

APPENDIX E – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	Mutual Energy
Type of Stakeholder	Interconnector Owner and Gas TSO
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Confidential Response	N

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
CMC_10_22 - Introduction of New Remedial Action in the Event of Third Party Delays	Whilst we appreciate and are sympathetic to the fact that there are circumstances whereby projects may be delayed that are outside the control of developers, we agree with the RAs suggestion in the consultation paper that this proposal increases the risk of overly speculative or optimistic applications into capacity market auctions, potentially removing incentives to build adequate time into development plans. This is not in line	One of the key concerns that the proposer of the mod appears to have is the risk of a gas connection not being delivered in time. Whilst this is a risk for developers, it is one which should be primarily managed through their own project planning and management process. The current capacity market design does not sufficiently	In order to account for the issues raised in the previous column, we would expect that a unit should be able to demonstrate that it has approached the relevant gas TSO with a formal connection request and received some indication that a connection can be delivered in accordance with the gas TSOs licence conditions relating to connection requests as part of the Application for Qualification for a

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	<p>with the Code Objectives of provision of adequate future capacity in a financially secure manner.</p>	<p>disincentivise speculative behaviour when it comes to gas connections.</p> <p>There is currently no requirement for a participant in the capacity auction process to even assess whether or not they are likely to receive a gas connection before being awarded a contract under the capacity market.</p> <p>Gas TSOs generally have a licence obligation to connect parties who request a connection. However, where this would cause system issues, or where there is insufficient gas capacity, requests can be refused.</p> <p>It may be expected, therefore, that a developer of new gas fired generation would approach the relevant gas TSO</p>	<p>capacity auction. We propose adding a sub-paragraph into E.7.5.1 such that the Application for Qualification will be rejected, unless such evidence of a reasonable indication that a gas connection will be available by the commencement date of the Capacity Market contract has been provided.</p> <p>We also suggest adding in a gas connection as a requirement as part of the Implementation Plan as described in J.2.1.2 of the Code.</p> <p>We do not provide specific wording at this stage but are happy to engage further on this issue to develop wording that is appropriate for the applicable gas connection processes in both jurisdictions.</p>

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		<p>and request a connection prior to participating in a capacity auction.</p> <p>However, some developers might choose not to request a gas connection prior to participating in the capacity auction given (in Northern Ireland at least) submitting a gas connection request means that the developer is then responsible for certain costs associated with design works etc.</p> <p>Instead, new generators may be awarded Capacity Market contracts in auctions sometimes little more than 3 years before delivery date, and only then approach gas TSOs for a connection. If gas TSOs are unaware of the prospective connection, it will not have been factored into network</p>	

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		<p>development planning and there is no guarantee that gas capacity is available.</p> <p>Not only would this increase costs for consumers, as the work has to be done on shorter timescales (therefore at increased cost), it also exposes the developer to risk in terms of a gas connection not being available or prohibitively expensive if deep reinforcements are needed, and ultimately this risks future security of supply for electricity if the project ends up not being viable.</p> <p>Any modification which seeks to exempt developers from penalties when delays to commissioning have occurred which are outside of their control should at least also seek to introduce incentives to</p>	

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		reduce speculative behaviour as outlined above.	

NB please add extra rows as needed.