

APPENDIX E – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	iPower Solutions Limited
Type of Stakeholder	Demand Side AGU and DSU Aggregator
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Confidential Response	N

CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

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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_11_22</p> <ul style="list-style-type: none"> - De-rating for Annual Run Hours Limits 		<p>SEM Committee decision on 11 August, referred to in the Modification, was not available at the time the modification was submitted and published. The decision was subsequently published on the 17th August, although it is dated 11th August. This is an unfortunate use of dates, insofar as they do not identify the correct publication dates and make it look as if more time was available for Participants to assess the details of the matter.</p>	
<p>SEM-22-044</p> <ul style="list-style-type: none"> - Decision Paper on 2026/27 T-4 Capacity Auction Parameters & Annual Run Hour Limited Plant De-Rating Factor 	<p>This is the paper that is behind the decision of the RAs to submit mod CMC_11_22. It supports the idea, put forward by SONI/Eirgrid, that certain energy providers may have limited running hours based on their emission levels. Note that these energy providers are paid for their energy through the T&SC settlement rules. They are also centrally dispatched, which gives them little chance of providing their capabilities across the complete year.</p>		

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<p>SEM-22-044</p> <ul style="list-style-type: none"> - Decision Paper on 2026/27 T-4 Capacity Auction Parameters & Annual Run Hour Limited Plant De-Rating Factor 	<p>The System is centrally dispatched and as such the TSOs control the running hours of every unit which means that the TSO can choose to make the unit available for 8760 hours. As a consequence of the TSO actions, the participant may incur a full year of availability costs despite only being paid for reduced hours as a consequence of this additional derating.</p> <p>Due to the TSO’s level of control over dispatch hours, it is unfair to use derating as a mechanism for penalising participants with run hour limits who have made themselves available for 8760 hours and did not reach their run hour limits. Due to derating the unit would have suffered an unnecessary and unfair upfront penalty in comparison to other units that were not derated but got paid a full 8760 for providing the same function. This could be viewed as discriminatory and could cause further complications for the market.</p> <p>Have the RA’s considered this scenario and whether there should be a retrospective payment following the end of the capacity year to units that have been available for more hours than their run hour limits derating?</p>		
<p>CMC and T&SC</p>	<p>It has been concluded by participants, SEMO and the Dispute Resolution Board that only the rules that exist at the start of the capacity auction process can be used to set the parameters and settlement thereof for the capacity year in mention.</p> <p>Since the start of I-SEM the RAs and SEMO have maintained the position that Demand Side Units (DSU) are turn off response and as such do not attract any energy payments. Since the RAs currently hold this position through the existing CMC and T&SC then there is no corresponding belief that DSUs have any emission limits.</p> <p>If the RAs and SEMO introduce energy payments for DSUs in the future, then it would be from that time that it could be looked upon that DSUs may have emissions. It would only be from that future time that modifications could be introduced such that annual run hour limitations would be made attributable to DSUs.</p>		

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CMC and T&SC	<p>The modification suggests that in the future the Annual Run Hour Limits may be applied to Existing capacity. It should be noted that DSUs and AGUs must be greater than 4MW to exist (Recent mods to reduce this to 1WM were rejected). If CMC_11_22 was to be applied to existing capacity, then the DSUs and AGUs would need to group their sites with similar run hour limits, which would likely result in groups of sites that do not sum up to the required 4MW. This would mean the loss of such site’s capabilities and a reduction in the available generation on the island.</p>		
CMC_11_22 - De-rating for Annual Run Hours Limits	<p>Explanation of Proposed Change “The additional de-rating will only apply to combustion plant”</p>	<p>DSUs are currently viewed as ‘turn off’ and do not attract energy payments, therefore are not viewed as having ‘combustion plant’.</p> <p>iPower understands that this Urgent Modification is only to address concerns over emission limits and no other measure, which is why the RAs refer to combustion plant only.</p>	
CMC_11_22 - Sub-section C.3.8 Annual Run Hours	<p>C.3.8.2 For a Demand Site, that is comprised in a Demand Side unit, that achieves demand reduction using combustion the Initial Annual Run Hours Limit (Existing) for a Capacity Year shall be equal to its Annual Run Hour Limit as set out in the relevant environmental licence or permit.</p>	<p>There may not be any such documentation</p>	<p>Adjust wording to include – “...asset out in any existing relevant environmental licence or environmental permit, otherwise it shall be set to 8760 hours”.</p>

