

MODIFICATION PROPOSAL FORM			
<b>Proposer</b> (Company)	<b>Date of receipt</b> (assigned by System Operator)	<b>Type of Proposal</b> (delete as appropriate)	<b>Modification Proposal ID</b> (assigned by System Operator)
Energia Group		Standard	
<b>Contact Details for Modification Proposal Originator</b>			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
Caoimhe.McWeeney@energia.ie	087 098 0702	Caoimhe.mcweeney@energia.ie	
<b>Modification Proposal Title</b>			
<b>Extension of ASTN Arrangements</b>			
<b>Documents affected</b> (delete as appropriate)	<b>Section(s) Affected</b>	<b>Version number of CMC used in Drafting</b>	
CMC	M	V5	
<b>Explanation of Proposed Change</b> (mandatory by originator)			
<p>This modification seeks to extend existing Alternative Secondary Trade Notification (ASTN) arrangements as per M.12 of the Capacity Market Code, which was decided under the decision SEM-20-064 in relation to CMC_09_19. Through this modification we seek to enhance the ATSN mechanism within the market.</p> <p><b>Trading Above Derated Capacity</b></p> <p>Modification CMC_09_19 was first discussed at Working Group 10 on 21 November 2019, it was deferred and subsequently presented at Working Group 12, 31 March 2020. This was then consulted upon in SEM-20-040 on 19 June 2020. Section 2.1.39 of SEM-20-040 stated that after feedback from the SOs at the working group, the draft text providing the ability to trade above de-rated capacity had been de-scoped, however the RAs committed to continuing engagement with the SOs in order to be in a position to facilitate this additional trading capability.</p> <p>This modification seeks to now include the option that a seller, when entering a secondary trade, may have the option to trade above the unit's de-rated capacity volume. This element was included in the original proposal for the modification CMC_09_19 however this was de-scoped at the time to facilitate the modification's implementation as soon as possible as stated above. Notwithstanding this in the summary of consultation responses received, in section 2.2.16 of SEM-20-64 EAI requested that, "a commitment be given to when the ability to trade above the de-rated capacity will be possible, and that such date should not be after 1st October 2021."</p> <p>Further to this in section 2.3.15 of SEM-20-064 stated that, "The CRM Team will continue to engage with the SOs to develop the systems necessary to extending the scope of the Alternative Secondary Trading Arrangements to allow trading above de-rated capacity."</p> <p>This matter was raised again by Energia in the consultation response to the "Roadmap for Market Development 2020-2025". In response to the consultation response, EirGrid and SONI advised that that there were several elements required to implement this change and this would need to be supported by a modification of the Capacity Market Code. Therefore, in order to formally trigger the necessary system changes to facilitate this, we are proposing this modification.</p>			

### 70 Day Limit

Having reviewed SEM-16-022 in relation to the 70 days limit proposed in section H of the code reasoning was outlined in section 4.4.17 of the decision paper, "It would be very unusual for plant to have more than 70 days (10 weeks) on outage in any 12-month period". The market has now been in operation for almost 3 years and has seen several units on outage for in excess of 70 days, therefore it is a good to take stock of this previous decision considering the experience of the market to date. Based on this we are not recommending the inclusion of the 70 day limit as part of the legal drafting.

### Trade Notification

Energia have reviewed section M.12.3 Role of System Operators and seek to enhance the processing time for the activation of an Alternative Secondary Trade Notification (ASTN). As the ASTN is designed to be utilised during planned or forced outages, 5 working days' notice is too long especially during a forced outage as it is unplanned and may take place outside of working hours. Therefore, to optimise this mechanism in the CMC we are proposing a 2-hour window following notification to the SO to activate an ASTN. We note this will require a system update to facilitate automated processing outside of usual office hours.

### System Changes & Workarounds

We acknowledge there may be system changes required to facilitate this modification, however given the continuous nature of the energy market, these changes are necessary to enhance of the markets ability to facilitate an ASTN 24/7 365 days per year. A workaround and additional resourcing should be employed by the SOs to facilitate the expedient implementation of the necessary changes, particularly if the system limitation will impact the ability of market participants to manage their risks.

#### Legal Drafting Change

*(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

### M.12.3 Role of System Operators

M.12.3.1 The System Operators must do all things necessary to operate and administer the Alternative Secondary Trading Arrangements such that Alternative Secondary Trade Notifications are validated, and the Capacity and Trade Register is updated within 2 hours 5 Working Days in accordance with this section M.12 including:

- (a) providing facilities for the receipt and processing of Alternative Secondary Trade Notifications;
- (b) validating Alternative Secondary Trade Notifications and the associated proposed Secondary Trades;
- (c) determining and publishing the outcome of Secondary Trades, including Awarded Capacity and prices;
- (d) update the Capacity and Trade Register with the details of a valid trade as soon as reasonably practicable.

M.12.3.2 The System Operators shall reject a proposed Secondary Trade set out in an Alternative Secondary Trade Notification if:

- (a) it does not form part of a matching Trade Pair, where a Trade Pair is formed of matching Alternative Secondary Trade Notifications from Buyer and Seller submitted on the same Working Day;

- (b) the start of the proposed trade is prior to 2 hours ~~5 Working Days~~ after the trade was notified;
- (c) the end of the proposed trade is at or before its start;
- (d) the MW quantity of the proposed trade after adjustment pursuant to M.12.2.4 is zero; or
- (e) it does not comply with the requirements set out in this section M.12.

M.12.3.3 The System Operators shall notify Participants if their proposed Secondary Trade is rejected pursuant to M.12.3.2 as soon as practicable, identifying the reason for such rejection.

