

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	ESB Generation and Trading (ESB GT)
Type of Stakeholder	Generator
Contact name (for any queries)	Paraic Higgins
Contact Email Address	paraic.higgins@esb.ie
Contact Telephone Number	01 7027119

CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

ID	Proposed Modification and its Consistency with the Code Objectives	Impacts Not Identified in the Modification Proposal Form	Detailed CMC Drafting Proposed to Deliver the Modification
CMC_04_20 - Providing greater flexibility for New Capacity to combine Candidate Units into a single Capacity Market Unit	<p>ESB GT believes that current version of the proposed modification fails to meet several CMC objectives.</p> <p>It fails to meet CMC objective (d) to promote competition in the provision of electricity capacity to the SEM as it will provide new entrants with an unfair competitive advantage over existing units.</p>		<p>ESB GT recommends the removal of the proposed modification to E.7.6.1.</p> <p>In relation to drafting proposed to F.5. ESB GT is concerned with the process for making additions to a proposed modification that were not discussed in a Working Group. One of the main benefits of having the Working Groups is that all</p>

APPENDIX C – RESPONSE TEMPLATE

It fails to meet CMC objective (f) to ensure no undue discrimination between persons who are or may seek to become parties to the CMC as new units will have an unfair economic advantage over existing in the following auctions where it become an existing unit.

As discussed in the Working Group, Section E.7 does warrant a further discussion on the issues that all participants face and whether the experience from the six auctions to date supports the original decision not to limit the aggregation of a small subset of units into a combined unit.

Without the inclusion of existing capacity units into this modification, the proposed modification will distort the level playing field and create undue discrimination between new and existing units. Therefore, ESB GT agrees with the RAs minded-to position **to reject the modification.**

participants can hear and assess different viewpoints on a modification. Without this discussion participants are at a disadvantage for ensuring they are aware of all the pros and cons and any potential impacts not assessed by a proposed modification. ESB GT is of the view that a modification should not go to consultation if a participant wants to introduce a new element in a proposed modification that was not discussed at the Working Group.

ESB GT believes further discussion is required on section E.7 to ensure a suitable solution is provided to all participants. For example, **a combinatorial auction that allows a participant to submit a single offer for multiple units and multiple offers for multiple units may allow all participants the ability to provide flexibility** into the market to the consumers benefit instead of potentially creating regulatory

APPENDIX C – RESPONSE TEMPLATE

			distortion.
<p>CMC_06_20</p> <ul style="list-style-type: none"> - Combining Capacity Units into a Capacity Market Unit - Proposed Changes 	<p>ESB GT does not support the RA’s minded-to position to impose a broad sweeping maximum size to all aggregation of CMUs as it will negatively impact on the participation of renewables in the CMC. In point 4.8.20 of SEM-15-103 the SEMC states <i>“Allowing larger renewable sites to participate in the CRM via an aggregator would facilitate volume risk diversification by intermittent renewables, potentially allowing aggregators to share risk pooling benefits with individual sites, and facilitating greater CRM participation by intermittent renewables. The SEM Committee sees benefit in extending the AOLR approach to CRM aggregators, and not limiting the maximum size of intermittent renewable units that can participate via a Capacity Aggregator.”</i> There is no evidence provided in the consultation paper, draft modification or in the working group to justify a move away from the SEMC’s decision</p>	<p>ESB GT is concerned that potential market power impacts have not been fully assessed with this modification.</p> <p>Market Power concerns are for all units not just for the larger participating units. The SEMC referenced this in CRM 3 Decision Paper (SEM-16-039) point 3.3.2, where it highlighted <i>“Concerns about the ability of one or more firms to exercise unilateral market power are clear. This point was reinforced by the Economic Social and Research Institute (ESRI), which considered this issue in a recent research paper on the I-SEM, and cautioned that there could be a danger that if the total amount of Reliability Options cannot be sold without the participation of one particular firm (i.e. they are pivotal), this firm will have both the ability</i></p>	<p>Similar to the CMC_05_20 comments ESB GT does not support making changes following a working group within which they were not fully discussed. ESB GT requests greater transparency on the methodology that was applied to determine the value of 100MW. Without clarity on the methodology and evidence to move away from the previous SEMC decision no such modification to E.7.6.1 (i) limiting the participation of renewables in the capacity market should be progressed.</p> <p>Considering the market power concerns, ESB GT recommends the rejection of the modification.</p>

APPENDIX C – RESPONSE TEMPLATE

	<p>in SEM-15-103. Considering the lack of supporting evidence, no limit to the aggregation of renewable units should be implemented.</p> <p>As for the modification drafted by the proposer, ESB GT is unsure if this modification facilitates the improvement of any of the CMC objectives. This modification appears to be changing the CMC due to issues with the DS3 market and is more about improving the finances of DSUs/AGUs in the DS3 market while minimising their exposure in the Capacity Market.</p> <p>Outside of the facilitating the objectives of the CMC, ESB GT has serious concerns with the increased market power that the proposed modification will create, see next column for detail, and therefore does not support the proposed modification.</p>	<p><i>and incentive to bid a high price for holding these options, which will lead to the auction clearing at a high price.”</i></p> <p>When deciding on the proposed modification ESB GT believes a more detailed assessment of the potential market power issues is required considering:</p> <ul style="list-style-type: none"> (1) the ESRI paper, (2) the fact that DSUs are not to be subject to a price taker offer cap primarily requires, and (3) the results from the CY 2023/24 where a DSU cleared a CRM contract of £136,000/MW. 	
--	---	--	--

APPENDIX C – RESPONSE TEMPLATE

<p>CMC Working Group 13</p>	<p>The latest agenda for the next working group (13) only has 1 modification (CMC_09_20). Can the RAs confirm the status of CMC_09_19, CMC_07_20 and CMC_02_20?</p> <p>Considering Mod_09_19 (Secondary Trading) has been discussed and delayed over several working groups so far, it was ESB GT's expectation that this modification would be progressed and put to a vote at Working Group 13. If this is not the case can clarity be provided on what the delay is prior to the Working Group.</p>		
------------------------------------	--	--	--

NB please add extra rows as needed.