



SSE Response to SEM-23-097

**Capacity Market Code Workshop 34
Urgent Modification Consultation
Paper**



INTRODUCTION

SSE welcomes the opportunity to respond to SEM-23-084 Capacity Market Code Workshop 33 Consultation Paper. For the avoidance of doubt, this is a non-confidential response.

WHO WE ARE

SSE is the largest renewable energy developer, operator, and owner in Ireland's all-island Integrated Single Electricity Market. Since entering the Irish energy market in 2008, SSE Group has invested significantly to grow its business in Ireland, with a total economic contribution of €3.8bn to the State's economy over the past five years. We have also awarded over €9 million to communities in the past 10 years as part of our community benefit programme.

SSE is building more offshore wind energy than any other company in the world right now. We are currently constructing the world's largest offshore wind energy project, the 3.6 GW Dogger Bank Wind Farm in the North Sea, a joint venture with Equinor and Eni. This is in addition to Scotland's largest and the world's deepest fixed bottom offshore site, the 1.1 GW Seagreen Offshore Wind Farm in the Firth of Forth, a joint venture with TotalEnergies, which reached first power in recent weeks. In the most recent Scotwind process, SSE Renewables was awarded the rights, along with partners Marubeni Corporation (Marubeni) and Copenhagen Infrastructure Partners (CIP), to develop what will become one of the world's largest floating offshore wind farms off the east coast of Scotland.

We plan to bring our world-leading expertise in offshore wind energy to Ireland with plans to deliver over 3 GW of offshore wind energy in Irish waters, starting with our Arklow Bank Wind Park Phase 2 project off the coast of Co. Wicklow.

Through our SSE Thermal business, we continue to provide important flexible power generation. SSE's power station Great Island is Ireland's newest combined cycle gas turbine (CCGT) power station and one of the cleanest and most efficient on the system, generating enough electricity to power half a million homes. The acute need for flexible generation in Ireland has been demonstrated over the last twelve months, with EirGrid's most recent generation capacity statement showing that a shortfall in generation capacity was a significant risk this coming winter and for a number of winters to come, resulting in emergency measures being implemented by the CRU and Government.

While existing power stations continue to play a critical role on the system, SSE view the future of dispatchable thermal generation as being abated thermal, with Carbon Capture and Storage, hydrogen or other low-carbon fuels being the primary options. SSE have over 5 GW of zero and low carbon thermal under active co-development in the UK. We will continue to evaluate opportunities to bring our expertise and investment in decarbonised flexible generation to Ireland, but it is vital that the state, Regulator and TSO provides an appropriate investment landscape to unlock such developments.

SSE RESPONSE

We agree with the TSO's proposal in CMC_25_23 to associate either Minimum or Substantial Completion with a Market Readiness Certificate, in order *"to ensure that generation capacity which could be made available to the market to mitigate generation shortfalls and manage risk to security of supply can be securely facilitated pending the completion and certification of all required Grid Code compliance testing"*. We are supportive of the SEM Committee's proposal to approve this mod.

This proposed modification would mitigate the risk of units that are either minimally or substantially complete and could contribute to security of supply terminating, because they're unable to achieve Final Operational Notification (FON) by their Long Stop Date. This mod is consistent with the recent SEMC

decision that facilitates the delivery of new capacity that are facing third-party delays¹ and is loosely aligned to EY's suggestion in their review of the CRM to adopt a more permissive approach to requests for extensions from New Build projects where the likelihood of delivery is very high², as it would facilitate the delivery of awarded new capacity very close to delivery affected by Commissioning and Notification delays potentially outside their control.

However, it is important that this change results in consistent amendments or clarity added to the Grid Code. Currently, the Grid Code outlines the specific stages towards energisation.³ It is our assumption that Market Readiness Certificate in timing and approval, would need to properly align with the ION, FON etc process. In the absence of parallel clarity on the Market Readiness Certificate process in the Grid Code, it would be our view that contradictions and inefficiencies could arise that would jeopardize its intended effect.

We note that the Market Readiness Certificate contains some proposed requirements that already duplicate some aspects of FON. It must be made clear the impact to the FON process of an already secured Market Readiness Certificate to avoid the unnecessary cost and inefficiency of duplicated effort to EirGrid, SONI and the project developers⁴. If separate teams within Eirgrid and SONI are established to issue the Market Readiness Certificate alongside existing teams that complete the Commissioning and Notification testing and assessment under Grid Code, there is a risk of duplication of testing schedules and/or delays. If this is not remedied with parallel amendments in Grid Code, there is a likely risk that the parallel processes of Market Readiness and Commissioning and Notification under Grid Code would undermine the intended aim of aim of CMC_25_23 to *“expedite the ability of new capacity to contribute to security of supply earlier in a project’s implementation,”*.

Finally, CMC_25_23 proposes to define the Market Readiness Certificate in the Capacity Market Code as *“a certificate issued by the relevant System Operator confirming that the new or refurbished Generator Unit or Interconnector has successfully completed the relevant compliance tests, as published from time to time by the relevant System Operator, under the Grid Code.”* It is critical that these requirements be published in advance of each auction, and that any significant changes to the original requirements (as published by Eirgrid in advance of this consultation)⁵ are consulted on to ensure transparency.

¹ SEM-23-101

² SEM-22-054a

³ It is our understanding (from Grid Code CC.15.10.2 to CC.15.10.3.2) that when a generator unit is issued with an Interim Operational Notification (ION), it may export power to the grid using its grid connection for a limited period specified by the TSOs of no longer than 24 months. Within that period, it is expected that the unit will complete all required tasks as specified in the Final Operational Notification (FON) checklist before being issued with a FON and allowed to generate power by using its grid connection on an unlimited basis. If a unit is unable to complete the FON checklist within the ION period, it may seek to extend its ION period via a derogation, if it can demonstrate sufficient progress towards achieving full compliance. If the TSOs identify a reason not to issue the unit with a FON, the unit may seek derogation. If the request for derogation is rejected, the TSOs maintain the right to refuse to allow the operation of the unit until the unit is fully compliant with grid code. Within 6 months of the refusal of derogation, either the TSOs or generator unit may refer the issue to the CRU for decision.

⁴ Some of the requirements for the Market Readiness Certificate overlap with FON checklist requirements. Specifically, for an RfG generator unit, the Market Readiness Certificate requirement for verification of SCADA signals and a Registered Capacity test coincide with FON checklist requirements. Similarly, some of the tests associated with the Declaration of Readiness from the Original Equipment Manufacturer (OEM) requirement, are also FON checklist requirements (Reactive Power Limiter and PSS testing); however, these require an Eirgrid witness for FON and OEM approval for the Market Readiness Certificate.

⁵ Eirgrid Market Readiness Requirements