

<b>MODIFICATION PROPOSAL FORM</b>			
<b>Proposer</b> <i>(Company)</i>	<b>Date of receipt</b> <i>(assigned by System Operator)</i>	<b>Type of Proposal</b> <i>(delete as appropriate)</i>	<b>Modification Proposal ID</b> <i>(assigned by System Operator)</i>
EPUKI	10 <sup>th</sup> January 2023	Standard	CMC_03_23
<b>Contact Details for Modification Proposal Originator</b>			
<b>Name</b>	<b>Telephone number</b>	<b>Email address</b>	
Harry Molloy		<a href="mailto:h.molloy@tynaghenergy.ie">h.molloy@tynaghenergy.ie</a>	
<b>Modification Proposal Title</b>			
Amendment of Long Stop Date for T-1 Capacity Auction			
<b>Documents affected</b> <i>(delete as appropriate)</i>	<b>Section(s) Affected</b>	<b>Version number of CMC used in Drafting</b>	
CMC			
<b>Explanation of Proposed Change</b> <i>(mandatory by originator)</i>			
<p>This modification proposes to extend the Long-Stop Date (LSD) associated with single year T-1 capacity contracts to three months. Currently, the Long-Stop Date for such contracts is one month after the beginning of the relevant Capacity Year. This was a result of the decision SEM-18-030.</p> <p>Prior to the 2018 decision, the LSD for single year capacity contracts was 18 months after the beginning of the relevant Capacity Year. This needed to be revised as the LSD was after the expiry of the contract itself. When consulting on an appropriate LSD, the SEMC indicated an intention to reduce this period to one month after the beginning of the relevant Capacity Year. The Consultation Paper appears refers to primarily Demand Side capacity entering though the T-1 auctions and does not appear to consider conventional generation doing so.</p> <p>While the majority of respondents to the 2018 consultation broadly supported the SEMC's proposal to reduce the LSD, one respondent suggested that two months may be more appropriate, but the SEMC ultimately opted to set the LSD for one month after the beginning of the relevant Capacity Year.</p> <p>Based on experience since 2018, we believe that the LSD for T-1 capacity contracts should be amended and we are proposing setting the LSD to three months after the beginning of the relevant Capacity Year. There are a number of reasons for such a change:</p> <ul style="list-style-type: none"> <li>- The original Consultation Paper focuses primarily on the reduction of the LSD from 18 months after the beginning of the Capacity Year. There is no justification as to how the one month was chosen. While we agree that it was necessary to reduce the original LSD, we believe that there was a lack of analysis on whether one month was appropriate. Based on experience over the last five years of ISEM, and the changing context of the CRM, we believe that the one month LSD should be properly assessed and re-considered.</li> <li>- As mentioned above, the original Consultation Paper refers to significant volumes of Demand Side capacity which was coming into the market through the CRM. While this was largely true in 2018, the T-1 has now become a possible option for other technology types, specifically conventional generation extensions. These projects will typically have shorter timeframes than New Capacity delivered through T-4 auctions, though may require longer than Demand Side projects.</li> </ul>			

- The context of the SEM has changed significantly since the Consultation Paper in 2018. At the time of the Decision, Ireland had adequate generation capacity. It was not envisioned that substantial investment in New Capacity would be required in order to satisfy demand requirements. Due to the closure of older plant, and sharp increases in demand, the need for delivering New Capacity has increased exponentially. We believe that the CMC should reflect this need, through increased facilitation and flexibility with regard to New conventional plant.

A three-month LSD would fall on 1 January CY+1. While this means that New Capacity would not be present for part of the winter period of the relevant Capacity Year, we believe that this is a better outcome than terminating an entire year of New Capacity.

There is little to no downside of implementing a longer LSD. New Capacity will not receive any payments until they are delivered. This modification only proposes to extend the window before which CMUs are terminated.

We do not intend for this modification to affect multi-year capacity contracts delivered through the T-1 auctions. These contracts would maintain the original 18-month LSD.

#### Legal Drafting Change

*(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)*

*We envision the legal drafting changes associated with this modification to be relatively straightforward:*

**J.6.1.1(b) Long Stop Date:** The Long Stop Date in respect of Awarded New Capacity means:

[...]

(ii) in the case of a Capacity Award with a capacity duration of one year or less, the last day of the first **third** full calendar Month after the start of the first Capacity Year in which Awarded New Capacity is to be provided.

#### Modification Proposal Justification

*(Clearly state the reason for the Modification)*

This modification will support the objective of delivering New Capacity through the CRM and avoiding unnecessary termination of New Capacity. This modification supports a more permissive, more flexible approach to the procurement of New Capacity which will support the SEM objectives of Security of Supply. Additionally, there is no clear downside to the approval of this modification.

#### Code Objectives Furthered

*(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)*

(c) to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provisions of electricity capacity in the Capacity Market;

(d) to promote competition in the provision of electricity capacity to the SEM;

(g) through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.

**Implication of not implementing the Modification Proposal**

*(State the possible outcomes should the Modification Proposal not be implemented)*

Failure to implement this modification will result in the potential termination of New Capacity awarded single year contracts in the T-1 auctions. This may include extensions to existing conventional generation, or new plant which is delivering early. Failing to take advantage of such capacity would represent a missed opportunity in the challenge to addressing Ireland's Security of Supply.

**Impacts**

*(Indicate the impacts on systems, resources, processes and/or procedures)*

**Please return this form to the System Operators by email to [CapacityModifications@sem-o.com](mailto:CapacityModifications@sem-o.com)**

### Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Regulatory Authorities.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

CMC / Code:	means the Capacity Market Code for the Single Electricity Market
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms "System Operators" and "Regulatory Authorities" shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
  - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
  - 1.2 to the Regulatory Authorities to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
  - 1.3 to the System Operators and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
  - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.