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<p>CMC_11_22</p> <ul style="list-style-type: none"> - Sub-section C.3.8 Annual Run Hours 	<p>C.3.8.3 For Generator, that is comprised in an Aggregated Generator Unit, which generates using combustion, the Initial Annual Run Hours Limit (Existing) for a Capacity Year shall be equal to its Annual Run Hour Limit as set out in the relevant environmental licence or permit.</p>	<p>There may not be any such documentation</p>	<p>Adjust wording to include – "...as set out in any existing relevant environmental licence or environmental permit, otherwise it shall be set to 8760 hours".</p>
<p>CMC_11_22</p> <ul style="list-style-type: none"> - Sub-section C.3.8 Annual Run Hours 	<p>C.3.8.6 For a Demand Site, that is comprised in a Demand Site Unit which achieves demand reduction using combustion, the Initial Annual Run Hours Limit (Total) for a Capacity Year shall be equal to the Participant's expectation of the Annual Run Hours Limit for the relevant combustion plant at the Demand Site given the applicable emissions legislation.</p>	<p>Demand Side units are currently viewed by the RAs as turn off only and the rules within the CMC and T&SC do not pay for any energy provision. Combustion plant would have energy costs, therefore the RAs view DSUs as having no combustion plant.</p>	<p>Delete this clause</p>
<p>CMC_11_22</p> <ul style="list-style-type: none"> - New paragraph 	<p>E.8.2.9 The System Operators shall determine the Gross De-Rated Capacity (New) of a Demand Side Unit in accordance with the following formula:</p>	<p>No explanation as to the need for this new paragraph</p>	<p>Delete this clause</p>
<p>CMC_11_22</p> <ul style="list-style-type: none"> - New paragraph 	<p>E.8.8.2A Where a Demand Side Unit is Qualified as a Capacity Market Unit in its own right, then:</p>	<p>No explanation as to the need for this new paragraph</p>	<p>Delete this clause</p>

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<p>CMC_11_22 - New paragraph</p>	<p>G.3.1.2E(b) The value of Commissioned Annual Run Hour Limit</p>	<ol style="list-style-type: none"> 1. DSUs are not considered to have combustion 2. The DSU may have a portfolio of turn off and combustion which it may not have bid all into the auction. This means any combustion plant may not be a limiting factor. 	<ol style="list-style-type: none"> 1. Delete this clause 2. Delete or reword the clause to consider the variety and complexity of energy provision by the portfolio of sites within a DSU

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<p>CMC_11_22</p> <ul style="list-style-type: none"> - Modified paragraphs 	<p>G.3.1.4A (b) where a Demand Side Unit which has a zero INCTOL value, the De-Rating Factor applicable to the sum of the Demand Sites comprising that Demand Side Unit and with an Initial Capacity equal to the Grid Code Commissioned Capacity and an Initial Maximum On Time equal to the Grid Code Commissioned Maximum On Time and an Initial Annual Run Hours Limit equal to the Commissioned Annual Run Hours Limit of that Demand Site as specified in the Initial Auction Information Pack for the relevant Capacity Auction in which the relevant Awarded New Capacity was allocated (Grid Code Commissioned De-rating Factor); (c) where an Aggregated Generator Unit has zero INCXTOL, the De-Rating Factor applicable to the sum of the Generators comprising that Aggregated Generator Unit of the Technology Class of that Generator and with an Initial Capacity equal to the Grid Code Commissioned Capacity and an Initial Maximum On Time equal to the Grid Code Commissioned Maximum On Time and an Initial Annual Run Hours Limit equal to the Commissioned Annual Run Hours Limit of that Generator as specified in the Initial Auction Information Pack for the relevant Capacity Auction in which the relevant Awarded New Capacity was allocated (Grid Code Commissioned De-rating Factor);</p>	<p>The references to the sum of Demand Sites/Generators are not appropriate for the CMC. The Demand Sites are handled by the TSO under Grid Code. The capacity volume produced by the TSOs is provided to the market. There is no need to reference a de-rating factor for the sum of the demand sites or generators.</p> <p>Auction Packs have not previously referred to Demand Site. They refer to Demand Side Units (DSUs). No reasons have been provided for the proposed change.</p>	<p>Delete clauses</p>
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<p>CMC_11_22 - Glossary</p>	<p>Annual Run Hour Limit in respect of capacity which generates using combustion shall be the maximum number of hours per Capacity Year during which the relevant combustion plant, in whole or in part, may operate in compliance with all applicable legislation, licences, authorisations, consents and permits; and in respect of all other capacity shall be assumed to have the value 8760 hours.</p>	<p>As per comments for G.3.1.2E(b) above. Capacity is awarded on a unit basis and not on the supporting plant. The word capacity here is not a defined term and an alternative wording should be examined.</p> <p>Note that the de-rating curves are applicable to units and not individual elements of units, and therefore this definition should not make reference to such plant.</p>	
<p>CMC_11_22 - Glossary</p>	<p>Initial Annual Run Hour Limit (Existing) has the meaning given in paragraph C.3.8.1.</p>	<p>This is defined in more than one clause</p>	<p>Initial Annual Run Hour Limit (Existing) has the meaning given in paragraphs C.3.8.1 and C.3.8.2 and C.3.8.3 and C.3.8.4</p>
<p>CMC_11_22 - Glossary</p>	<p>Initial Annual Run Hour Limit (Total) has the meaning given in paragraphs C.3.8.2 and C.3.8.3.</p>	<p>References are incorrect and is defined in more than those clauses.</p>	<p>Initial Annual Run Hour Limit (Existing) has the meaning given in paragraphs C.3.8.5 and C.3.8.6 and C.3.8.7 and C.3.8.8 and C.3.8.9</p>

