

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operator)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operator)</i>
Regulatory Authorities		Urgent	CMC_02_19 - Update to CMC_01_20
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Kevin Lenaghan			
Modification Proposal Title			
Modification to the required timeframe for a T-4 Capacity Auction to take place			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
Capacity Market Code	M. Interim Arrangements	3.0	
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>The System Operators have not delivered the Provisional Qualification Results for the 2023/24 T-4 capacity auction by the Provisional Qualification Results Date (as prescribed in the approved Capacity Auction Timetable)¹ of 19 December 2019.</p> <p>The System Operators have proposed an amended Capacity Auction Timetable. Under the System Operators' proposal, the Capacity Auction Run Start would move to the latter part of April 2020. Amendments to a Capacity Auction Timetable must be approved by the Regulatory Authorities, (D.2.1.9 and D.2.1.10).</p> <p>Under D.2.1.5 (d) of the Capacity Market Code, the Capacity Auction Run Start for a T-4 Auction shall fall in the period no less than forty-two and no more than fifty-four months prior to the start of the relevant Capacity Year. A Capacity Auction Run Start in April 2020 would fall forty-one months before the start of the 2023/24 Capacity Year. Accordingly, unless the Capacity Market Code was amended the proposed amended Capacity Auction Timetable would not comply with D.2.1.5(d). The Regulatory Authorities would not be able to approve the proposed amendments.</p> <p>The purpose of the modification is to introduce an Interim Arrangement that would allow the Capacity Auction Run Start for the 2023/24 T-4 Capacity Auction to take place beyond the timescales described by D.2.1.5 (d). This is in order to allow the Regulatory Authorities to approve the amended timetable. This is the only Capacity Auction for which this change would apply.</p> <p>The proposed modification is set out below. It alters the terms of D.2.1.5.(d) to enable the Capacity Auction Run Start to take place no less than forty months prior to the start of Capacity</p>			

¹ The Capacity Auction Timetable was approved by the Regulatory Authorities by letter dated 17 June 2019. It was published by the System Operators in the "Capacity Auction Timetable for 2023/2024 T-4 Capacity Auction Timetable, dated 18 June 2019: https://www.sem-o.com/documents/general-publications/2023-2024-T-4-Capacity-Auction-Timetable_CAT2324T-4.pdf

Year 2023/24. This allows a small margin for any further changes to the timetable that may be required as the auction progresses.

Legal Drafting Change

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

This is an entirely new provision, and none of the existing provisions are altered. Accordingly the entire section M.10 is shown below without underlining.

M.10. PROVISIONS APPLICABLE TO THE T-4 CAPACITY AUCTION FOR CAPACITY YEAR 2023/24 ONLY

M.10.1.1 The provisions of this section M.10 apply only to the T-4 Auction for Capacity Year 2023/24, (the **T-4 2023/24 Auction**).

M.10.1.2 (a) Paragraph D.2.1.5(d) shall be replaced with: *“for a T-4 Auction, fall in the period no less than forty and no more than fifty-four months prior to the start of the relevant Capacity Year.”* The same change shall be made to the definition of T-4 Auction in the Glossary.

(b) The Glossary definition of T-4 Auction shall be replaced with *“means a Capacity Auction held for the purposes of awarding Awarded Capacity for a Capacity Year not less than forty months and not more than fifty-four months before the start of the Capacity Year.”*

M.10.1.3 Within two Working Days of [10 February 2020] the System Operators shall submit to the RAs an amended Capacity Auction Timetable.

M.10.1.4 The Qualification Process, (to the extent already carried out) for the T-4 2023/24 Auction and any of the other steps already taken by the Parties in preparation for the T-4 2023/24 Capacity Auction shall not be repeated as a consequence of any amendment of the Capacity Auction Timetable under this section M.10.

M.10.1.5 In the event of any inconsistency or conflict between a provision of this section M.10 and any other provision of this Code, the provision of this section M.10 shall prevail to the extent of the inconsistency or conflict. Save as expressly amended by this section M.10 the Capacity Market Code shall continue to apply to the T-4 2023/24 Auction in accordance with its terms.

