



**Integrated Single Electricity Market
(I-SEM)**

**Capacity Remuneration Mechanism
Exception Application and
Opt-out Notification Process
for T-1 2019/20 Capacity Auction**

Briefing note

SEM-18-024

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2. INTRODUCTION

- 2.1.1 The I-SEM CRM detailed design and auction process has been developed through a series of consultation and decision papers, these are all available on the SEM Committee's (SEMC) website¹. These decisions were translated into legal drafting of the market rules via an extensive consultative process leading to the publication of the Trading and Settlement Code (TSC) on 12th April 2017 and the Capacity Market Code (CMC) on 2nd June 2017. Both these documents are also available from the SEMC's website.
- 2.1.2 The CMC describes the process by which market participants must follow in relation to participation in a CRM auction. This includes detail in relation to the requirement for market participants to apply for Regulatory Authority (RA) approval for certain exception applications (section E.5 of the CMC) and opt-out notification determination (section E.3 of the CMC).
- 2.1.3 The key processes outlined in this note relate to:
- i. The exceptions application process outlined in section E.5 of the CMC. This can be for proposed new capacity to have a price fix of more than 1 and up to 10 years, and for all or part of existing capacity to be subject to a Unit Specific Price Cap (USPC) in a capacity auction.
 - ii. Those opt-out notification applications for which the RA are required to make a determination. This specifically relates to a capacity provider's unit which will be undertaking a planned outage of more than three months or will be mothballed during the relevant capacity year to which the auction relates. The circumstances in which an Opt-out Notification may be submitted are set out in section E.3 of the CMC.

¹ <https://www.semcommittee.com/>

3. EXCEPTION APPLICATION PROCESS

3.1 Overview

- 3.1.1 The Capacity Market Code (CMC) in section E.5 describes the process for market participants applying for RA approval for exception applications. This can be for proposed new capacity to have a price fix of more than 1 and up to 10 years, and for all or part of existing capacity to be subject to a Unit Specific Price Cap (USPC) in a capacity auction.
- 3.1.2 In addition to the relevant CRM decision papers and workshops the SEM Committee published an Information Note on the Unit Specific Price Cap (USPC) Application Process (SEM-17-090)² which provides background to the assessment approach applied by the Regulatory Authorities and SEM Committee in assessing previous exception applications received under E.5 of the Capacity Market Code.
- 3.1.3 A more detailed timeline and communication procedure for the exception application process is outlined below.

3.2 Communication with Applicants

- 3.2.1 Participants wishing to apply for RA approval for an exception application, or to communicate with the RAs during the process shall (unless otherwise notified) only contact the RAs through the use of both email addresses given below:
- CRMsubmissions@uregni.gov.uk, and
 - CRMsubmissions@cru.ie
- 3.2.2 As described in section E.5 in the CMC, the exception application shall contain the information required by the RAs and set out in the templates provided in Appendix A and B of this note. This information and any further information or clarification in respect of the exception applications are to be provided under the electricity licence condition relating to the provision of information to the Commission (CRU) or the Authority (UR).
- 3.2.3 If an applicant attempts to contact the RAs for the purposes of the exception application process through another avenue the applicant will be directed to contact the RAs through the two above email addresses.
- 3.2.4 All communication by participants in relation to the exception application process will be to these email addresses, including applying for RA approval for an exception application, providing information requested by the RAs or organising a meeting as part of the process.

