

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operator)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operator)</i>
EirGrid / SONI	16 March 2020	Standard	CMC_07_20
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Aodhagan Downey			
Modification Proposal Title			
Change in Technology Class for Awarded New Capacity			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
CMC	C, G, J	3.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>This modification proposal provides for a change in Technology Class associated with Awarded New Capacity, where such a change has been accompanied by a new or modified connection agreement that reflects the change.</p> <p>Connection offers and the associated works are based on system studies that include assumptions about the operating regime of a proposed generator based on its technology type. As such, while the capacity market code considers all De-rated Capacity to be effectively equivalent, in reality different technology classes have a multitude of different impacts on the power system.</p> <p>Where the Participant applies and secures a new or modified connection agreement in respect of a change to the technology class, this ensures that the necessary impacts are assessed fully. As such, where it is acceptable to modify a connection agreement, it should be acceptable to modify the technology class associated with Awarded New Capacity provided all other conditions continue to be met.</p> <p>This Modification Proposal provides for a change in Technology Class in particular circumstances to avoid or minimise delays in the completion of Awarded New Capacity or due to an Insolvency Event or material breach by the EPC Contractor which would entitle the Participant to terminate or replace the appointment of the EPC Contractor.</p> <p>Modification CMC_06_19 introduced the clarity around the calculation of Proportion of Delivered Capacity and provided flexibility in how this is delivered. This flexibility allowed a larger but shorter duration Generator Unit (i.e. that had a lower derating factor) of the same Technology Class to deliver Awarded New Capacity. The change also insured that where a Participant voluntarily nominated less Gross De-Rated Capacity than its de-rated Initial Capacity that this effective derating factor would be preserved and applied in the Proportion of Delivered Capacity.</p> <p>This Modification Proposal extends this flexibility further allowing for Technology Class change in particular circumstances and also provides for situations where the participant delivers capacity that has a better derating factor without changing Technology Class (e.g. where a participant delivers lower Initial Capacity but with a longer Maximum Down Time). This was prevented by CMC_06_19 and this change is intended to address limitation, while continuing to preserve the original derating factor where the Maximum On Time and the Technology</p>			

Class remain unchanged.

The changes in the text are as follows:

C.3.7.5 This paragraph is included to ensure a full definition of Initial Maximum On Time (Total) where there is no New Capacity and was an omission from CMC_06_19.

G.3.1.2C & D have been added to allow the Grid Code Commissioned Maximum On Time to differ from the Initial Maximum On Time but only where the relevant Connection Agreement has been modified accordingly. This ensures that the relevant system studies take place to assess the impact of any change in the likely operating profile of the Generator Unit(s).

G.3.1.4A is modified to allow the derating factor to change in line with any changes to the Technology Class and also with any changes to the Maximum On Time. Where these do not change the Gross De-Rating Factor that applied at Qualification is used.

Finally, section J.5.4 is introduced to allow for Technology Class change with associated conditions including: not decreasing the likelihood of delivery, having a new or modified connection agreement that provides for the Technology Class change and also where the Awarded New Capacity was cleared on the basis of it being Clean (e.g. in a tie break), it must continue to provide Awarded New Capacity that is Clean.

Where Awarded New Capacity cleared as a result being Clean, the System Operators would inform the Participant of the need to maintain the Clean status in the instance that the Technology Class change was to proceed. This is considered preferable than having to maintain Clean status in all cases of a Technology Class change as this may result in Participants avoiding clean status to afford greater options where Technology Class change is an option. The benefits in terms of flexibility of not being Clean may be regarded as greater than the benefits of Clean status in a potentially unlikely tie break situation. As drafted Clean status retains the flexibility to move to non-Clean (except where the Awarded New Capacity cleared as a result of being Clean). This retains the upside of Clean status without introducing a significant downside.

Legal Drafting Change

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

C.3.7 Initial Maximum On Time

C.3.7.5 The Initial Maximum On Time (Total) of a Generator Unit that has no New Capacity for a Capacity Year shall equal the Initial Capacity (Existing) in respect of that Capacity Year.

G.3.1.2C For a Generator Unit (other a Demand Side Unit or Aggregated Generator Unit), the Grid Code Commissioned Maximum On Time may differ from the Initial Maximum On Time included in the Application for Qualification only where this does not result in a breach of the relevant Connection Agreement(s) (as modified from time to time).

G.3.1.2D For a Demand Side Unit or Aggregated Generator Unit, the Grid Code Commissioned Maximum On Time may differ from the Initial Maximum On Time included in the Application for Qualification.

