

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	Bord Gáis Energy
Type of Stakeholder	Generator in the all-island single electricity market; supplier in the Irish retail market
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Contact Telephone Number	
Confidential Response	N

Summary of Main Messages

Bord Gáis Energy (BGE) welcomes the opportunity to respond to this SEM-21-023 consultation on the modification proposals from the Capacity Market Code ('Code') Working Group 18:

- CMC_01_21: Amendment relating to the provision of the CAM Report following a Capacity Auction
- CMC_02_21: Amendment to Capacity Market Code Modifications Workshop Agenda Timeline
- CMC_03_21: Modification to the provisions for Substantial Financial Completion
- CMC_04_21: Verification Requirements for Implementation Plan Milestones

We address each of these modification proposals in turn.

CMC_01_21: Amendment relating to the provision of the CAM Report following a Capacity Auction

BGE supports in principle the proposal to amend the delivery deadline by the Capacity Auction Monitor (CAM) of their report on a Capacity Auction to link it to a pre-agreed date on the Capacity Auction timetable. We see the proposal to be a positive development in providing reporting deadline certainty to the CAM. The certainty of delivery deadline for the Capacity Auction report allows the CAM to ensure their own resources and processes are aligned to the required delivery deadline and are not impeded with unexpected changes to internal deadlines. We ask the SEM Committee in their final decision to confirm

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that this proposed change does not impact or delay the provision to participants of the provisional results (or information relating to the provisional results) from the Capacity Auction.

CMC_02_21: Amendment to Capacity Market Code Modifications Workshop Agenda Timeline

BGE does not support the proposal to amend the Capacity Market Code (CMC) Modifications Workshop Agenda timeline. We see the provision by the System Operators (SOs) of the Working Group (WG) agenda to participants at least 10 Working Days (10WDs) in advance of the workshop as an important enablement to the involvement of participants in amendments to the CMC. The timeline gives participants the time to review the proposed modifications and complete their own internal due diligence in preparation of the WG workshop. We believe that any technical non-compliance with the 10WDs deadline as recognised by the SOs should be addressed in the sequence of the new modification submission process and Working Group registration process to meet this requirement rather than seek to amend the agenda deadline as proposed. In our view, any reduction in the timeline to provide an agenda of the next CMC Working Group to participants at least 10 Working Days (10WDs) in advanced of the Working Group (WG) workshop under CMC B.12.7.1 (f) may provide participants with insufficient time to consider the modifications ahead of the workshop.

CMC_03_21: Modification to the provisions for Substantial Financial Completion

BGE in principle supports this proposal to encourage the opportunity for DSUs/AGUs to deliver Awarded New Capacity by a voluntary alternative for these unit types to achieving Substantial Financial Completion (SFC) much closer to capacity delivery in exchange for increased Termination Charges payable. We also believe that a balance is required between this alternative opportunity given to DSUs/ AGUs and the requirement to ensure the delivery of capacity as awarded. The balance in our view can be maintained through:

- capacity volume caps on the amount of capacity being proposed under this path in each auction,
- unit qualification controls by Regulatory Authority approval, and
- increased reporting frequency of units taking this alternative up to the delivery of the capacity.

Capacity Volume cap - The intent of the Substantial Financial Completion Milestone is to identify failing projects early to minimise costs to consumers for replacement capacity. The proposal incentivises the delivery of Awarded New Capacity by the voluntary adoption of increased Termination Charges payable but does not remove all risk of failure to deliver. We believe that the impact of any failure to deliver the awarded capacity can be mitigated with a capacity volume cap in an auction, set by the RAs/ SOs as to the volume of capacity (in total) that can be secured via this alternative route. The cap will allow the RAs / SOs to control the risk to the system and consumer should units on this alternative path fail to deliver on the capacity awarded to them.

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Unit qualification controls – When qualifying units to take this alternative path in a capacity auction, participants should be required to apply to the RAs for a CRM Exception to allow the RAs control the volume of capacity seeking to use this alternative (see Capacity Volume Cap point above). The application needs to declare if the capacity providers are existing or new-build units, with new-build units being excluded from the alternative process in order to manage the increased delivery risk that new-build units can offer. New-build units can follow the existing process so giving the RAs / SOs use of the checks and controls that are already existing in the CMC.

