



## **Re: EAI Response to Capacity Market Code Working Group 19 Consultation Paper (SEM-21-055)**

By email to [Kevin.Lenaghan@uregni.gov.uk](mailto:Kevin.Lenaghan@uregni.gov.uk) & [Kevin.Baron@uregni.gov.uk](mailto:Kevin.Baron@uregni.gov.uk)

EAI welcomes the opportunity to respond to this consultation on CMC working group 19. Our comments in respect of this response are limited to modification proposal CMC\_11\_21 – Extension of ASTN Arrangements (Version 2).

### **CMC\_11\_21 – Extension of ASTN Arrangements (Version 2)**

#### **Trading above de-rated capacity**

As outlined in the modification proposal and the Consultation, the current Alternative Secondary Trading Notification (ASTN) arrangements as per M.12 of the CMC were approved under decision SEM-20-064 following the submission of modification proposal CMC\_09\_19. Whilst the ability for generators with capacity market contracts to trade above their de-rated capacity was de-scoped as part of this decision, section 2.3.15 of the decision paper noted that *“The CRM Team will continue to engage with the SOs to develop the systems necessary to extending the scope of the Alternative Secondary Trading Arrangements to allow trading above de-rated capacity”*.

EAI had previously requested in response to the consultation on modification proposal CMC\_09\_19 that the ability to trade above de-rated capacity be included as soon as possible and *“that such date should not be after 1st October 2021”*. To date, no further action or steps appear to have been taken to introduce the ability for generators to trade above de-rated capacity as per the original intention of modification CMC\_09\_19. Therefore, in line with our previous response, EAI supports the current modification CMC\_11\_21 which seeks to implement the ability for generators to trade above their de-rated capacity as was originally intended.

In respect of the SEMC minded to decision to include a 70-day limit on trades above de-rated capacity, it is unclear in terms of what it is seeking to achieve or prevent. It is worth noting that the frequency of secondary trades at present is minimal and therefore the application of this limit, whilst part of SEM 16-022, is nevertheless ambiguous when applied to this modification proposal. Finally, we note that the proposed limit is based on outdated data regarding outages (2014-2016) that precede the new market. At the very least the rationale for use and the value of this limit based on outdated data, should be considered.

Upon review of existing legal drafting referencing such a limit (section H.7.4.4 of the CMC) we recommend that should SEMC proceed to implement a limit on trading above de-rated capacity that the legal drafting be amended to refer to *Obligated Capacity Quantity* rather than *Net Capacity Quantity* as this provides a more appropriate metric.

### **Notification Period for Secondary Trades**

The time period for which a Secondary Trade can be implemented is currently set at 5 Working Days after notification. Modification proposal CMC\_11\_21 seeks to instead implement a 2-hour notification period for activating a secondary trade noting that the current notice period is too long, especially in respect of a forced outage, and that such a reduction would require system updates to facilitate automated processing of trades.

EAI support the proposal to reduce the notification period for secondary trades noting that it is reflective of the continuous nature of the energy market. SEMC have outlined that they are minded to support the proposal subject to the practicality of implementing a reduction in the notice period. Whilst it is acknowledged that a system change will be required to facilitate the reduced notice period, EAI recommend that a workaround can be included during the intervening time period. This was previously recommended by EAI in response to the original modification CMC\_09\_19 such that the concept of an effective date and time for the trade could be introduced – i.e. when both parties to the trade submit identical ‘trade details’. This could subsequently be validated and included in the Trade Register, but the RO would be transferred in the system at the effective date and time for the purposes of settlement. For the avoidance of doubt, we would not want the essential purpose of the modification to implement trading above de-rated capacity, to be hindered by the development of this secondary part of the proposal (which we understand was proposed by the TSO).

### **Concluding Comments**

EAI supports this proposed modification in that it moves the current ASTN arrangements closer to the flexibility that should be provided for capacity holders as part of an enduring solution. Whilst some of the changes proposed will require system changes, EAI recommend that workarounds be introduced such that the effects of the changes can be utilised immediately whilst waiting for the required system developments. EAI would not wish for anything to frustrate the implementation of this secondary trading proposal.