

APPENDIX D – 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
Contact name (for any queries)	Ian Mullins
Contact Email Address	imullins@bordgais.ie
Contact Telephone Number	
Confidential Response	N

Summary of Main Messages

Bord Gáis Energy (**BGE**) welcomes the opportunity to respond to this SEM-22-007 consultation on the modification proposals that were initially discussed at the Capacity Market Code ('Code') Working Group 23:

- CMC_01_22: New Interdependent Combined Units
- CMC_02_22: Timely publication of FAIP
- CMC_03_22: Transparency on Publication of Qualification Results

We address in this response CMC_01_22 individually, and then CMC_02_22 and CMC_03_22 together given the similarity of topic which they address.

CMC_01_22: New Interdependent Combined Units

BGE is naturally supportive of new capacity and new technology entering the SEM capacity market to bolster generation volumes and improve the security of supply being paid for by the consumer. Generation aggregation as currently allowed under the Code provides a viable route to market for variable and small generators without undermining the market principle of unit-based bidding or increasing concerns of market power. These principles of maintaining unit-based bidding and mitigating market power are critical to maintain in our view. The extension to the concept of generation aggregation in particular circumstances outlined here, of units on the same site and sharing infrastructure in the form of a shared grid connection, offers an interesting proposal to

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increase the capacity available in the SEM but we feel that there remains many aspects of this construct to be explored before it can be properly considered or fully supported. While we see merit to parts of the proposal, we believe that further clarification by the Regulatory Authorities (RAs) and/ or EirGrid as appropriate and review by both the RAs and industry is needed. BGE cannot therefore support this modification in its current format.

The full range of the issues that can arise by permitting aggregation of generation units on the same site and sharing a grid connection have not been fully or clearly considered and addressed in the modification in our view. The modification needs further development to ensure that all of the knock-on impacts from the change proposed in the modification are fully understood so that any agreed solution mitigates identified issues and risks for all participants and ultimately the consumer. The current draft of the modification raises a number of issues and hurdles which need to be satisfactorily addressed before an updated version of this modification can be supported. A non-exhaustive list of the main concerns which the current proposal raises includes:

- The criteria for the division and allocation of costs between units being combined should be agreed and set out to avoid older, existing, and possibly inefficient units clearing the auction with their lifetime being uneconomically protracted if long term capacity contracts are awarded to them. This can result in newer more efficient units being blocked from entering the market. For example, the extent to which existing units have “sunk” costs (including site infrastructure costs) in their cost base, and the extent that new units carry their associated costs separately needs discussion. Therefore, it is key that new and existing costs for the units being combined are adequately disentangled to ensure that unit combination does not result in older units clearing in capacity auctions to the disadvantage of newer, more efficient units. The displacement of more economical plant from the market would increase the risk of serious adverse consequences to competitor numbers, market concentration, capacity reliability and consumer prices.
- The principle of unit-based bidding in the market needs to be maintained, and clarity provided on the settlement and bidding of the new interdependent combined units. Clarity is needed as to how the proposed combined unit bidding into the Capacity Market will align with the bidding of the units separately into the energy market to maintain unit-based bidding. We need to understand how the energy market bidding of the units with upward of two separate GU codes¹ will correlate to the one Capacity Market unit so that the respective RO obligations of the units can be separated out and aligned to the Capacity Market RO contract. There is scope for abuse of MW performance by the units behind the connection point in that one unit can go beyond its de-rated capacity to support any underperformance in reliability of the other unit(s) to mitigate against difference charges being applied to the under-performing unit(s). This would offer an unfair commercial advantage to the combined unit over non-combined generator units and undermine the reliability for which the consumer is paying.

¹ An existing unit will already hold a GU code, with additional GU code(s) being allocated to the new unit(s) on the site that will share the connection point. It is appreciated that if the combined unit will be just two or more new generation units then they can apply for one GU code.

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- The treatment of the Maximum Export Capacity (MEC) rating for the combined unit under its connection agreement needs to be better understood. We need to avoid the scenario where a site with an existing unit and existing MEC combines with a second unit on the site such that the overall derated capacity for both units exceeds the site’s MEC. This could result in the consumer paying for capacity that cannot be actually exported to the grid. However, we do need to consider scenarios whereby an appropriate combination of units could mitigate this concern (e.g., the combination of a storage unit with a generator unit such that the combination seeks to optimise the use of the existing MEC).
- There needs to be better definition of “shared infrastructure” under this modification and the benefit it will bring to the market and the consumer.
- There should also be a holistic discussion on the interaction between revenue streams when two or more of the units being combined have separate contracts under different support mechanisms (e.g., one RESS unit in combination with a unit holding a capacity contract).

The issues above show the level of the further consideration, discussion, and agreement on solutions that we believe is needed on the modification as proposed. We feel that further cross-participant work on the proposal, its impacts and possible solutions could result in for example a matrix agreed by both industry and the RAs demonstrating the unit combinations allowable including consideration of de minimus levels and appropriate aggregation caps. The market and consumer benefits each combination can bring could for example be used to determine allowable combinations.