² <https://www.semcommittee.com/publication/sem-17-090-information-paper-crm-uspc-application-process>

- 3.2.5 The RAs will put in place procedures to ensure a fair and equitable process for all applicants, with all applicants having equal access to the same information necessary to prepare and advance their exception applications in a timely manner.
- 3.2.6 The RAs will use the email address contact given in the participants' submitted exception application template form to acknowledge receipt and for correspondence during the rest of the exception application process. Applicants may include more than one email address in the Contact Email Address field in the template application form.
- 3.2.7 The RAs shall upon receipt of an exception application assign a unique application file number. This will be included in the RAs acknowledgement to the applicant. Participants are required to quote this application file number in all future communication with the RAs in relation to the specific exception application.
- 3.2.8 During the exception application process the RAs will offer the applicant the opportunity to meet with staff involved in processing the application; these will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any meetings. The RAs will endeavour to have representation from both RAs in attendance at each meeting.
- 3.2.9 During the exception application process the RAs may request a call with the applicant; these will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any call. The RAs will endeavour to have representation from both RAs on each call.
- 3.2.10 In the event that in the course of meetings or calls concerning an application the RAs provide any information to the applicant that has not otherwise been made public, if appropriate the RAs will provide that information publicly in an appropriate manner.

3.3 Process Timeline

- 3.3.1 The expected timeline for the exception application process for this CRM T-1 transitional auction for Capacity Year 2019/20 is set out below in Table 1, and provides more detail on the proposed process timeline.
- 3.3.2 Table 1 sets out the key dates and deadlines for communications between the applicant and the RAs. As set out in section E.5 in the CMC, there is a requirement on applicants to provide information requested by the RAs within the specified timeframe, otherwise the participant is deemed to have withdrawn the exception application.
- 3.3.3 This timeline in Table 1 outlines two windows during which the RAs will offer the applicant a meeting, these will be scheduled with pre-set topics agreed in advance and reflected in an agenda.
- 3.3.4 As described in section E.5 in the CMC an exception application shall:

- contain the information required by the RAs. Information request templates are included in Appendix A and B of this note; and
- contain a certificate signed on behalf of the participant by a participant director.

3.3.5 An important point to note is the distinction between the general process the System Operators will carry out as part of their Provisional Qualification Results Date processes and the RAs processes and timings associated with those qualification exception applications which require the RAs determination. In summary, the distinction is:

- **General capacity auction qualification applications to System Operators:** applicants will be advised by the System Operators of their Provisional Qualification Results by the date specified in the corresponding Capacity Auction Timetable. For the CY 2019/20 T-1 capacity auction this date is 6 September 2018. This allows for applicants to request a review by the TSOs and if necessary go through the disputes process.
- **Capacity auction qualification exception applications submitted to RAs for which this briefing note is particularly relevant:** The exception application process timelines are detailed below. The RAs will provide the applicant with the provisional qualification decision and allow time for the applicant to respond. It is important to be aware that the RAs will not be in a position to advise the System Operators as to whether or not they have approved an exception application before the Provisional Qualification Results Date within the Capacity Auction Timetable (6 September 2018). The CMC allows for this circumstance and therefore when issuing the Provisional Qualification Results to all applications the System Operators will assume the exception application has been approved (CMC E.5.1.9). The CMC clarifies further that if the RAs do not notify the System Operators that they approve an exception application in respect of a Capacity Auction before the Final Qualification Results date, then the RAs shall be deemed not to have approved it (CMC E.5.1.10). As can be seen from the timeline in Table 1 below, it is the RAs intention to notify the System Operators of the RAs decision regarding exception applications by the end of October 2018.

3.3.6 Both qualification processes have the same end result with all qualification applicants receiving their Final Qualification Results on the date specified in the relevant Capacity Auction Timetable i.e. 1 November 2018 for the CY 2019/20 T-1 capacity auction.