#### M.12.6 **Buyer Limits and Seller Limits**

M.12.6.1 The “**Initial Position**” of a Capacity Market Unit in respect of the period of time to which a proposed Secondary Trade relates is the Net Capacity Quantity of that Capacity Market Unit in respect of that period of time immediately prior to the proposed Secondary Trade

M.12.6.2 The Buyer Limit for a Capacity Market Unit is the Initial Position of the Capacity Market Unit

M.12.6.3 The Seller Limit for a Capacity Market Unit is the value calculated as:

(a) the value calculated as follows:

(i) if the Participant is seeking to trade above its Gross De-Rated Capacity:

(A) the lesser of:

i. the Gross De-Rated Capacity (Total) of the Capacity Market Unit (when the Capacity Market Unit was last Qualified in respect of the Capacity Year) multiplied by one plus the Secondary Trade De-Rated Capacity Tolerance applicable to that unit;

ii. the Commissioned Capacity of the Capacity Market Unit; and

iii. the Initial Capacity (Total) of the Capacity Market Unit (as determined when the Capacity Market Unit was last Qualified in respect of the Capacity Year); less

(B) the Initial Position of the Capacity Market Unit.

(ii) otherwise:

(A) the Available De-Rated Capacity; less

(B) the Initial Position of the Capacity Market Unit multiplied by the Product Load Following Factor for the traded period,

(b) divided by the Product Load Following Factor for the applicable Product.

M.12.6.4 For the purposes of paragraph M.12.6.3:

- (a) the level at which a Participant is seeking to trade in a proposed Secondary Trade is the Initial Position of the relevant Capacity Market Unit plus the incremental MW quantity offered in that proposed Secondary Trade; and
- (b) “Available De-Rated Capacity” is the lesser of the Commissioned Capacity and the

Gross De-Rated Capacity (Total) of the Capacity Market Unit (when the Capacity Market Unit was last Qualified in respect of the Capacity Year).

- (c) The “Secondary Trade De-Rated Capacity” is set as per H.7.3.5 and H.7.3.6 of the Capacity Market Code.

#### **Modification Proposal Justification**

*(Clearly state the reason for the Modification)*

#### **Risk Management**

This modification will allow parties to trade obligations above their derated capacity in the market and reduce their exposure and it is considered a necessary supplement to the existing interim solution and a driver to ultimately fulfilling the Capacity Market Code enduring requirements under section H Secondary Trading.

#### **Flexibility**

The modification brings greater flexibility to the ASTN mechanism by reducing the required notification period to activate the ASTN. During a forced outage it allows a market participant to manage their market position by being able to enter into a secondary trade therefore alleviating some of the risk for market participants.

#### **Facilitating Renewables**

This change will also allow renewables to enter into the market by providing a mechanism for the renewable participant to manage the RO risk during periods of low wind through the ASTN.

#### **Market System Development**

This modification if successful will trigger the necessary system changes to the CMP to facilitate a unit trading above the de-rated capacity, as required by EirGrid and SONI (EirGrid and SONI advised in response to Energia’s submission to the “Roadmap for Market Development 2020-2025” Consultation, that there were several elements required to facilitate greater flexibility within secondary trading arrangements and this would need to be supported by a modification of the Capacity Market Code.)

#### **70 Days**

The provision for a 70-day cap on the trading above the de-rated capacity was made under SEM 16-022 based on the assumption of 70 days being the maximum duration for a unit being on outage. Since the market has experienced unit outages for longer than this since the commencement of the new market it is timely now to review this in the context of the current modification.

#### **365**

Given the energy market operates 24/7 365, a forced outage could happen at any time, or wind forecasted can change, therefore market participants should be capable of activating an ASTN with 2 hours’ notice to mitigate any risks associate with such an event, providing greater flexibility to all.

#### **Code Objectives Furthered**

*(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)*

A: to facilitate the efficient discharge by EirGrid and SONI of the obligations imposed by their respective Transmission System Operator Licences in relation to the Capacity Market;

<p>D: to promote competition in the provision of electricity capacity to the SEM;</p> <p>G: through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.</p>
<p align="center"><b>Implication of not implementing the Modification Proposal</b>  <i>(State the possible outcomes should the Modification Proposal not be implemented)</i></p>
<p>Delayed implementation of the Secondary Trade Market as envisaged under Section H of the CMC.</p> <p>Continued lack of flexibility in the ASTN market and limited options for managing risk during forced outage or low wind conditions.</p>
<p align="center"><b>Impacts</b>  <i>(Indicate the impacts on systems, resources, processes and/or procedures)</i></p>
<p>Update to market systems and process to facilitate:</p> <ul style="list-style-type: none"> <li>i. online submission of secondary trades through CMP</li> <li>ii. online validation of secondary trades</li> <li>iii. inclusion of trading above de-rated capacity</li> <li>iv. real time secondary trade capability within a 2-hour notification timeframe</li> </ul> <p>Provision of additional resources to facilitate a workaround in advance of the enduring system changes go-live.</p>
<p align="center"><b>Please return this form to the System Operators by email to <a href="mailto:CapacityModifications@sem-o.com">CapacityModifications@sem-o.com</a></b></p>

#### Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Regulatory Authorities.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

<b>CMC / Code:</b>	means the Capacity Market Code for the Single Electricity Market
<b>Modification Proposal:</b>	means the proposal to modify the Code as set out in the attached form
<b>Derivative Work:</b>	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms "System Operators" and "Regulatory Authorities" shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
  - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;

- 1.2 to the Regulatory Authorities to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
  - 1.3 to the System Operators and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
  - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.