CMC_02_22: Timely publication of FAIP

CMC_03_22: Transparency on Publication of Qualification Results

Taking both of these modification proposals together, BGE supports all participants preparing bids for a capacity auction to be provided with a guaranteed minimum adequate period between the provision of the key auction data in the Final Auction Information Pack (FAIP) and Qualification Results to them, and the deadlines for them to submit their bids. And therefore, we support both of these modification proposals. The time between the provision of the auction information and the start of the bidding process is crucial to participants to carry out their internal analysis processes, bid strategy review, and to obtain the appropriate in-house executive level sign-off to authorise the participants’ legally binding bids into the auction. Any reduction in this period can seriously impact these in-house processes which could risk sub optimal or even no bids where the participant has been unable to complete the bid building and authorisation process. Both are a risk to the market and ultimately the consumer.

We also however acknowledge the parallel processes and considerable processing which needs to be completed by the System Operators (SOs) in the preparation of the final auction information for participants, and the balance they aim to achieve between the auction timescale and the development of new capacity after the auction. We encourage the sentiment of the RAs to work with the SOs to streamline the auction processes by amalgamation or elimination to reduce future risk of delays. However, when a delay may again occur in the future, we believe that participants require certainty under the Code that the period allocated for their in-house processes will not be impacted by any change to the auction timetable. We appreciate the flexibility shown by the RAs in the recent 2025/2026 T-4 Capacity Auction in the extensions made to key dates in the auction timetable on foot of delays in providing the final auction information to participants. However, participants remained uncertain at the time if any extension would be forthcoming which caused

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unnecessary pressure to the in-house processes across the participating organisations. BGE sees therefore significant merit in both of these proposed modifications to codify and secure for participants the adequate time for their in-house processes to complete, and so we support these modification proposals.

We would welcome more detail from the RAs on their planned efforts on streamlining the SO processes well ahead of the next auction so that any changes that may impact participants are communicated to participants with sufficient time for them to align with any process changes. This process streamlining as proposed by the RAs should mitigate against the use of the changes set out in this modification but the changes to the Code would give certainty to participants for any delay to future auction processes.

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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_22</p> <ul style="list-style-type: none"> - New Interdependent Combined Units 	<ul style="list-style-type: none"> • BGE believes that the further consideration of the proposed modification is required to ensure the full range of knock-on impacts and potential solutions are captured in a future updated draft. There may be merit for the industry and consumer in a more considered model of the interdependent combined unit which better bottoms out a suite of issues and hurdles as outlined in our summary above. We are open to further industry discussion to close out the gaps and reach a solution which solves as many issues as possible for all participants to ultimately benefit end consumers. 	<ul style="list-style-type: none"> • Better consideration of cost allocation between existing and new units when combined is needed to ensure that existing units do not displace or block new more economical efficient plant from the market. • The principle of unit-based bidding needs to be maintained, and clarity is needed on the settlement and bidding of the new combined unit against the RO and the unit performance. • The treatment of MEC for the new combined unit and the application of the appropriate De-Rating Factor need to be clarified. • Better definition of “shared infrastructure” is needed and the treatment of the connection agreement being used by the combined unit. 	<p>BGE believes that there is merit in the further consideration of the modification proposal to satisfactorily address a number of concerns with the current draft as set out in our summary above. We cannot support the modification in its current format given the open issues that need to be addressed clearly.</p>

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<p>CMC_02_22</p> <ul style="list-style-type: none"> - Timely publication of FAIP 	<p><i>The following comments cover both CMC_02_22 and CMC_03_22.</i></p> <ul style="list-style-type: none"> • BGE supports these proposed modifications to the Capacity Market Code (CMC) on the basis of the certainty it will give participants to capacity auctions on the in-house period they will have for analysis and authorisation. We therefore disagree with the RAs' minded-to position to reject this modification. • The in-house period is needed to adequately prepare robust and legally binding bids by the participants. A negative impact to these in-house participant processes can increase the risk to the stability of the market through an unnecessary reduction to the numbers of bids to an auction or the lodging of incorrect bids which risks participant security. • We encourage the proposed work by the RAs and SOs to streamline the auction processes. We ask that it is completed well ahead of the next auction and any changes are communicated as soon as possible to participants 	<ul style="list-style-type: none"> • Participants require certainty as to the in-house period they have to complete their analysis, strategy, and executive authorisation of the bids for any capacity auctions. 	<p>We support the proposal for timing certainty for participants in the auction timetable when process delays occur, and so we disagree with the minded-to position of the RAs to reject these proposals.</p>
<p>CMC_03_22</p> <ul style="list-style-type: none"> - Transparency on Publication of Qualification Results 			

NB please add extra rows as needed.