Increased reporting frequency – We would suggest that Awarded New Capacity using the alternative path under this proposal adopts an increased status reporting schedule to the SOs on a quarterly basis to allow the SOs to have as much early warning of any failure to deliver the capacity as contracted. This increased reporting frequency would end with the delivery of the awarded capacity.

We note and support the change by the proposer that this alternative path applies to contract awards of one-year duration only. We note also the lack of a minded to position from the SEM Committee in this consultation on this proposed modification and we ask the SEM Committee to publish a minded to position on this modification before any final decision is made. The publication of the consultation responses received along with the minded to position will allow participants to provide any final views and suggestions on the modification before the final decision is published.

CMC_04_21: Verification Requirements for Implementation Plan Milestones

BGE supports in principle the proposal to align the verification requirement for participants to evidence their Implementation Plan Milestones under the CMC with the obligations attached to their unit type. The requirement remains that participants awarded new capacity contracts must meet the Implementation Plan requirements (deadlines and evidence) under the CMC. BGE believes that the checks and controls in the Implementation Plan under the CMC are fundamental to ensure the timely delivery of the Awarded New Capacity for the consumer. The evidential burden should be appropriate for the units delivering new capacity and should meet the requirements of the SOs. We support the proposal by the SOs to mitigate unnecessary verification obligations where the SOs requirements are satisfied through other unit data sources (such as grid code commissioning and Trading and Settlement Code Registration) but that the SOs reserve the right to implement the full verification obligations at their request.

We ask that a process requirement flow and timelines are provided to support this proposed modification to ensure all impacted participants have clarity on the application and expectations under this proposed process. Any change to established processes within the CMC should ensure there is no impact to the certainty of delivering Awarded New Capacity for the consumer.

CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

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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
<p>CMC_01_21</p> <ul style="list-style-type: none"> - Amendment relating to the provision of the CAM Report following a Capacity Auction 	<p>BGE believes that this modification proposal seeks to facilitate achievement of the Capacity Market Code Objectives (CMC A.1.2.1 (a) and (e)) by provisioning a less variable timetabled schedule for the Capacity Auction Monitor (CAM) to provide their report on the Capacity Auction to the Regulatory Authorities (RAs) and System Operators (SOs).</p>	<p>BGE supports this proposal to provide scheduling certainty for the CAM in their provision of their report on the Capacity Auction by linking it to an established date on the Capacity Auction Timetable. The provision of the Capacity Auction Report by the CAM at a date linked to the published Capacity Auction Timetable (i.e. the Capacity Auction Provisional Results Publication Date) ensures that the CAM resources and process in producing the report are not disrupted by any internal SO process timeline changes that do not impact the provision of auction results to participants.</p>	<p>We agree with the CMC drafting as proposed.</p>

