



Single Electricity Market

(SEM)

Capacity Market Code Modifications –

Working Group 12 Decision Paper – Appendix A

SEM-20-026 (a)

24 April 2020

1. CMC_05_20 – MODIFICATION TO IMPLEMENT REQUIREMENT OF CLEAN ENERGY PACKAGE REGULATION EU 2019/943

1.1 CURRENT CAPACITY MARKET CODE DRAFTING

- E.7.5.1 The System Operators shall reject an Application for Qualification for a Capacity Year in respect of New Capacity for a Generator Unit or Interconnector comprising a Candidate Unit unless they consider that:
- (a) where New Capacity is under development, the information provided reflects an accurate view of the state of that development;
 - (b) the Implementation Plan dates are achievable;
 - (c) Substantial Completion of the Generator Unit or Interconnector can be achieved prior to the start of the relevant Capacity Year; and
 - (d) all Qualification Data required to be provided in the Application for Qualification is provided and is accurate.
- I.1.2.1 In addition to its other obligations under this Code, a Participant shall, with respect to each of its Capacity Market Units:
- (a) in respect of Awarded New Capacity:
 - (i) use reasonable endeavours to achieve each Milestone by the date indicated in respect of that Milestone in the relevant Implementation Plan for delivery of the Awarded New Capacity;
 - (ii) provide Implementation Progress Reports to the System Operators in accordance with section J.4;
 - (iii) maintain adequate Performance Security in accordance with section J.3;
 - (b) dedicate and use its reasonable endeavours to make available the Awarded Capacity;
 - (c) for each Imbalance Settlement Period within the Capacity Year:
 - (i) for each Capacity Market Unit that is an Interconnector, maintain a level of availability for imports into the SEM for each Imbalance Settlement Period not less than the Obligated Capacity Quantity and be subject to Difference Charges in accordance with the Trading and Settlement Code;
 - (ii) for each Capacity Market Unit comprising one or more Generator Units, through its participation in the day-ahead market, intraday trade and/or Balancing Market, schedule or provide sufficient energy for each Imbalance Settlement Period to satisfy its Obligated Capacity Quantity and be subject to Difference Charges in accordance with the Trading and Settlement Code.

J.2.1.1 Subject to paragraphs J.2.1.3 and J.2.1.4, the Implementation Plan in respect of Awarded New Capacity shall include the following Major Milestones (and dates by which they must be achieved):

- (c) Substantial Completion: this milestone is achieved when:
 - (i) all the construction, repowering or refurbishment works associated with providing the Awarded New Capacity are substantially complete (subject only to snag or punch list items or any other matters which do not prevent substantial completion or taking over the works taking place under the applicable Major Contracts);
 - (ii) a Final Compliance Certificate, Operational Certificate or Final Operational Notification has been issued under the applicable Grid Code in respect of each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity;
 - (iii) the Proportion of Delivered Capacity in respect of the Awarded New Capacity is not less than 90%; and
 - (iv) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has met all Trading and Settlement Code and Grid Code requirements for participating in the Balancing Market.

J.6.1.1 For the purposes of this section:

- (a) Minimum Completion: Awarded New Capacity achieves Minimum Completion when:
 - (i) all the construction, repowering or refurbishment works associated with providing the Awarded New Capacity are substantially complete (subject only to snag or punch list items or any other matters which do not prevent substantial completion or taking over taking place under the applicable Major Contracts);
 - (ii) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has undergone commissioning testing;
 - (iii) a Final Compliance Certificate, Operational Certificate or Final Operational Notification has been issued under the applicable Grid Code in respect of each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity;
 - (iv) the Proportion of Delivered Capacity in respect of the Awarded New Capacity is not less than 50%; and
 - (v) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has met all Trading and Settlement Code and Grid Code requirements for participating in the Balancing Market; and

Add to Glossary

CMU Component

means

- (i) for a Demand Side Unit, a Demand Site that forms part of the unit;
- (ii) for an Aggregated Generator Unit, a Generator that forms part of the unit; and
- (iii) for a Capacity Market Unit comprised of multiple individual Candidate Units, a Candidate Unit that forms part of the unit.

CO₂ Limits

means in relation to participation in the Capacity Market:

- (i) for Capacity Market Units for which the unit, and any CMU Components comprising the unit, have a Date of Start of Commercial Production on or after 4 July 2019, the limits on CO₂ emissions set out in part (a) of Article 22(4) of Regulation 2019/943/EU; and
- (ii) for all other Capacity Market Units, the limits on CO₂ emissions set out in part (b) of Article 22(4) of Regulation 2019/943/EU which apply from 1 July 2025.

Date of Start of Commercial Production

means the date on which a Capacity Market Unit or CMU Component has been commissioned and started providing metered electrical output.

