



**Single Electricity Market  
(SEM)**

**Capacity Market Code Working Group 11  
Modification Consultation Paper  
and Decision in regards to Immediate Milestones  
SEM-20-005  
28 January 2020**

## Contents

1.	Overview.....	3
1.1	Abstract .....	3
1.2	Background.....	4
1.3	Purpose of this Consultation Paper.....	6
2.	Modification Proposal .....	7
2.1	CMC_02_20 - Modification to the Timeframe for a T-4 Capacity Auction to take Place .....	7
3.	Approval of Immediate Milestones.....	9
4.	Consultation Question.....	10
5.	Next steps.....	10

Appendix A – Capacity Market Code Urgent Modification Timetable

Appendix B – Proposed Modification

Appendix C – Response Template

# 1. OVERVIEW

## 1.1 ABSTRACT

1.1.1 The purpose of this consultation paper is to invite industry participants to provide feedback and comments in regards to the proposed modification to the Capacity Market Code (CMC) discussed at the urgent Working Group held on 27 January 2020.

1.1.2 This purpose of this paper is to also formally approve the reassignment of the dates associated with the following immediate milestones:

- Timeframe within which Applications for Review must be lodged;
- Timeframe within which System Operators may reject a non-complying; and
- Application for Review.

Further detail in regards to this can be found in section 3 of this paper.

1.1.3 During this Working Group, one modification was presented and was deemed as Urgent. This consultation paper relates to:

- CMC\_02\_20 – Modification to the Required Timeframe for a T-4 Capacity Auction to take Place

Proposes to allow for an amendment to the Capacity Auction Timetable associated with the T-4 CY2023/24 Capacity Auction allowing for the auction to take place in April 2020. Under D.2.1.5 (d) of the Capacity Market Code, the Capacity Auction Run Start for a T-4 Auction shall fall in the period no less than forty-two and no more than fifty-four months prior to the start of the relevant Capacity Year. A Capacity Auction Run Start in April 2020 would fall forty-one months before the start of the 2023/24 Capacity Year.

The purpose of the modification is to introduce an Interim Arrangement that would allow the Capacity Auction Run Start for the CY2023/24 T-4 Capacity Auction to take place beyond the timescales described by D.2.1.5 (d). This modification is proposed in order to allow the Regulatory Authorities to approve the amended timetable. This is the only Capacity Auction for which this change would apply.

## 1.2 BACKGROUND

- 1.2.1 Decisions made during the development of the I-SEM CRM Detailed Design were translated into auction market rules to form the Capacity Market Code (CMC) (SEM-17-033) which was published in June 2017. The most recent version was published on 10 October 2019. The CMC sets out the arrangements whereby market participants can qualify for, and participate in, auctions for the award of capacity. The settlement arrangements for the Capacity Remuneration Mechanism (CRM) form part of the revised Trading and Settlement Code. The most recent version of the Trading and Settlement Code was published on 12 April 2019. Section B.12 of the CMC outlines the process used to modify the code. In particular, it sets out the handling of proposing, consideration, consultation and implementation or rejection of Modifications to the CMC.

### **Process for modification of the CMC**

- 1.2.2 Section B.12 of the CMC outlines the process used to modify the CMC. In particular, it sets out processes for proposing modifications, as well as the consideration, consultation and implementation or rejection of modifications.
- 1.2.3 The purpose of the Modifications process is to allow for modifications to the CMC to be proposed, considered and, if appropriate, implemented with a view to better facilitating code objectives as set out in Section A.1.2 of the CMC. (B.12.1.2).
- 1.2.4 Modifications to the CMC can be proposed and submitted by any person, (B.12.4.1), at any time. Unless the modification is urgent modifications are subsequently discussed at a Working Group held on a bi-monthly basis. Each Working Group represents an opportunity for a modification proposer to present their proposal(s) and for this to be discussed by the workshop attendees.
- 1.2.5 For discussion at a Working Group, Modification proposals must be submitted to the System Operators at least 10 working days before a Working Group meeting is due to take place. If a proposal is received less than 10 working days before a Working Group and is not marked as urgent it is deferred for discussion to the next Working Group.
- 1.2.6 Following each Working Group, and as per section B.12.5.6 of the CMC, the RAs are required to publish a timetable for the consideration, consultation and decision relating to the Modification(s) proposed during a Working Group.
- 1.2.7 If a proposal is received and deemed to be contrary to the Capacity Market Code Objectives or does not further any of those objectives, the Regulatory Authorities (RAs) will reject the proposal on the grounds of being spurious, as set out in section B.12.6 of the CMC.

