

SEM-20-025 CONSULTATION RESPONSE -- DRAI

SUMMARY INFORMATION

Respondent's Name	DRAI (Demand Response Association Ireland)
Type of Stakeholder	Industry Association
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CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

The DRAI welcomes the opportunity to provide feedback and comments on the two proposed modifications CMC_04_20 and CMC_06_20 and welcomes the RAs decision to consult on these modifications prior to the qualification process for the T-4 CY2024/25 auction. The DRAI reiterates its view regarding the importance of a decision being made on this modification in particular prior to the initiation of the T-4 CY2024/25 qualification process.

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
<p>CMC_04_20 Providing greater flexibility for New Capacity to combine Candidate Units into a single Capacity Market Unit</p>	<p>The DRAI has reviewed this modification, proposed by Energia, and the logical justification put forwards. The DRAI recognises the RAs concerns with regard to creating a distinction in treatment between Existing and New Capacity, and notes the potential application of a maximum limit on the MW that can be aggregated to avoid the possibility of larger scale CMUs being aggregated and bid inflexibly into a Capacity Auction, causing potential market power issues.</p> <p>If Modification CMC_06_20 is approved, with the amendments proposed by the RAs to allow increased flexibility in the aggregation of any unit types, this will allow a wide range of unit types (including both Existing and New Capacity) the flexibility to aggregate and optimise.</p>		

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<p>CMC_06_20</p> <p>Combining Capacity Units into a Capacity Market Unit - Proposed Changes</p>	<p>The DRAI, as the proposer of this modification, intended to allow for DSUs to be structured optimally in both the CRM and DS3, is highly supportive of its approval and implementation.</p> <p>The DRAI recognises the feedback from other Participants that the modification should be open to enable all participants / unit types to avail of aggregation (rather than being restricted to AGUs/DSUs).</p> <p>The DRAI supports the RAs' minded-to view (as set out in 2.2.33 of the consultation document) to allow increased flexibility in the aggregation of all CMUs (not limited to only AGUs and DSUs). This will allow a wider range of unit types than permitted under the existing drafting of E.7.6.1(i), and both Existing and New Capacity the flexibility to aggregate and optimise.</p> <p>The DRAI notes the RAs' initial view to limit maximum aggregation size to 100 MW for aggregations not permitted under the existing drafting of E.7.6.1(i). The DRAI assumes that the 100 MW refers to the total de-rated capacity of the combined unit. We believe that using de-rated MW is important and appropriate as that is what the auction requirements and offers are based on. It would also help to ensure that there is a level playing field for unit types that have lower de-rating factors.</p> <p>Limiting aggregations to 100 MW (de-rated) is on the low side of the DRAI's expectations, to maximise flexibility to aggregate (and delivering the associated benefits) without any negative impact on competition in the market. Given the makeup of the DSU/AGU market segment, we do not believe that a cap would be necessary, but if this is extended to all unit-types we acknowledge the RAs concerns. The DRAI does not object to the aggregation of larger units, provided that this does not lead to market power issues or adverse impacts on the auction solution.</p> <p>The DRAI reiterates that the minor changes proposed under CMC_06_20 are essentially about allowing aggregators to aggregate more efficiently. This modification will allow this to happen in a manner that increases their ability to provide important flexibility services to the system (helping to reduce one of the barriers that has been identified in the FlexTech process). This is a key benefit, and the need/use for such a facility for DSUs and AGUs was not raised or considered in the CRM design phase. The DRAI also highlights again that the demand side industry consists of a relatively large number of small portfolios across the two jurisdictions, and accordingly the DRAI does not believe there is an argument that the Modification would introduce any market power issues.</p> <p>On the basis of the above comments, the DRAI recommends the RAs approve a revised version of CMC_06_20, and has no objection to the RAs approving the Modification with an amendment to the proposed drafting to increase transparency related to aggregated CMUs in Locational Capacity Constraints (as originally proposed within CMC_04_20).</p>		
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