G.3.1.4A For a Capacity Market Unit, the De-Rated Grid Code Commissioned Capacity shall

be the Grid Code Commissioned Capacity of the Generator Unit or Interconnector multiplied by ~~the lesser of~~:

- (a) where paragraph G.3.1.2C or G.3.1.2 D applies or where a change in Technology Class is granted in accordance with section J.5.4, the De-Rating Factor applicable to a unit of the Technology class of that Generator Unit or Interconnector 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 of that Generator Unit or Interconnector as specified in the Initial Auction Information Pack for the relevant Capacity Auction in which the relevant Awarded New Capacity was allocated.

- (b) otherwise, the Gross De-Rating Factor, as specified in item 3 (b) of Appendix E “Qualification Capacity Register Data”;

J.5.4 Technology Class Change

J.5.4.1 Where required to avoid or minimise delays in the completion of Awarded New Capacity or due to an Insolvency Event or material breach by the EPC Contractor which would entitle the Participant to terminate or replace the appointment of the EPC Contractor, a Participant or an Enforcing Party (on behalf of a Participant) may apply for approval from the System Operators for a change to the Technology Class associated with the Awarded New Capacity.

J.5.4.2 An application under paragraph J.5.1.1J.5.4.1 shall include:

- (a) reasons for the request in reasonably sufficient detail to enable the System Operators in considering the request;
- (b) supporting evidence; and
- (c) details of any impact on other Implementation Plan dates, with detailed reasoning.

J.5.4.3 The System Operators shall approve a request under paragraph J.5.4.1J.5.4.1, provided that:

- (a) they consider that the changed arrangements will not decrease the likelihood of delivery of the Awarded New Capacity prior to the Long Stop Date;
- (b) a new or modified Connection Agreement(s) that reflects the change in generation type has been executed by the Participant; and
- (c) where the Awarded New Capacity cleared on the basis that the Capacity Market Unit is Clean, the Capacity Market Unit continues to be Clean after the change in Technology Class.

The System Operators shall not unreasonably withhold or delay their approval under this paragraph.

Modification Proposal Justification

(Clearly state the reason for the Modification)

This Modification Proposal introduces greater flexibility to deliver Awarded New Capacity where the Participant is experiencing issues with delivering the Awarded New Capacity in the particular Technology Class. This could occur where there are issues with the EPC contractor, where the type of generation is very challenging to build, where there are issues of public acceptance which may not arise for other technology classes.

If this modification proposal is accepted, it would reduce the risk of delivery for the Participant and their associated cost of capital without reducing their contribution to reliability and on the basis that the impacts on the system have been considered acceptable and factored into any modified connection agreement.

As we transform the power system towards 2030, we are likely to encounter many challenges along the way. The technology options available to participants are changing rapidly as are attitudes to various generation technologies. By de-risking Awarded New Capacity in this way and providing options to delivery the same level of reliability, we lower cost to customers and increase the likelihood of delivery of Awarded New Capacity and thus the reliability of the power system.

Code Objectives Furthered

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

(b) to facilitate the efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;

Where projects run into difficulties, it threatens the orderly operation of the Capacity Market and the financial security of the market. Projects that don't deliver and are terminated can result in a deficiency of generation and also a hole in the hedge provided to consumers (which is partially provided for by termination charges). This proposal seeks to increase the options available to participants to deliver on their obligations.

(d) to promote competition in the provision of electricity capacity to the SEM;

This proposal reduces risk for new capacity and therefore increases likely levels of competition as the cost of new capacity would reduce in accordance with the reduced risk.

(f) to ensure no undue discrimination between persons who are or may seek to become parties to the Capacity Market Code;

Codifying an approach to deal in orderly way with difficulties that may be encountered by any Participant trying to delivery Awarded New Capacity in a challenging environment is ensures that that all projects are treated equally in the instances where these difficulties arise.

and

(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.

Ultimately, both short and long term interests of consumers are promotes by offering this flexibility to new capacity in particular in relation to reliability. The same de-rated capacity of a different technology class is better than no capacity, where a project runs into difficulties.

Implication of not implementing the Modification Proposal

(State the possible outcomes should the Modification Proposal not be implemented)

Awarded New Capacity that is not deliverable in one technology class but is in another with no decrease in level of reliability offered would not be possible. This threatens reliability of the system and also increases the risk of Awarded New Capacity.

Impacts

(Indicate the impacts on systems, resources, processes and/or procedures)

System Operator processes would need to be put in place to deal with changes to consider applications to change technology classes. Possible increase in applications to modify connection agreement. Reduced impacts associated with non-delivery of Awarded New Capacity and termination. Reduced impacts associated with mitigation of reliability issues introduced by non-delivery.

Please return this form to the System Operators by email to CapacityModifications@sem-o.com

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:

CMC / Code:	means the Capacity Market Code for the Single Electricity Market
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	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.