## **Urgent Modifications**

- 1.2.8 This paper is concerned with an urgent modification proposal.
- 1.2.9 A proposer may choose to mark a Modification proposal as “Urgent”. (B.12.9.1). In this case, the RAs, as per section B.12.9.3 of the CMC, will assess whether or not the proposal should be treated as urgent. If the RAs deem a proposal to be urgent they have the power to fast-track the proposal.
- 1.2.10 In this regard B.12.9.5 provides:
- “If the Regulatory Authorities determine that a Modification Proposal is Urgent, then:*
- a) the Regulatory Authorities shall determine the procedure and timetable to be followed in assessing the Modification Proposal which may vary the normal processes provided for in this Code so as to fast-track the Modification Proposal; and
  - b) subject to sub-paragraph (a), the System Operators shall convene a Workshop.”
- 1.2.11 The RAs may request the SOs to convene a Working Group to discuss the proposed Modification.

## **Process for this Modification**

- 1.2.12 On 16 January 2020 the SOs submitted a modification proposal (CMC\_01\_20) under the terms of B.12.4. The Modification Proposal was marked as Urgent.
- 1.2.13 On 16 January 2020 the Regulatory Authorities determined that the Modification Proposal was not spurious. The Regulatory Authorities also determined that the Modification Proposal was Urgent. This was because the Modification Proposal was proposed to deal with a matter that could reasonably be anticipated would imminently and unduly interfere with, disrupt, or threaten the proper operation of the Capacity Market. The Modification Proposal addresses the fact that the System Operators have not delivered the Provisional Qualification Results for the CY2023/24 T-4 capacity auction by the Provisional Qualification Results Date (as prescribed in the approved Capacity Auction Timetable)<sup>1</sup> of 19 December 2019.
- 1.2.14 On 22 January 2020 the RAs submitted an updated version of the modification proposal CMC\_01\_20 to the System Operators under the terms of B.12.4. The Modification Proposal was also marked as Urgent.
- 1.2.15 On 22 January 2020 the RAs also submitted the updated Modification Proposal to the Market Operator and the proposal was subsequently published. This updated version supersedes CMC\_01\_20 and is listed as CMC\_02\_20.

---

<sup>1</sup> The Capacity Auction Timetable was approved by the Regulatory Authorities by letter dated 17 June 2019. It was published by the System Operators in the “Capacity Auction Timetable for 2023/2024 T-4 Capacity Auction” dated 18 June 2019: [https://www.sem-o.com/documents/general-publications/2023-2024-T-4-Capacity-Auction-Timetable\\_CAT2324T-4.pdf](https://www.sem-o.com/documents/general-publications/2023-2024-T-4-Capacity-Auction-Timetable_CAT2324T-4.pdf)

1.2.16 On the 23 January 2020 the RAs determined the procedure to apply to the Modification Proposal. The procedure is designed to fast-track the Modification proposal and is shown in detail in Appendix A. An overview of the timetable is as follows:

- i. The System Operators are to secure that the Modification Proposal is considered at a workshop no later than 27 January 2020.
- ii. The System Operators are to prepare a report of the discussions which took place at the workshop, provide the report to the RAs and publish it, promptly and in any event no later than two Working Days, (as defined in the CMC), after the workshop.
- iii. The RAs will then consult on the Proposed Modification, with a response time of five Working Days (as defined in the CMC), from the date of publication of the Consultation.
- iv. As contemplated by B.12.11 the RAs will make their decision as soon as reasonably practicable following conclusion of the consultation and will publish a report in respect of their decision.

