

Response to SEM-20-071
Capacity Market Code Further Consideration of
Modification CMC_07_20
Capacity Market Code Workshop 12

EirGrid and SONI Response
25th November 2020



1 Introduction

1.1 EirGrid and SONI

EirGrid holds licences as independent electricity Transmission System Operator (TSO) and Market Operator (MO) in the wholesale trading system in Ireland, and is the owner of the System Operator Northern Ireland (SONI Ltd), the licensed TSO and MO in Northern Ireland. The Single Electricity Market Operator (SEMO) is part of the EirGrid Group, and operates the Single Electricity Market on the island of Ireland.

Both EirGrid, and its subsidiary SONI, have been certified by the European Commission as independent TSOs, and are licenced as the transmission system and market operators, for Ireland and Northern Ireland respectively. EirGrid also owns and operates the East West Interconnector, while SONI acts as Interconnector Administrator for both of the interconnectors that connect the island of Ireland and GB.

EirGrid and SONI, both as TSOs and MOs, are committed to delivering high quality services to all customers, including generators, suppliers and consumers across the high voltage electricity system and via the efficient operation of the wholesale power market. EirGrid and SONI therefore have a keen interest in ensuring that the market design is workable, will facilitate security of supply and compliance with the duties mandated to us and will provide the optimum outcome for customers.

EirGrid and SONI have duties under licence to advise the CRU and UR respectively on matters relating to the current and expected future reliability of the electricity supply. We have also been allocated responsibility for administering the Capacity Market Code through our TSO licences. This response is on behalf of EirGrid and SONI in their roles as TSOs for Ireland and Northern Ireland.

2 EirGrid and SONI views on the Consultation Topic

EirGrid and SONI in our role as System Operators have considered the points raised during the Capacity Market Workshop 12¹, in the SEM-20-040 consultation paper² and relative decision paper³ and in the SEM-20-071 Capacity Market Code Further Consideration of Modification CMC_07_20⁴.

EirGrid and SONI support the intent of the proposed changes which will benefit the Code objectives by providing flexibility for the provision of adequate Capacity, promote competition and ensure no undue discrimination to participate in the Capacity Market.

EirGrid and SONI recognise that new capacity might require a change of Technology Class as the project approaches completion, which could reduce risks of non-delivery and would therefore benefit the Market as a whole.

EirGrid and SONI have also considered the operational requirements linked to this modification and have no issue to report.

The proposed changes to the original proposal in respect of Clean Status in our view are pragmatic considering the intention of the proposed change i.e. to provide flexibility to deliver on Awarded New Capacity obligations where a project is encountering difficulties and is at risk of not delivering.

Under J.5.4.6, the proposed drafting is not clear. It would appear to suggest that if any resubmitted Exception Application is approved that the Maximum Capacity Duration is set to 10 years. We would like to draw the distinction between Maximum Capacity Duration and the duration of the Awarded New Capacity under F.9.1.1(a)(iii), which may be less than the Maximum Capacity Duration depending on the offer submitted by the Participant. The Regulatory Authorities may intend that any revised value be set to 10 years; however, we consider that the proposed text would benefit from further clarity in this regard.

Regarding the definition of FDERATE proposed, while this may be intended, we would suggest that care is taken with the updating of this value to ensure that there are no unintended consequences. The Gross De-Rating Factor is based on the qualified Gross De-Rated Capacity and Initial Capacity associated with the original technology class. Where there is an approval of a technology class change, de-rated Grid Code Commissioned Capacity will be based on the de-rating factor applicable from the relevant Initial Auction Information Pack. The revision of FDERATE draws on some of the elements of this calculation in respect of substituting the Grid Code Commission Capacity for the Initial Capacity but it does not provide for the fact that the Awarded New Capacity could be less than the Gross De-Rated Capacity (New). This would result in FDERATE being different from the derating factor used to assess Substantial Completion. We would recommend that

¹ <https://www.sem-o.com/events/capacity-market-modificat-19/Capacity-Modifications-Committee-Workshop-12-Report-version-2.0.pdf>

² https://www.semcommittee.com/sites/semc/files/media-files/SEM-20-040%20WG12%20-%20CMC_09_19%20CMC_07%20CMC_08%20Cons%20Paper.pdf

³ https://www.sem-o.com/documents/market-modifications/CMC_08_20/SEM-020-064CMCModsWG12CMC_09_1907_2008_20DecisionPaper.pdf

⁴ https://www.semcommittee.com/sites/semc/files/media-files/SEM-020-071%20CMC_07_20%20Further%20Consideration%20Cons%20Paper.pdf

further consideration is given to ensure that the proposed text captures the intended outcome.

Finally, regarding the drafting of the proposed change, there are a number of changes to the text which have been introduced with tracked changes against the original modification proposal and others which have not been tracked (e.g. J.5.4.9 and J.5.4.10). We request that the approved modification be attached to the final decision in the form of a new modification proposal in doc format where the changes are tracked against the current Capacity Market Code including where applicable any modifications effective on the baseline version. This greatly assists in the updating of the Capacity Market Code and ensures that there is clarity around the changes that have been approved by the Regulatory Authorities.