



**TYNAGH ENERGY**  
**L I M I T E D**

Kevin Baron  
Utility Regulator  
Queens House  
14 Queens Street  
Belfast  
BT1 6ED

Kevin Lenaghan  
Utility Regulator  
Queens House  
14 Queens Street  
Belfast  
BT1 6ED

Ref: TEL/CD/2020/155

30<sup>th</sup> July 2020

**RE: Response to CMC WG 12 Consultation Paper (SEM-20-040)**

Dear Kevin,

Tynagh Energy Limited (TEL) welcomes the opportunity to respond to this Capacity Market Code Working Group 12 Consultation Paper (SEM-20-040).

**CMC\_09\_19: Supplementary Interim Secondary Trading V.2**

TEL urge that if at all possible this modification should be introduced by October 1<sup>st</sup>, and that any amendments that might delay this are introduced subsequently.

Turn Around Time

TEL suggest that the quick turnaround of requests for trading is important in the provision of this functionality. Where possible the work, and if necessary, the proof of any calculations should be performed by the participants, this should ensure that the TSO is only involved in verification and data entry.

The template that has been suggested previously allowed this process. For the sake of clarification regarding point 2.1.31 of the consultation, it would make more sense if the unique reference number was a concatenation of 1) Seller unit ID 2) Buyer unit ID 3) Starttime. This makes more sense particularly if a seller was looking to sell to more than one unit at a time.

Transparency

In order to ensure that Market Power is not abused and that equally that there is true price discovery TEL urge that once a month there is a report which is simply a publication of the Capacity And Trade Register of new trades from the previous month. This would report all the details of the trade, including:

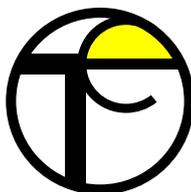
- Seller Unit ID
- Buyer Unit ID
- Start Trading Period
- End Trading Period
- Quantity
- Price (€/MW)
- Price (£/MW)
- FSQC

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**Block A, The Crescent Building, Northwood Park, Santry  
Dublin 9 D09 X8W3  
IRELAND**  
**TEL:** +353 (0) 1 857 8700  
**FAX:** +353 (0) 1 857 8701

**DIRECTORS**  
Jan Springl (CZ)  
Tarloke Singh Bains  
Bran Keogh (IRE)

**REGISTERED NUMBER:** 378735



### Stacking

The system should work in parallel with the existing interim solution, particularly as the TSO timeframe will be insufficient for any short term forced outages. Equally, due to the limited volume available (as the proposed solution is only looking at the difference between derated capacity and FSQC derated capacity and not the 70 days at nominal capacity) it should be possible to stack the trades. If for instance a CCGT was looking to trade out because of an outage it should be possible to have three secondary trades to maybe reduce the exposure by 50% and also remove the exposure for a further 25% using the existing interim methodology. The participant may then be happy with the remaining risk.

### Load Following methodology

The Load Following methodology should use the latest appropriate forecast either annual or monthly. It will also require that the annual load forecast is run for two years in advance. If this is not available then where an outage is due to occur next year, it will not be possible for a participant to trade out of that outage until the forecast is updated. This should not be a significant piece of work for the TSO as it will largely be driven by the ten-year Generation Capacity Statement.

### Seller limit definition

There appears to be a lack of clarity regarding the seller limit definition in section M.11.6.3. Possibly it would make more sense to define the seller limit as follows;

*M.11.6.3 The Seller Limit for a Capacity Market Unit is the value calculated as:  
the Available De-Rated Capacity less (the Initial Position of the Capacity Market Unit multiplied by the maximum Product Load Following Factor for the traded periods)*

## **CMC\_07\_20 – Change in Technology Class for Awarded New Capacity**

TEL agree with the RA's minded to position to reject this modification. However, TEL agree with the over-arching goal of the proposal to provide more flexibility regarding the delivery of capacity. There appears to be a lack of clarity regarding areas of the current modification.

One area that was unclear was the timelines/deadlines of allowable changes in technology class and how they fit in with the underlying T-1 auction timelines, e.g. should a change in technology class decrease the amount of de-rated MW of capacity a participant could offer, then would it have to be before T-1 Final Auction Information Pack stage when the auction capacity requirement is published?

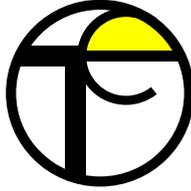
In conclusion, TEL are unable to support to this modification due to the lack of detail on how it can be achieved and managed.

## **CMC\_08\_20 – Change of Awarded Existing capacity to Awarded New Capacity**

TEL agree with the RA's minded to position to reject this modification due to the lack of detail regarding its implementation. However, as the RA's state that this proposal could be a part of a wider consultation involving CEP CO<sub>2</sub> limits, TEL would like to outline its concerns regarding some of the parameters proposed in the modification in its current wording, specifically the '50% Test'.

TEL believe the 50% parameter, that states if the de-rated availability of a generating unit is less than awarded capacity for more than 50% of the first half of the capacity the year then it is breach, could end up being overly punitive to a thermal generator (perhaps an unintended consequence of the modification), e.g. there is no regard for planned outages, planned outage overruns and maintenance outages.

In conclusion, TEL believe the modification should provide more specifics and details on what problem the modification is addressing and are there certain technology classes that have been



under-delivering in availability to date, e.g. is this modification addressing issues with all generation, demand-side generation, conventional generation or other.

Yours sincerely,

Regulation and Market Strategy Manager