### 1.3 PURPOSE OF THIS CONSULTATION PAPER

- 1.3.1 The purpose of this paper is to consult on the proposed modification. More detail about the modification is set out in the appended modification proposal (Appendix B).
- 1.3.2 The Regulatory Authorities hereby give notice to all Parties and the Market Operator of a consultation on the proposed Modification.
- 1.3.3 Interested Parties and the Market Operator are invited to make written submissions concerning the proposed Modification by 3 February 2020.
- 1.3.4 Upon closure of the consultation process, the Regulatory Authorities intend to assess all valid submissions received and form a decision to either implement or reject a modification or undertake further consideration as regards to matters raised through the consultation process in regards to the proposed modification.

## 2. MODIFICATION PROPOSAL

### 2.1 CMC\_02\_20 - MODIFICATION TO THE TIMEFRAME FOR A T-4 CAPACITY AUCTION TO TAKE PLACE

#### Proposer: Regulatory Authorities

#### Proposal Overview

- 2.1.1 This Modification was submitted by the Regulatory Authorities on 22 January 2020 and marked as Urgent. A Workshop was convened for 27 January 2020 at which the Modification was discussed.
- 2.1.2 The System Operators have not delivered the Provisional Qualification Results for the CY2023/24 T-4 Capacity Auction by the Provisional Qualification Results Date of 19 December 2019.
- 2.1.3 The System Operators have proposed an amended Capacity Auction Timetable. Under the System Operators' proposal, the Capacity Auction Run Start would move to 20 April 2020.
- 2.1.4 Under D.2.1.5 (d) of the Capacity Market Code, the Capacity Auction Run Start for a T-4 Auction shall fall in the period no less than forty-two and no more than fifty-four months prior to the start of the relevant Capacity Year. A Capacity Auction Run Start in April 2020 would fall forty-one months before the start of the 2023/24 Capacity Year.
- 2.1.5 The purpose of the modification is to introduce an Interim Arrangement that would allow the Capacity Auction Run Start for the 2023/24 T-4 Capacity Auction to take place beyond the timescales described by D.2.1.5 (d). This is the only Capacity Auction for which this change would apply.
- 2.1.6 This proposed modification would also allow the Regulatory Authorities to approve an amendment to the Capacity Auction Timetable under D.2.10.
- 2.1.7 Further detail on the Modification Proposal is set out in the appended Modification Proposal (Appendix B).

#### Working Group Feedback

- 2.1.8 The RAs provided the justification behind the proposed modification and the requirement for the proposal to be deemed Urgent. The RAs highlighted the need for the modification, if approved, to be implemented as soon as possible to allow the RAs to review and approve any changes to the Capacity Auction Timetable associated with the T-4 CY2023/24 Capacity Auction.
- 2.1.9 One attendee advised that, following the publication of the modification, they had provided feedback in regards to the timeframes involved with the proposed auction timetable.

Within the proposed modification Capacity Auction Submission Commencement is listed as being deferred to 14 April 2020 with the subsequent Capacity Auction Submission End date then scheduled for 20 April 2020. The attendee wished to highlight that Capacity Auction Submission Commencement date of 14 April 2020 is Easter Tuesday, which is a bank holiday in Northern Ireland. They also wished to highlight that given the proximity to the Easter break, there is the risk that Participants resources may be affected due to annual leave commitments.

- 2.1.10 They advised that the modification, in its current form, doesn't reflect the comments they had made. They had requested clarification as to whether a revised timetable will be published as part of the consultation process that would take on board their concerns.
- 2.1.11 The RAs advised the aim of the proposed modification is to allow the RAs to review and amend the timetable to push back the Capacity Auction. The RAs stated that, whilst the timetable is shown within the draft proposal, the intention is to remove this as it would not normally be included within the CMC. Instead the RAs highlighted that the timetable would be published independent of the CMC, however will refer to the new section M.10 within the CMC.
- 2.1.12 The RAs reiterated that the proposed modification doesn't deal with the approval of the Auction Timetable itself, rather, it will allow the RAs to review and approve any amendments to the Auction Timetable. The RAs confirmed that the timetable will also be reviewed to take on board concerns around the proximity to the Easter break.
- 2.1.13 The System Operator were in agreement with the proposal to remove the timetable from within the body of the text, stating it would allow for flexibility in regards to reviewing the timetable and therefore taking account of comments made during the Working Group.
- 2.1.14 Another attendee queried the change of the timeframe to 40 – 54 months ahead of the delivery year. They advised that running the Auction in April 2020 would result in the Capacity Year being in August 2023. The RAs have advised the change to 40 – 54 months would mean that the auction must take place at some point within this timescale, however the start of the Capacity year would not be changed and remain as 1 October 2023.
- 2.1.15 A query was raised in regards to the implementation date of 10 February 2020 currently listed within the modification timetable (Appendix A: SEM-20-002). The RAs commented that as time progresses on towards the Auction Run Start Date, there are more and more milestones, currently included in the initial Auction timetable, which would be missed. Revising the timetable would allow clarity to be provided to participants in regards to when milestones are to be met.
- 2.1.16 A query was also raised that related to whether deferring the Auction may be impacted by the Clean Energy Package (CEP) and if the RAs we regards this as an issue, given that the System Adequacy Report hasn't be received as yet. The RAs advised the impacts associated with the CEP and delays relating to the Qualification process for the T-4 Auction have been assessed and there aren't any major issues envisaged in this regard.



