



## **Single Electricity Market**

**(SEM)**

### **Capacity Market Code Modifications**

#### **Workshop 40 Consultation Paper**

**CMC\_12\_24:** Proportion of Delivered Capacity in respect of Incremental New Capacity

**SEM-25-001**

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Appendix A – Capacity Market Code Modification Timetable

Appendix B – CMC\_12\_24

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# 1. OVERVIEW

## 1.1 ABSTRACT

1.1.1 The purpose of this consultation paper is to invite industry participants to provide feedback and comments regarding the proposed modification to the Capacity Market Code (CMC) discussed at Workshop 40, held on 20 November 2024.

1.1.2 During this Working Group, one Modification Proposal was presented. This consultation paper relates to:

**CMC\_12\_24: Proportion of Delivered Capacity in respect of Incremental New Capacity**

## 1.2 BACKGROUND

1.2.1 On the 22 October 2024, ESB GT submitted one Modification Proposal (CMC\_12\_24) under the terms of B.12.4 of the CMC.

1.2.2 As per B.12.9.3 of the CMC, the Regulatory Authorities (RAs) assessed the Modification Proposal and did not consider it to be Urgent, categorising the proposal as Standard.

1.2.3 The Regulatory Authorities (RAs) reviewed the Modification Proposal and determined that it was not spurious as per B.12.6 of the Capacity Market Code

1.2.4 The RAs then determined the procedure to apply to the Modification Proposal. This is shown in Appendix A. An overview of the timetable is as follows:

- i. The System Operators convened Workshop 40 where the Modification Proposal was considered on 20 November 2024.
- ii. The System Operators, as set out in B.12.7.1 (j) of the CMC, prepared a report<sup>1</sup> of the discussion which took place at the workshop, provided the report to the RAs, and published it on the Modification's website promptly after the workshop.
- iii. The RAs are now consulting on the Modification Proposal, from the date of publication of the consultation until the closing date of Monday 10 February 2025.
- iv. As contemplated by B.12.11.6, the RAs will make their decision as soon as reasonably practicable following conclusion of the consultation and will publish a report in respect of their decision, at the earliest, by 24 March 2025.

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<sup>1</sup>[Capacity-Modifications-Workshop-40-Report-V1.0.pdf](#)

## 1.3 PURPOSE OF THIS CONSULTATION PAPER

- 1.3.1 The purpose of this paper is to consult on the proposed standard Modification. Further detail is set out in the appended Modification Proposal in Appendix B.
- 1.3.2 The Regulatory Authorities hereby give notice to all Parties and the Market Operator of a consultation on the proposed Modification.
- 1.3.3 Interested Parties and the Market Operator are invited to make written submissions concerning the proposed Modification by no later than 17:00 on Monday 10 February 2025.
- 1.3.4 **Please note that late submissions will not be accepted.**
- 1.3.5 Upon closure of the consultation process, the Regulatory Authorities intend to assess all valid submissions received and form a decision to make a modification, not make a modification or undertake further consideration of the modification.

## 2. MODIFICATION PROPOSALS

### 2.1 CMC\_12\_24 – PROPORTION OF DELIVERED CAPACITY IN RESPECT OF INCREMENTAL NEW CAPACITY

Proposer: ESB GT

#### CMC\_12\_24: Proposal Overview

- 2.1.1 This Modification Proposal seeks to amend the parameters used to calculate the proportion of Delivered capacity in respect of Awarded New Capacity where the unit has been awarded a combination of Existing and New Capacity for the same Capacity Year in different Capacity Auctions.
- 2.1.2 Due to changes in de-rating factors that can apply between different auctions, and differences between relevant formulas applied at the Qualification and Substantial Completion phases to calculate capacity, the proposer states in the proposal form that there is a risk that any incremental New Capacity awarded to an existing unit that was physically delivered (either commissioned or in receipt of a Market Readiness Certificate) is unable to achieve Substantial Completion under the Capacity Market Code (CMC).
- 2.1.3 The proposer further stated that this was an unintended consequence of the formula used to calculate commissioned capacity and that its Modification Proposal would modify the formula in G.3.1.4 (seen in Appendix B) and insert a new section of the code under G.3.1.4B.
- 2.1.4 Further details on the Modification Proposal are set out in the appended Modification Proposal Appendix B, which includes the draft changes to the CMC.

