



Capacity Market Code Modifications

WORKING GROUP 1 REPORT (V1.1)

10 MAY 2018

EIRGRID CONFERENCE CENTRE, DUBLIN

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Document History

Version	Date	Author	Comment
1.0	01 June 2018	Market Modifications Team	Drafting including all working group comments received following meeting
1.1	19 June 2018	Attendee Review complete and document updated.	Final draft published

Distribution List

Name	Organisation
Working Group Attendees	Various

Reference Documents

Document Name
Capacity Market Code
CMC 01 18 NIROCS in the CRM
CMC 02 18 Permitted Disclosures – Credit Agencies
CMC 03 18 E.5.1.1.A
CMC 04 18 F.2.1.1 – Capacity Auction Participation
CMC 05 18 Combining Candidate Units into a Capacity Market Unit
CMC 06 18 Disaggregation of Performance Security Requirements to Capacity Market Units
CMC 07 18 Subsection F.9.5 – Information Published following a Capacity Auction
CMC 08 18 Typographical Correction – E.8.2.4
CMC 09 18 Paragraph E.9.5.1 – Publication of Qualification Results
CMC 10 18 Paragraph B.10.4.1 – Report on Capacity Auction

In Attendance

Name	Company
Kevin Lenaghan (Chair)	UREGNI
Stuart Ffoulkes	ESP Consulting
Aodhagan Downey	Eirgrid
David Horan	Aughinish Alumina
Brian Mongan	AES
Paraic Higgins	ESB

Brian Larkin	BGE
Sinead O'Hare	Power NI
Paul Troughton	Enernoc
Rachel O'Dwyer	Brookfield Renewable
Eamon Bell	Grid Beyond/Endeco
Derek Scully	Energia
Tom Bruton	ART Generation
Richard Walshe	Grange Energy Centre
Denis McBride	AES
Cormac Daly	Tynagh
Lynda Wood	SONI

1 CMC_01_18 NIROCS IN THE CRM

1.1 DISCUSSION

RAs presented Modification Proposal.

The re-draft of E.2.1.1 removes the obligation to Qualify for units with NIROCs, but there is a need to also explicitly require such capacity not to Apply to Qualify: perhaps as an addition to E.2.1.4.

E.7.2.1 is a “may” clause but possession of a NIROC should directly prevent Qualification to comply with the State Aid decision, so the re-draft would need to be part of a “shall” clause: perhaps as a new E.7.2.2.

The possibility was raised for CMUs with NIROCs to use Secondary Trading where the NIROCS only apply to part of the Capacity Year. This could be considered equivalent treatment for capacity which is closing under E.10.2.

It was noted that wider issues may arise in any future cumulative support scheme if a unit “joins” the scheme after Qualification: how would a RO be terminated?

Presentation Material available [here](#).

2 CMC_02_18 PERMITTED DISCLOSURES – CREDIT AGENCIES

2.1 DISCUSSION

Participant presented Modification Proposal.

The change may be better treated as a separate sub-paragraph, rather than within the existing B.23.3.1(a).

Questions were raised as whether it was necessary to define “credit reference agency” or better to leave it undefined.

Presentation Material available [here](#).

3 CMC_03_18 E.5.1.1.A

3.1 DISCUSSION

TSO presented Modification Proposal.

Concerns expressed that unless the planning consent was unappealable, it had limited practical meaning. It was further observed that full planning consent should cover the grid connection. Reference was made to the [O’Griane High Court case re Derragh Windfarm and the assessment of grid connections](#). It is worth noting that the initial planning application for this windfarm development was lodged with Cork County Council on the 8th of June 2012 and has therefore been undergoing the planning consent process and judicial review procedures for in excess of four and a half years.

Concerns expressed that proposal could introduce an inconsistency between the requirements for renewable generation and other new capacity and had not taken into account the CRU’s Enduring Connection Policy-Stage 1 (ECP-1)-see publication CRU18058.

It was noted that the planning process is long – potentially of the order of 5 years (or more). The TSO noted that this Modification Proposal may introduce issues of equitable treatment of other forms of generation (namely biomass, solar and wind).

On that basis of the constructive discussion, the TSO indicated that the Modification Proposal would need further development before proceeding further.

Presentation Material available [here](#).

4 CMC_04_18 F.2.1.1 – CAPACITY AUCTION PARTICIPATION

4.1 DISCUSSION

The RAs explained the role of Firm Offer Requirement and its relationship to Existing and New Capacity.

The SOs noted that the use of Net De-Rated Capacity (Existing Capacity) in F.7.1.1(h) is an unusual coinage, more normal would be Net De-Rated Capacity (Existing). This could sensibly be fixed in F.7.1.1(h) and used correctly in F.2.1.1.

Presentation Material available [here](#).

5 CMC_05_18 COMBINING CANDIDATE UNITS INTO A CAPACITY MARKET

5.1 DISCUSSION

Participant presented Modification Proposal and stated that to qualify for combination, Candidate Units should share both a site and significant generating assets.

There were concerns that both the definition of site and significant generating assets were unclear, making it difficult for Participants to know whether to seek combination and for the RAs to make a decision.

There was concern that the proposal only applied to Poolbeg and it was unclear how it might apply to other units. It was noted the Ballylumford was a similar 2+1 unit. There were serious concerns about the equity of the proposal as it was drafted purely to cover Poolbeg. Several attendees made the point that the issue of shared costs at a station arises for many sites, though the specific justification around reduced MinGen may be Poolbeg specific.

There was concern about units being treated differently in the energy, capacity and DS3 markets in terms of aggregation.

It was observed that depending on the degree of application of the principle of combination, the CRM could be left with a small number of large units. This would impact the lumpiness of the auction and while this would not necessarily lead to a worse economic outcome as using a combined unit could increase the risk of all its capacity being rejected in favour of a smaller, more expensive alternative unit. However, there were significant concerns for the resolution of lumpiness in constrained zones.

Presentation Material available [here](#).

6 CMC_06_18 DISSAGREGATION OF PERFORMANCE SECURITY REQUIREMENTS TO CAPACITY MARKET UNITS

6.1 DISCUSSION

Participant presented Modification Proposal and clarified that the proposal is to deal with the situation where a Participant transfers a CMU (specifically a DSU) and concerns that the CMC did not release the requirement to post the Performance Security from the transferor. They recognised that the proposed approach may be rather a blunt tool and create unnecessary administrative burden.

It was thought possible that CMC already covers this situation adequately. The SOs and RAs will liaise to check robustness of existing CMC drafting to the issue.

7 CMC_07_18 SUBSECTION F.9.5 – INFORMATION PUBLISHED FOLLOWING A CAPACITY AUCTION

7.1 DISCUSSION

There was a request to allow 3WD between notification to Participant and publishing of data, in line with GB practice.

Presentation Material available [here](#).

8 CMC_08_18 TYPOGRAPHICAL CORRECTION – E.8.2.4

8.1 DISCUSSION

Agreement that this multiplication error should be corrected as proposed.

9 CMC_09_18 PARAGRAPH E.9.5.1 – PUBLICATION OF QUALIFICATION RESULTS

9.1 DISCUSSION

Agreement that paragraph E.9.5.1 should be corrected as proposed..

Presentation Material available [here](#).

10 CMC_10_18 PARAGRAPH B.10.4.1 - REPORT ON CAPACITY AUCTION

10.1 DISCUSSION

Agreement that Paragraph B.10.4.1 should be changed to refer to paragraph F.9.3.1 instead of F.9.2.1.

Presentation Material available [here](#).

11 NEXT STEPS

1. TSO to publish Working Group Report
2. RAs published [consultation timeline](#).