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<p>CMC_11_22 - Glossary</p>	<p>New Capacity Where a Demand Site would otherwise be considered New Capacity for the sole reason of a change of its registered Participant then it shall be considered Existing Capacity under this Code.</p>	<p>The need to protect existing combustion plant, under this modification is understandable, given the current tightness in supply in the Island.</p> <p>Individual Demand Sites (IDS) do however need to be tested by the TSOs when they transfer from one Unit to another Unit, even if it is with another Participant. Not only are the site capabilities being tested it is also the SCADA infrastructure being tested. iPower therefore believe that any such IDS capacity move should be considered as NEW as is per the existing code.</p> <p>Capacity is awarded at a Unit level, and growth of a unit is through the addition of new capacity. Growth of a unit by transferring IDSs should still be viewed as new and should not be complicated by looking at the origins of the IDSs</p>	<p>Delete the proposed new wording in the clause</p>

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<p>CMC_11_22 - Add paragraphs</p>	<p>Add the following sub-paragraphs: Appendix D.4 (k) for each Demand Site within a Candidate Unit that is a Demand Side Unit: (i) the identity of the Demand Site; (ii) the quantity proposed in respect of each of: a. Initial Capacity (Existing) of the Demand Site, and (as applicable); b. Initial Capacity (Total) of the Demand Site;</p> <p>(iii) the Gross De-Rated Capacity (Existing) in respect of the Demand Site; (iv) the Gross De-Rated Capacity (New) proposed in respect of the Demand Site (such that the sum of (iii) and (iv) reflects the Gross De-Rated Capacity (Total) sought for the Demand Site); (v) whether the Demand Site is Clean;</p>	<p>Appendix D.4 (k) already exists and makes reference to Aggregated Generator Unit. This numbering cannot be used.</p> <p>DSU sites are a matter for its Operations Certificate issued by the TSO. The Individual Demand Sites (IDS) may change on an ongoing basis and that has never been considered a matter for SEMO to track. Sites named in qualification may not align with the operational capability of the DSU in the Capacity Year in question or in intervening years.</p> <p>This clause appears to require the addition of data for existing sites and existing DSUs. The handling of such data shall place an increased burden on both SEMO and participants. The explanation for the Modification stated that it would only apply to NEW Capacity.</p>	<p>Remove Clause</p>

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<p>CMC_11_22</p> <ul style="list-style-type: none"> - Add paragraphs 	<p>Add the following sub-paragraphs: Appendix E.3(a) (vi) in the case of a Generator which is part of a Demand Side Unit:</p> <ul style="list-style-type: none"> a. its Initial Capacity (Existing) and Initial Capacity (Total); b. its Gross De-Rated Capacity (Existing) and Gross De-Rated Capacity (Total); and c. its Firm Offer Requirement. 	<p>No explanation for the addition of this clause has been given. If this is housekeeping then it should be in a separate modification</p>	