#### CMC\_12\_24: Working Group Feedback

- 2.1.5 Capacity Market Code Modifications Workshop 40 took place on 20 November 2024, where the Modification was presented and discussed by ESB GT.
- 2.1.6 The System Operators (SOs) provided a brief statement on the Modification and noted that they recognise the issue this Modification seeks to address and that they may bring an expanded modification proposal forward in the New Year.
- 2.1.7 Energia voiced support for the Modification and described it as sensible and supported the SOs bringing an expanded modification.
- 2.1.8 ESB GT responded and noted its understanding that if derating factors were to improve, a participant could get recognised for capacity that had not been delivered, impacting on competitiveness and fair competition in the Capacity Market.
- 2.1.9 BGE supported the intentions of the SOs to introduce a wider and a more holistic Modification.
- 2.1.10 SSE supported the view of BGE and that a wider Modification is needed and asked that worked examples be provided in such a proposal. SSE also questioned the methodology for derating

factors and stated that it would be worthwhile to clarify the variance in derating factors between auctions.

- 2.1.11 ESB GT responded to SSE's comments, where it noted that non-zero INCTOL and unit specific derating factors versus industry-wide ones could be useful in this regard. It further stated that with refurbishing units, an increase in derating factors would be anticipated, shrinking the gap between derating factors auction-to-auction.
- 2.1.12 BnM supported the idea of revisiting a non-zero INCTOL.
- 2.1.13 ESB GT commented that in light of the SOs submitting a wider Modification, it may view it to be appropriate to withdraw its present Modification Proposal if the SO Modification addresses this issue and wider ones in tandem.
- 2.1.14 To note, the RAs liaised with the SOs following the workshop on the timing of their suggested Modification Proposal. The SOs clarified that they would not be proceeding with a Modification Proposal in the immediate term. On that basis, the RAs are progressing with the consultation on the present modification proposal.

#### [CMC\\_12\\_24: Minded To Position](#)

- 2.1.15 The SEM Committee welcomes feedback and comments regarding the proposed Modification.
- 2.1.16 Subject to further consideration and consultation feedback, the SEM Committee has not formed a minded to position for this Modification Proposal.

## 3. CONSULTATION QUESTIONS

- 3.1.1 The SEM Committee welcomes views and responses on the proposed modification raised within this consultation paper.
- 3.1.2 Respondents are invited to provide comments and feedback in respect of:
  - the proposed modification and its consistency with the Code Objectives.
  - any impacts not identified in the Modification Proposal Forms, e.g., to the Agreed Procedures, the Trading and Settlement Code, IT systems etc.; and
  - the detailed CMC drafting proposed to deliver the Modification.
- 3.1.3 A template has been provided in Appendix C for the provision of responses.

## 4. NEXT STEPS

- 4.1.1 The SEM Committee intends to decide, at the earliest, by 24 March 2025 on the implementation or otherwise of the Modification outlined within this consultation paper as per B.12.11.6 of the CMC.
- 4.1.2 Responses to the consultation paper **must** be sent to both the UR and CRU CRM Submissions inboxes ([CRMsubmissions@uregni.gov.uk](mailto:CRMsubmissions@uregni.gov.uk) and [CRMsubmissions@cru.ie](mailto:CRMsubmissions@cru.ie)), **by close of business 17:00 on Monday 10 February 2025. Please note that late submissions will not be accepted.**
- 4.1.3 We intend to publish all responses unless marked confidential. While respondents may wish to identify some aspects of their responses as confidential, we request that non-confidential versions are also provided, or that the confidential information is provided in a separate annex. Please note that both Regulatory Authorities are subject to Freedom of Information legislation.