- 2.1.17 The System Operator raised a number of points in regards to the technical drafting of the proposed modification, asking if the change to the timeframes for when a T-4 Capacity Auction can be held would be left as is, however caveated to allow the RAs to amend this as required. The RAs recognised the point, however, do not envisage this as a process that should be repeated outside of this case.
- 2.1.18 The System Operator queried the inclusion of the specific T-4 CY2023/24 Capacity Auction in section M10.1.1. They have asked if it would be better to refer only to the Capacity Year in question to avoid a circular reference. The RAs advised that listing the auction as a T-4 auction would not result in any issues as the auction is still, under the current Auction timetable set for March 2020, has an Initial Auction Information Pack in the public domain and is well defined within the CMC.

### 3. APPROVAL OF IMMEDIATE MILESTONES

- 3.1.1 The amended Capacity Auction Timetable proposed by the System Operators contains a number of milestones which will have passed by the time any proposed Modification is approved. These milestones, and their proposed amendments are:

Milestone	Current Timetable Date	Revised Date
Provisional Qualification Results Date	19/12/2019	27/01/2020
Timeframe within which Applications for Review must be lodged	07/01/2020	04/02/2020
Timeframe within which System Operators may reject a non-complying Application for Review	09/01/2020	06/02/2020

- 3.1.2 To allow market Participants to comply with the new timetable, the Regulatory Authorities hereby approve the amendment of the milestones for:

- Timeframe within which Applications for Review must be lodged;
- Timeframe within which System Operators may reject a non-complying; and
- Application for Review.

- 3.1.3 This approval is granted on 28 January 2020.

- 3.1.4 While the Regulatory Authorities are not formally amending the Provisional Qualification Results Date in the timetable as this was an obligation on the part of the System Operators which has now been missed, the System Operators have published a commitment to meet this milestone by 27 January 2020, which will allow these other milestones to be met.

## 4. CONSULTATION QUESTION

- 4.1.1 The SEM Committee welcomes views and responses on the proposed modifications raised within this consultation paper.
- 4.1.2 Respondents are invited to provide comments and feedback for each of the proposed Modifications in respect of:
- the proposed modification and its consistency with the Code Objectives;
  - any impacts not identified in the Modification Proposal Form, e.g. to the Agreed Procedures, the Trading and Settlement Code, IT systems etc.; and
  - the detailed CMC drafting proposed to deliver the Modification.
- 4.1.3 A template has been provided in Appendix C for the provision of responses.

## 5. NEXT STEPS

- 5.1.1 The SEM Committee intends to make a decision in February 2020 on the implementation of the Modification outlined within this consultation paper.
- 5.1.2 Responses to the consultation paper should be sent to Kevin Lenaghan ([Kevin.Lenaghan@uregni.gov.uk](mailto:Kevin.Lenaghan@uregni.gov.uk)) and Billy Walker ([Billy.Walker@uregni.gov.uk](mailto:Billy.Walker@uregni.gov.uk)) by 17.00 on Monday, 3<sup>rd</sup> February 2020.
- 5.1.3 Please note that we intend to publish all responses unless marked confidential. While respondents may wish to identify some aspects of their responses as confidential, we request that non-confidential versions are also provided, or that the confidential information is provided in a separate annex. Please note that both Regulatory Authorities are subject to Freedom of Information legislation.