Modification Proposal Justification

(Clearly state the reason for the Modification)

The System Operators have proposed an amendment to the Capacity Auction Timetable for the 2023/24 T-4 Capacity Auction to the Regulatory Authorities. The proposed amended Timetable has a date for the Capacity Auction Run Start which is forty-one months prior to the start of the 2023/24 capacity year.

Under D.2.1.5 (d) of the Capacity Market Code, the Capacity Auction Run Start for a T-4 Auction shall fall in the period no less that forty-two and no more than fifty-four months prior to the start of the relevant Capacity Year.

This Modification Proposal introduces an Interim Arrangement which would allow the Capacity Auction Run Start for the 2023/24 T-4 Capacity Auction only to take place less than forty-two months before the start of the 2023/24 Capacity Year.

The Modification Proposal also approves the revised timetable and incorporates it into the Capacity Market Code. If the modification is approved by the Regulatory Authorities, the timetable will take effect upon approval in accordance with the terms of the modification.

Code Objectives Furthered

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

The relevant Capacity Market Code objectives are as follows.

“A.1.2 Capacity Market Code Objectives

A.1.2.1 This Code is designed to facilitate achievement of the following objectives (the “Capacity Market Code Objectives”):

- 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;*
- 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;*
- c) to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity in the Capacity Market;”*

We explain why these objectives are furthered, as follows.

Objective (a). Efficient discharge by EirGrid and SONI of obligations imposed by their transmission licences

Condition 23A(2) of SONI’s Transmission Licence provides that “The Licensee shall comply with the Capacity Market Code insofar as it is applicable to it as the holder of a licence granted under Article 10(1)(b) of the Order.” Condition 6A(2) of the EirGrid licence is in the same terms.

If the Modification is not made the System Operators could explore accelerating the remaining elements of the timetable in order that the T-4 2023/24 auction is completed to meet the current prescribed Capacity Auction Run Start. We have discussed whether this is possible. Meeting the current timetable is now very challenging. In order to try to meet the timetable the System Operators would need to divert resource from other essential tasks. This would be inefficient.

Objective (b). Efficient, economic and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity...

Without this amendment, the timetable will not be able to be amended and the T-4 2023/24 auction could not complete lawfully in accordance with the terms of the Capacity Market Code. The participants in the auction and the System Operators have put resources into the qualification process. These resources would be wasted. This is inefficient. This waste would not be efficient or economic.

If the auction is not completed no awards of capacity will take place. That will put at material risk the provision of adequate capacity. This is because the T-4 2023/2024 auction would not complete, with the result that capacity would not be secured.

Objective (c). To facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of electricity capacity...

If the auction does not proceed this may damage the confidence of the undertakings contemplated by this Code Objective. Confidence would be damaged by the fact that they had

invested resource in the process, which is wasted. Damage to confidence will discourage undertakings from participation in the future.

Implication of not implementing the Modification Proposal

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

The immediate impact is that a revised timetable would result in the T-4 2023/2024 Auction being completed outside the period allowed for in D.2.1.5. This would be unlawful. No capacity could be awarded. The costs of participants would be wasted.

The System Operators will be unable to discharge their obligations in line with the Capacity Market Code.

Impacts

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

No material impact to systems, resources and processes/procedures.

Please return this form to the System Operators by email to modifications@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 Modifications Committee.
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:

Agreed Procedure(s): means the detailed procedures to be followed by Parties in performing their obligations and functions under the Code as listed in Appendix D "List of Agreed Procedures".

T&SC / Code: means the Trading and Settlement 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 "Market Operator", "Modifications Committee" 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 2 of the Code (and Agreed Procedure 12), 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 Market Operator and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities, the Modifications Committee and each member of the Modifications Committee 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 Market Operator 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 Modifications Committee and/or the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.