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<p>CMC_02_21 - Amendment to Capacity Market Code Modifications Workshop Agenda Timeline</p>	<p>BGE disagrees that this modification as proposed is consistent with Capacity Market Code Objective (CMC A.1.2.1) (b) <i>“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”</i> as it will shorten the time established in the CMC for participants to review new modification proposals as published on the Working Group agenda.</p>	<p>BGE believes that the sequence of the new modification submission process and Working Group registration process should be set to allow the publication of an agenda and supporting documents without impacting the time currently given in the CMC for participants to complete their own review and due diligence before the diarised Working Group (WG). We do not support the proposed reduction of the timescale in the CMC for the publication of the agenda to 5 Working Days (5WDs) that also reduces the review time within the Code for participants so potentially impacting the <i>“coordinated operation...and development of the Capacity Market...”</i> as set out in CMC A.1.2.1 (b).</p> <p>We propose that the deadline for the publication of an agenda remains at 10 Working Days (10WDs) ahead of a WG while the deadline for submitting proposals could be increased to 15 WDs ahead of the WG with the deadline for registration increased to 12 WDs ahead of the WG. We see this as respecting the time needed by the SOs to administer new proposals and prepare the WG agenda in time for publication to participants 10WDs ahead of a WG.</p>	<p>We believe that the wording of Section B.12.7.1. (f) <u>should remain unchanged</u> at:</p> <p><i>“(f) the System Operators shall circulate an agenda to Workshop participants at least 10 Working Days in advance of the Workshop, except in the case of a Workshop under paragraph Error! Reference source not found.”</i></p>
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<p>CMC_03_21</p> <ul style="list-style-type: none"> - Modification to the provisions for Substantial Financial Completion 	<p>BGE considers this modification as proposed is consistent with Capacity Market Code Objectives (CMC A.1.2.1 (b), (c), (d), (e), (f) and (g)) by recognising the differences faced by DSUs/ AGUs in contracting with physical asset providers to achieve the Substantial Financial Completion milestone for Awarded New Capacity. This proposal as an alternative path for DSUs/ AGUs to deliver Awarded New Capacity improves the competition and choice for physical asset owners in contracting with DSUs/ AGUs while still displaying the commitment by the unit to delivering the Awarded New Capacity for the market and consumer in a price effective and non-discriminatory manner.</p>	<p>BGE believes believe that a balance is required between this alternative opportunity given to DSUs/ AGUs to achieve Substantial Financial Completion and the requirement to ensure the delivery of capacity as awarded. The balance in our view can be maintained through:</p> <ul style="list-style-type: none"> • capacity volume caps on the amount of capacity being proposed under this path in each auction (to limit the risk of failure to deliver), • unit qualification controls by Regulatory Authority approval (to apply the volume caps limits as suggested above and avoiding the risk of new-build units within this path), and • increased reporting frequency of units taking this alternative up to the point of the delivery of the capacity (to provide the SOs with as much warning as possible of any failure to deliver). <p>Given the lack of a minded to position in the consultation paper, we ask the SEM Committee to publish a minded to position on this modification (along with the responses received to this consultation) before a final decision is made. This will allow participants</p>	<p>Our proposal to cap the capacity volumes using this alternative path suggests widening the use of the Exception Applications process, and the added wording below supports this proposal:</p> <p>E.5.1.1 A Participant may seek the approval of the Regulatory Authorities for:</p> <ul style="list-style-type: none"> (a) proposed New Capacity to have a Maximum Capacity Duration of more than one and up to 10 Capacity Years; or (b) all or a specified part of Existing Capacity to be subject to a Unit Specific Price Cap in a Capacity Auction. (c) a DSU/ AGU proposing to use the voluntary increase in Termination Charges payable under J.2.1.3 (a)(ii)
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		to add any final views and comments before the final decision is published.	

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<p>CMC_04_21</p> <ul style="list-style-type: none"> - Verification Requirements for Implementation Plan Milestones 	<p>BGE believes this modification as proposed is consistent with Capacity Market Code Objectives (CMC A.1.2.1 (a), (b), (c), (d), (f) and (g)) by lessening the verification obligations on certain unit types while maintaining the SO obligations to obtain the necessary verification evidential requirements from capacity providers against their Implementation Plan requirements whether by use of other information generated by the unit under grid code commissioning and Trading and Settlement Code Registrations, or at the request of the SOs.</p>	<p>BGE supports the focus given by the SOs in this modification to mitigate the existing verification obligations (such as the provision of an independent Certified Engineers report) for substantial completion by DSUs/ AGUs in delivering new capacity under the CMC, with instead the SO's use of existing commissioning and registration information by the unit to reach this verification evidential requirement. We also support the SOs in maintaining the right to assert the existing evidential requirements for verification under the CMC if they deem it more appropriate.</p> <p>This modification represents a process improvement for the delivery of new capacity by DSUs/ AGUs by lessening the verification obligation on DSU/ AGU new capacity providers against their Implementation Plan requirements where the SOs can use instead existing information to meet their evidential requirements. We ask that a process requirement flow and timelines are provided to support this proposed modification to ensure all impacted participants have clarity on the application, expectations and milestones under this proposed process. Any change to an established processes within the CMC should ensure there is no impact to the certainty of</p>	
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		delivering Awarded New Capacity for the consumer.	

NB please add extra rows as needed.