

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	<i>Bord Gais Energy</i>
Type of Stakeholder	<i>Generator & Supplier in SEM</i>
Contact name (for any queries)	<i>Eoghan Cudmore</i>
Contact Email Address	<i>Ecudmore@bordgais.ie</i>
Contact Telephone Number	<i>+353833965941</i>
Confidential Response	[N]

CAPACITY MARKET CODE MODIFICATIONS WORKSHOP 37(B) CONSULTATION COMMENTS:

Bord Gáis Energy (**BGE**) welcomes the opportunity to respond to this SEM-24-052 consultation on the modification proposals that were initially discussed at the Capacity Market Code ('**Code**') Working Group 37(B):

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CMC_10_24 Introduction of Intermediate Length Contracts:

BGE is supportive in principle of the proposed modification, however we have concerns, comments and requests for clarification which are outlined below.

The main concern is the necessity for the addition of the M.15 backstop and its potential for unintended consequences. We understand the proposer's rationale for the backstop, that an unforeseen issue may arise due to the implementation of ILCs that needs to be urgently addressed. However, the proposed changes in the modification are wide ranging, so while it's possible some eventuality isn't covered by the proposed mod, it is unlikely. It's also worth noting that workshop 37(B) was convened at extremely short notice, with invites issued 2.5 working days ahead of the workshop. While the consultation period was approximately a month, our view is that section B.12.9.5 of the CMC leaves scope for this to be shortened in an 'emergency'- *'Regulatory Authorities shall determine the procedure and timetable to be followed in assessing the Modification Proposal which may vary the normal processes provided for in this Code so as to fast-track the Modification Proposal'*. We believe that an emergency mod with short notice period and an abbreviated time for consultation strikes a better balance of speeding up the process, while maintaining the elements of the existing process which allow for stakeholder consultation compared with the M15 Backstop.

We welcome the clarity indicating there will be two distinct investment thresholds, and corresponding distinct max capacity durations will apply to each of these thresholds. At the workshop BGE noted on the call that the proposed wording of E.5.1.1.A removed the reference to 10 years for new capacity and changed it to *'number of capacity years in IAIP'*. Our concern here is that changes to the max capacity duration would increase regulatory uncertainty which is damaging for investor confidence. The proposer's response was they had not intended to parameterise this variable in that change but understood our concerns. **BGE requests clarity on how this can be ensured that it doesn't open an avenue for unpredictable changes in max capacity duration. Furthermore, we seek assurance that any future potential change to the max capacity duration is consulted on with Industry prior to any change being taken.**

The change to J.2.1.1 (i.) includes a reference that *"all the construction, repowering or refurbishment works associated with providing the Awarded New Capacity (as described in the approved Exception Application where applicable) are substantially complete"*. It's worth noting here specifically with respect to ILCs, that the window between the decision to introduce ILCs and submission of exception applications was tight, and there is a high degree of uncertainty as to precisely which refurbishment works are in scope for ILCs. As such our view is that discretion should be applied determining substantial completion for ILCs as the potential exists that some of the works proposed in the initial exception application may change based on RAs Feedback, technological improvements etc.

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At the Workshop, BGE raised a question around whether ILCs would be eligible to apply for extensions in the same way as new capacity. While we agree the ILCs won't face the all the same delays as new capacity, they are equally highly likely to face some of the same delays. Another market participant stated their view that treating refurbished capacity as New Capacity would mean that extensions could be applied for by those with ILCs also. **BGE agrees with this view, however we would like confirmation from the RAs on this point.**

The proposed drafting in in F.7.1.1 was confusing. We have proposed alternative drafting that we believe achieves the same outcome using inequalities rather than text. See proposed below, with BGE alternative on the following page.

F.7.1.1 A capacity auction offer ("Capacity Auction Offer") shall relate to a single Capacity Market Unit and shall comply with the following requirements:

- (h) the cumulative quantity offered in respect of Existing Capacity shall be no less than the lesser of:**
 - (i) the Net De-Rated Capacity (Existing) of that Capacity Market Unit; and**
 - (ii) the Firm Offer Requirement for that Capacity Market Unit; and must be no greater than the Net De-Rated Capacity (Existing) of that Capacity Market Unit;**
- (i) the cumulative quantity offered in respect of New Capacity shall be no less than the greater of the Firm Offer Requirement less the Net De-Rated Capacity (Existing) and zero and must be no greater than the Net De-Rated Capacity (New) of that Capacity Market Unit;**

Figure 1: Originally Proposed Legal Drafting F.7.1.1.

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Existing Capacity Cumulative Quantity

$$\begin{aligned} & \text{Min}(\text{Net Derated Capacity}, \text{Firm offer Requirement}) \\ & \leq \text{Existing Capacity Cumulative Quantity} \leq \text{Net Derated Capacity} \end{aligned}$$

New Capacity Cumulative Quantity

$$\begin{aligned} & \text{Max}(\text{Firm offer Requirement} - \text{Net Derated Capacity}, 0) \\ & \leq \text{Existing Capacity Cumulative Quantity} \leq \text{Net Derated Capacity} \end{aligned}$$

Figure 2: BGE Proposed Legal Drafting F.7.1.1

CMC_11_24 Implementation of Early Delivery Incentives according to SEMC Decision Paper SEM-24-037:

BGE is supportive of this modification and the relatively minor legal changes required for implementation do not cause concern.

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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
CMC_10_24 Introduction of Intermediate Length Contracts:	<p>BGE is supportive of the proposed modification in principle. However, we believe the proposed introduction of M15 is not consistent with the following code objectives:</p> <p>(f) to provide transparency in the operation of the SEM;</p>	<p>The Introduction of M15 is an overstep and there is no sufficient justification for such an open-ended insertion to the CMC even it is only a temporary measure.</p>	<p>Removal of Section M15</p> <p>Rewording on F.7.1.1 as suggested in main body.</p>
CMC_11_24 Implementation of Early Delivery Incentives according to SEMC Decision Paper SEM-24-037:	<p>BGE believes the modification as drafted is consistent and will deliver under the following code objectives:</p> <p>(a) to facilitate the efficient discharge by EirGrid and SONI of the obligations imposed by their respective Transmission System Operator Licences in relation to the Capacity Market;</p> <p>(b) 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;</p>	<p>N/A</p>	<p>N/A</p>

NB please add extra rows as needed.