have a Modification process more closely aligned with the T&amp;SC is appropriate given that CRM settlement rules are contained within the T&amp;SC. Furthermore, both the energy and capacity markets in I-SEM are integrally connected given the design of the RO. As such we recommend that changes to the CMC Modification process to align with the T&amp;SC Modification process are considered and introduced as soon as possible.</p>
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NB please add extra rows as needed.