Table 1: Proposed exception application process timeline

Date (2018)	Description
1st June	Initial Auction Information Pack published
1st June-28th June	Qualification & Exception Application window
29th June	RAs notify System Operators giving details of Exception Applications received.
28th June-27th July	RAs initial assessment/screening of applications
27th July	RAs send follow up questions to exception application participants
30th July -3rd Aug	RAs offer meeting with exception application participant, with agreed pre-set topics reflected in agenda
13th Aug	Deadline by which exception application participant(s) respond to RA questions
13th-3rd Sept	If required, RAs send follow up questions to exception application participant(s), seeking response within 3 working days. Alternatively RAs may request call or meeting.
7th Sept	RAs issue draft exception application decision(s) to participant(s)
7th Sept	RAs issue draft exception application decision(s) to System Operators
10th-14th Sept	RAs offer further meeting with exception application participant, with agreed pre-set topics reflected in agenda
19th Sept	Deadline by which exception application participant(s) can provide feedback to draft decision.
25th Oct	RAs submit final exception application decision (s) to System Operators (ahead of deemed approval deadline in CMC)
1st Nov	Final qualification results announced
30th Nov	Final Auction Information Pack published

4. OPT-OUT NOTIFICATION PROCESS

4.1 Overview

4.1.1 The Capacity Market Code (CMC) in section E.3 describes the concept of market participants applying for an opt-out notification. More specifically a participant may seek RA approval for the purposes of paragraph E.3.1.1(b), for a unit that will be undertaking a planned outage that results in it not being available for more than three months; or a unit that will be mothballed. A participant is required, if applicable under E.3.1.1(b) of CMC, to provide a copy of the determination of the RAs as part of their opt-out notification submission to the System Operators, otherwise the System Operators shall reject the opt-out notification. A more detailed timeline and communication procedure for the opt-out notification RA determination process is outlined below.

4.2 Communication with Applicants

- 4.2.1 Participants wishing to apply for RA approval for opt-out notification, and for communicating with the RAs during the process shall (unless otherwise notified) only contact the RAs through the use of both email addresses given below:
- CRMsubmissions@uregni.gov.uk, and
 - CRMsubmissions@cru.ie
- 4.2.2 As described in section E.3 in the CMC the opt-out notification submission shall contain the information required by the RAs and set out in the template form given in Appendix C of this note.
- 4.2.3 If an applicant attempts to contact the RAs for the purposes of the opt-out notification process through another avenue the applicant will be directed to contact the RAs through the two above email addresses.
- 4.2.4 All communication by participants in relation to the opt-out notification process will be to these email addresses, such as applying for RA approval for the opt-out notification, providing information requested by RAs or organising a meeting as part of the process.
- 4.2.5 The RAs will put in place procedures to ensure a fair and equitable process for all applicants, with all applicants having equal access to the same information necessary to prepare and advance their opt-out notification submissions in a timely manner.
- 4.2.6 The RAs will use the email address contact given in the participant's submitted opt-out notification template form to acknowledge receipt and for correspondence during the rest of the RA opt-out notification process. Applicants may include more than one email address in the Contact Email Address field in the template application form.

- 4.2.7 The RAs shall upon receipt of an opt-out notification assign a unique application file number. This will be included in the RAs acknowledgement to the applicant. Participants are required to quote this application file number in all future communication with the RAs in relation to the opt-out notification process.
- 4.2.8 As part of the opt-out notification RA determination process the RAs may request a meeting(s) with the applicant; this will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any meeting(s). The RAs will endeavour to have representation from both RAs in attendance at each meeting.
- 4.2.9 As part of the opt-out notification RA determination process the RAs may request a call(s) with the applicant; this will be scheduled with pre-set topics agreed in advance which will be reflected in an agenda. Minutes will be taken of any call(s). The RAs will endeavour to have representation from both RAs on each call.
- 4.2.10 In the event that in the course of meetings or calls concerning an application the RAs provide any information to the applicant that has not otherwise been made public, if appropriate the RAs will provide that information publicly in an appropriate manner.