Paragraphs to be added

D.4 Compliance with CO₂ Limits

D.4.1.1 When determining CO₂ emissions and their compliance with the CO₂ Limits, Parties shall take account of the latest technical guidance published from time-to-time by the Regulatory Authorities.

D.4.1.2 If any determination of CO₂ emissions and their compliance with the CO₂ Limits is not covered by the technical guidance published by the Regulatory Authorities, Parties shall take account of the technical guidance published by ACER pursuant to Article 22(4) of EU Regulation 2019/943 or any other applicable technical guidance issued by a relevant Competent Authority.

D.4.1.3 If a determination of CO₂ emissions and their compliance with the CO₂ Limits is not covered by either D.4.1.1 or D.4.1.2, then Parties shall make their own determination taking account of the principles underlying the technical guidance from the Regulatory Authorities and ACER.

E.2.1.6 A Participant with a Candidate Unit that does not, or will not, comply with the CO₂ Limits shall not apply for the Candidate Unit to be Qualified in a Qualification Process.

E.7.2.3 The System Operators shall reject an Application for Qualification for a Capacity Year in respect of each Candidate Unit which does not, or will not, comply with the CO₂ Limits.

E.7.4.4 The System Operators shall reject an Application for Qualification for a Capacity Year for an Aggregated Generator Unit where any of the Generators comprising it do not, or will not, comply with the CO₂ Limits.–

E.7.4.5 The System Operators shall reject an Application for Qualification for a Capacity Year for a Demand Side Unit where any of the Demand Sites comprising it do not, or will not, comply with the CO₂ Limits.

Add new sub-para to Appendix D (4)

4. In respect of each Candidate Unit to which the Application for Qualification relates and which is, or is intended to be, registered under the Trading and Settlement Code:

(n) either:

(i) evidence that the Candidate Unit complies with the CO₂ Limits; including Specific Emissions and Annual Emissions (as set out in the ACER Opinion No. 22/2019) and details of the determination of these values (as applicable); or

(ii) where the development status of proposed New Capacity does not allow the submission of evidence that a Candidate Unit complies with the CO₂ Limits, a declaration of the intention to comply with the CO₂ Limits;

(o) the Date of Start of Commercial Production;

(p) in the case of Candidate Units using bioliquids and/or biomass fuels (as defined in Article 2 of Directive 2018/2001/EU), evidence that they meet the criteria set out in Article 29 of Directive 2018/2001/EU to be eligible for financial support.

Modify

E.7.5.1 The System Operators shall reject an Application for Qualification for a Capacity Year in respect of New Capacity for a Generator Unit or Interconnector comprising a Candidate Unit unless they consider that:

- (a) where New Capacity is under development, the information provided reflects an accurate view of the state of that development;
- (b) the Implementation Plan dates are achievable;
- (c) Substantial Completion of the Generator Unit or Interconnector can be achieved prior to the start of the relevant Capacity Year; ~~and~~
- (d) all Qualification Data required to be provided in the Application for Qualification is provided and is accurate; ~~and~~

(e) the New Capacity will comply with the CO₂ Limits.-

J.2.1.1 Subject to paragraphs J.2.1.3 and J.2.1.4, the Implementation Plan in respect of Awarded New Capacity shall include the following Major Milestones (and dates by which they must be achieved):

- (c) **Substantial Completion:** this milestone is achieved when:
 - (i) all the construction, repowering or refurbishment works associated with providing the Awarded New Capacity are substantially complete (subject only to snag or punch list items or any other matters which do not prevent substantial completion or taking over the works taking place under the applicable Major Contracts);
 - (ii) a Final Compliance Certificate, Operational Certificate or Final Operational Notification has been issued under the applicable Grid Code in respect of each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity;
 - (iii) the Proportion of Delivered Capacity in respect of the Awarded New Capacity is not less than 90%; ~~and~~
 - (iv) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has met all Trading and Settlement Code and Grid Code requirements for participating in the Balancing Market; ~~and~~

(v) each new or refurbished Generator Unit providing Awarded New Capacity complies with the CO₂ Limits.

J.6.1.1

For the purposes of this section:

(a) Minimum Completion: Awarded New Capacity achieves Minimum Completion when:

(i) all the construction, repowering or refurbishment works associated with providing the Awarded New Capacity are substantially complete (subject only to snag or punch list items or any other matters which do not prevent substantial completion or taking over taking place under the applicable Major Contracts);

(ii) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has undergone commissioning testing;

(iii) a Final Compliance Certificate, Operational Certificate or Final Operational Notification has been issued under the applicable Grid Code in respect of each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity;

(iv) the Proportion of Delivered Capacity in respect of the Awarded New Capacity is not less than 50%;~~and~~

(v) each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity has met all Trading and Settlement Code and Grid Code requirements for participating in the Balancing Market; ~~and~~

(vi) each new or refurbished Generator Unit providing Awarded New Capacity complies with the CO₂ Limits; and

(b) **Long Stop Date:**