

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

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Type of Stakeholder	Generator
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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
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<p>CMC_01_19</p> <ul style="list-style-type: none"> - Interim Solution for Conducting Capacity Auctions 	<p>An alternative approach to proposed Modification CMC_01_19 suggested by the SOs (i.e. ending use of the Interim Auction Solution) was discussed at Working Group 4. However, there was insufficient detail on the alternative approach to be certain that it would produce the same outcome as the proposed Modification. It was subsequently agreed that the consultation paper would cover both approaches and would include worked examples. This discussion is accurately reflected in paras 2.2.8 and 2.2.9 of the consultation paper but the Appendix of worked examples referred to is missing and there is no further detail on the alternative approach. We must therefore assume that there is no alternative approach being put forward and that respondents are only being asked for views on Modification CMC_01_09 as presented. Strictly on that basis, Energia is supportive of the Modification Proposal, noting that it is in line with the code objectives in implementing a decision of the SEM Committee (SEM-18-155) to ensure compliance with State aid approval – i.e. any capacity awarded out-of-merit Reliability Options for locational capacity constraint reasons should not be additional to the capacity secured in merit. Consequently, if out-of-merit volumes need to be procured to satisfy locational constraints, this will displace in-merit generation elsewhere from CY2020/21 onwards.</p>	<p>Energia is not aware of any impacts in the Modification Proposal Form which have not been identified.</p>	<p>Energia is satisfied that the amended drafting and removal of relevant paragraphs from the CMC to deliver the Modification is accurate and will implement the Modification as intended.</p>

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<p>CMC_02_19</p> <ul style="list-style-type: none"> - Negative Interest 	<p>Energia notes the rationale for the proposal in relation to the current negative interest rate features of the Irish Euro banking market. Energia also notes the comments from the Working Group, and which are also reflected in this Consultation Paper, that market participants will be advised of the negative interest rates of those applying to provide SEM Bank services through the tender process and of the interest rates that are to be applied following completion of a successful tender. Within this context Energia is supportive of the Modification Proposal.</p> <p>However, given the impact of this change, Energia also has a number of concerns that we wish to clarify. As a result of applying negative interest rates on cash collateral held on behalf of market participants, an additional burden will be placed on market participants to replenish these accounts. In the Working Group and in this Consultation Paper, it has been outlined that market participants would have access to account statements to help monitor this impact and furthermore would be updated on a quarterly basis (on the assumption that interest would be applied quarterly) regarding interest payments on accounts. Energia regard this as an important issue that should be noted within the context of this response.</p>	<p>As already noted, Energia is of the view that the corresponding impacts on market participants from implementing the change have not been fully detailed in the Modification Proposal.</p>	<p>Energia is satisfied that the drafting to be included in the CMC to deliver the Modification is accurate and will implement the Modification as intended.</p> <p>Whilst our comments in relation to impact on participants should be noted, we are aware that any actions required by the Market to keep participants informed of interest payments is not required to be codified within the CMC.</p>

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<p>CMC_03_19</p> <ul style="list-style-type: none"> - Treatment of Exempt Price-Quantity Pairs 	<p>It is Energia’s understanding, as clarified in the Working Group, that proposed Modification CMC_03_19 is designed to ensure correct implementation of SEM Committee Decision SEM-18-155, whereby multi-year pay-as-bid Reliability Options can only be awarded to auction participants who are in-merit on an All-Island basis, unless there is no other way of meeting an LCC minimum MW.</p> <p>However, as per discussions at the Working Group and as reflected in the Consultation Paper, this is a complex change to the CMC. Market participants suggested that the legal drafting changes to the CMC required external legal review to ensure they achieved the desired outcome and that there were no unintended consequences of these changes. This was noted with particular reference to the proposed changes to paragraph F.8.4.4 (f) and the use of the word “applicable” within this paragraph which was argued could be ambiguous from a legal perspective.</p> <p>Energia notes that there have been no changes made to the Modification Proposal from what was presented at the Working Group and that no external legal review appears to have been carried out on the proposed legal drafting changes to the CMC. Furthermore we note that the SEM Committee’s minded to position in the Consultation Paper (section 2.4.10) is to approve the Modification Proposal “<i>subject to a review of the detailed drafting</i>”.</p>	<p>As previously outlined, Energia recommended that an external legal review was carried out to ensure there were no unintended consequences from the proposed changes.</p>	<p>Subject to our comments elsewhere we give conditional support for the proposed Modification providing it correctly implements SEM Committee Decision SEM-18-155, which we feel needs to be confirmed by legal review of the drafting as well as re-certification of the algorithm.</p>

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	<p>This effectively means that participants are being asked to provide their views in response to an urgent Modification Proposal which may be subject to further changes either during or after the consultation period. This gives rise to unnecessary uncertainty for respondents.</p> <p>Subject to our comments above we therefore give conditional support for the proposed Modification providing it correctly implements SEM Committee Decision SEM-18-155, which we feel needs to be confirmed by legal review of the drafting as well as re-certification of the algorithm.</p>		