

## DRAI CONSULTATION RESPONSE: SEM-20-043

### SUMMARY INFORMATION:

<b>Respondent's Name</b>	Demand Response Association Ireland (DRAI)
<b>Type of Stakeholder</b>	Industry Association
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The Demand Response Association of Ireland (DRAI) would like to make the following submission in relation to the Modification Proposal CMC\_09\_20 as per Consultation Paper SEM-20-043. As the proposer of this Modification, the DRAI intends this submission to complement the comments and justifications already put forward during CMC Workshop 13 where the Modification Proposal was discussed, and within the DRAI's subsequent post-workshop submission (published as Appendix C "DRAI Additional Pre-Consultation Feedback" to SEM-20-043).

The following sections set out the DRAI's comments on the Modification consultation document, focussing on responding to the working group feedback and the RAs 'minded to' position, without repeating all of the DRAI's previous justification and information.

### 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
<b>CMC_09_20</b> - <b>Modification to the Long Stop Date for the CY2020/21 T-1 Capacity Auction</b>	The DRAI welcomes the RAs 'minded to' position approve the proposed Modification, recognising the significant issues faced by several impacted Participants with bringing New Capacity online during the period impacted by the ongoing Covid-19 restrictions.  <b>Long Stop Date extension duration:</b>  The DRAI notes the RAs proposal to extend the Long Stop Date to 18 <sup>th</sup> December 2020 as a compromise position, balancing the desire to maximise the amount of capacity made available during the winter period and minimising any potential negative impacts associated with setting the		

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adjusted Long Stop Date during the Christmas holiday period, while at the same time providing a sufficient extension to the affected Participants in line with the intent of the Modification.

While recognising the high importance of ensuring as much capacity as possible is available during the winter period when peak demands typically occur, the DRAI does not believe that the suggestion to set the revised Long Stop Date to the 18<sup>th</sup> December provides an extension proportionate to the impact of the restrictions faced due to Covid-19. While acknowledging the concerns raised about the practicality of an extended Long Stop Date during December, the DRAI proposes that the Long Stop Date instead be extended to 20th January 2021. It is important to note that one of the main aims of this proposal is to help avoid affected participants having to engage in a complex and time-consuming (for all sides) Force Majeure process. For this reason, if this modification is to be effective, it is important that the extension is proportionate to the impact of the restrictions faced due to Covid-19. As the CMC sets a Long Stop Date 18 months after the start of the Capacity Year for New Capacity securing a multi-year Capacity Duration, the DRAI believes extending the Long Stop Date to less than 4 months from the start of the Capacity Year, for less than 65 MW of capacity is reasonable given the severity of the current situation.

**Affected capacity:**

The DRAI reiterates that (as reported in the Consultation Paper), having surveyed the 9 Participants which secured Awarded New Capacity for 2020/21 in the T-1 auction, a total of 63.2 MW of capacity (de-rated) remains still to be commissioned and is impacted by the ongoing Covid-19 restrictions.

The DRAI's view is that this relatively modest amount of capacity impacted (though highly concentrated among 7 relatively small market participants) is such that a reasonable Long Stop Date extension, proportionate to the level of restrictions faced in delivering this capacity is highly justified without material impact on security of supply and the value of the CRM hedge to consumers.

Extending the Long Stop Date will enable the impacted Participants to deliver as much as possible of the impacted capacity, as soon as possible, and the DRAI believes this is the most beneficial outcome for security of supply, for consumers, and for the impacted Participants.

**Requirement to provide evidence to qualify for the extended Long Stop Date:**

Due to the relatively short duration extension and strong retained financial incentive for impacted Participants to deliver as much of the capacity as possible as soon as possible (due to not receiving

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	<p>Capacity Payments until having done so), the DRAI's view is that the automatic extension of the date for all affected Participants is appropriate. This is further supported by the fact that there is a known and relatively limited number of potentially impacted Participants (7) and capacity (63.2 MW).</p> <p>If the RAs do decide to require impacted Participants to provide a degree of evidence in support of their claim, in order to benefit from the extended Long Stop Date, this should be kept as simple as possible (no more complicated than a letter from the Participant confirming the reason for the delay and requesting the extension). With the lack of any financial benefit or gain for any Participant to avail of the extended Long Stop Date for any longer than absolutely necessary, the DRAI believes in this case an automatic extension is the most efficient way to deal with the issue faced.</p> <p><b>Summary:</b></p> <p>The DRAI recommends the RAs approve the proposed Modification and believes there is considerable merit in extending the Long Stop Date further, to 20<sup>th</sup> January 2021, balancing reasonable relief to the impacted Participants (max. 63.2 MW impacted) while minimising any potential impact on security of supply or the value of the CRM hedge to consumers. The DRAI believes this is highly justified by the significant nature of the delays faced by the impacted Participants, which will retain a strong financial incentive to deliver as much as possible of the impacted capacity, as early as possible. The DRAI also believes that an automatic extension of the Long Stop Date for all affected Participants is the most appropriate and efficient solution.</p> <p>Deciding not to extend the Long Stop Date or extending it only by a short period will mean some capacity which could have been commissioned given a more reasonable extension is not delivered at all, and will (without any system benefit) force impacted Participants to enter individual legal proceedings to claim relief via the CMC Force Majeure provisions – an outcome which is highly complex, costly and administrative for the TSOs and Participants, and not an efficient outcome.</p>		
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