

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	<i>Mutual Energy</i>
Type of Stakeholder	<i>Interconnector Owner and Gas TSO</i>
Contact name (for any queries)	<i>Rowan Tunncliffe</i>
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Confidential Response	N

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
CMC_12_22: Remedial Action in the event of planning application delay to a project that qualifies under a Direction	No response	No response	No response
CMC_13_22: Third Party Judicial Review Remedial Action	No response	No response	No response

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<p>CMC_14_22: Mitigation of impact of Third-Party Delays on Participants and extension of Support term</p>	<p>Whilst we appreciate and are sympathetic to the fact that there are circumstances whereby projects may be delayed that are outside the control of developers, this proposal increases the risk of overly speculative or optimistic applications into capacity market auctions, particularly from NI-based parties, potentially removing incentives to build adequate time into development plans. This is not in line with the Code Objectives of provision of adequate future capacity in a financially secure manner.</p>	<p>The modification proposal is written in the context of developments in the Republic of Ireland, and refers only to GNI throughout when referencing gas connections. Additionally, it states that “The implementation plan submitted by New Capacity generators are assessed by the TSO and engagement occurs with GNI (where gas connection is required) before a project can qualify to participate in the auction.”</p> <p>The gas transmission network in Northern Ireland is partly owned and operated by GNI (UK), however most current and future contracted gas-fired power stations in NI connect to the Mutual Energy-owned and operated pipelines.</p> <p>While we have had engagement with SONI with regards to overall capability of the gas network to service the</p>	<p>Given that the combined proposed modification with a minded to position does not include reference to gas connections, we do not propose specific drafting.</p>
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		<p>electricity generation requirements, we have limited engagement with regards to individual projects, and no engagement in relation to qualifying projects to participate in capacity auctions. We are not aware of any formal mechanism for this sort of engagement, and where there are formal engagement processes prior to a project being permitted into the capacity auction, these are presumably limited in extent to Rol, whereas this mod seeks to change the all-island rules.</p> <p>The current capacity market design does not sufficiently disincentivise speculative behaviour when it comes to gas connections in Northern Ireland at least.</p> <p>There is currently no requirement for a participant in the capacity auction process to even assess whether or not</p>	
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		<p>they are likely to receive a gas connection before being awarded a contract under the capacity market.</p> <p>Gas TSOs generally have a licence obligation to connect parties who request a connection. However, where this would cause system issues, or where there is insufficient gas capacity, requests can be refused.</p> <p>It may be expected, therefore, that a developer of new gas fired generation would approach the relevant gas TSO and request a connection prior to participating in a capacity auction.</p> <p>However, some developers might choose not to request a gas connection prior to participating in the capacity auction given (in Northern Ireland at least) submitting a gas connection request means</p>	
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		<p>that the developer is then responsible for certain costs associated with design works etc.</p> <p>Instead, new generators may be awarded Capacity Market contracts in auctions sometimes little more than 3 years before delivery date, and only then approach gas TSOs for a connection. If gas TSOs are unaware of the prospective connection, it will not have been factored into network development planning and there is no guarantee that gas capacity is available.</p> <p>Not only would this increase costs for consumers, as the work has to be done on shorter timescales (therefore at increased cost), it also exposes the developer to risk in terms of a gas connection not being available or prohibitively expensive, and ultimately this risks future security of supply</p>	
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		<p>for electricity if the project ends up not being viable or significantly delayed because gas connection works have not been adequately considered ahead of the auction.</p> <p>Any modification which seeks to exempt developers from penalties when delays to commissioning have occurred which are outside of their control should also seek to introduce incentives to reduce speculative behaviour as outlined above, such as requiring the developer to have engaged with the relevant gas TSO to ensure that a suitable gas connection</p>	
<p>CMC_15_22: Introduction of New Remedial Action to Enable Extensions due to Planning and Permitting Delays</p>	<p>No response</p>	<p>No response</p>	<p>No response</p>

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NB please add extra rows as needed.