4.3 Process Timeline

- 4.3.1 The expected timeline for the opt-out notification RA determination process for the CRM T-1 transitional auction for Capacity Year 2019/20 is set out below in Table 2, and provides more detail on the process timeline.
- 4.3.2 Table 2 sets out the key dates and deadlines for communications between the applicant and the RAs. The deadline for applying for an RA opt-out determination as set out in section E.3.2.1 of the CMC is 17 May 2018³, although given the tight turnaround times, applicants are encouraged to submit their application as soon as possible.
- 4.3.3 As described in section E.3.2 in the CMC an opt-out notification submission for RA determination shall:
- contain the information required by the RAs. The information request template is included in Appendix C of this note;
 - contain a certificate signed on behalf of the participant by a participant director.
- 4.3.4 As set out in section E.3 in the CMC, applicants are required to submit their opt-out notification to the System Operators by the opt-out notification deadline (which for the T-1 CY 2019/20 auction is 14 June 2018). If applicable (under E.3.1.1(b) of CMC) applicants must provide a copy of the RAs determination as part of their opt-out notification submission to the System Operators.

³ E.3.2.1 “A participant seeking a determination of the Regulatory Authorities for the purposes of paragraph E.3.1.1(b) shall submit an application to the Regulatory Authorities not later than four weeks prior to the Opt-out Notification Date specified in the Capacity Auction Timetable”

Table 2: Proposed opt-out notification RA determination process timeline

Date (2018)	Description
17th May	Deadline for applying for RA opt-out determination according to the CMC is 17 th May.
18th May	RAs notify System Operators giving details of opt-out notification submission(s) received
17th-23rd May	RAs initial assessment/screening of applications
23th May	If required RAs send follow up questions/request for information to opt-out notification applicant(s). Alternatively RAs may request call or meeting.
29th May	Deadline by which opt-out notification applicant(s) respond to RA questions/information requests
31st May	RAs send follow up questions if required to opt-out notification applicant(s), seeking response within 3 working days. Alternatively RAs may request call or meeting.
1st June	Initial Auction Information Pack published
5th June	Deadline by which opt-out notification applicant(s) respond to RA additional follow up questions.
13th June	Date by which RAs notify applicant(s) of determination on opt-out notification
13th June	Date by which RAs notify System Operators of determination on opt-out notification submission(s)
14th June	Opt-out notification deadline to System Operators
6th Sept	Provisional Qualification Results announced
30th Nov	Final Auction Information Pack published

5. TREATMENT OF CONFIDENTIAL INFORMATION

- 5.1.1 The RAs will put in place procedures to protect confidential information generated by the processes outlined in this note. All reasonable precautions will be taken by both RAs to ensure that:
- any confidential information generated by the process, is kept confidential,
 - confidential information is provided only to those persons to whom it is deemed necessary for the conduct and management of the process,
 - confidential information is clearly labelled and securely stored.
- 5.1.2 Dissemination of applicant's data within the RAs will be limited, with access to storage of physical and electronic copies being protected.
- 5.1.3 Any persons required to assess/review sensitive information will be notified that they are being provided with confidential data (e.g. the SEM Committee members), as above this data will be clearly labelled as such.
- 5.1.4 It is the applicant's responsibility to clearly mark as confidential any information that it considers confidential.

6. NEXT STEPS

- 6.1.1 The System Operators will publish an Initial Auction Information Pack in June, at the start of Qualification window. The Initial Auction Information Pack will set out a range of information (set out in section D.3 of CMC) that will help market participants to submit their qualification information, and to decide whether to submit an exception application.
- 6.1.2 The qualification window will open on 1 June 2018, with the qualification window closing and the exception application deadline falling on 28 June 2018.
- 6.1.3 As set out in section E.3 in the CMC, applicants are required to submit their opt-out notification to the System Operators no later than the opt-out notification deadline of 14 June 2018. If applicable (under E.3.1.1(b) of CMC) applicants must provide a copy of the RAs determination as part of their opt-out notification submission to the System Operators. The deadline for applying for RA approval for opt-out determination is 17 May 2018.
- 6.1.4 As set out in section 3.2 and section 4.2 above any participants wishing to apply for RA approval for an exception application and/or opt-out notification shall contact the RAs through the use of both email addresses below:
- CRMsubmissions@uregni.gov.uk, and
 - CRMsubmissions@cru.ie