

Chapter 1: Introduction

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Foreword

Capacity Auction Offers

The focus of the “Capacity Auction Offers” course relates to the form of offers allowed to be offered in to the Capacity Market from Qualified Capacity Market Units.

It is assumed that the reader has already completed the Capacity Market course on Registration and Qualification.

Currency

This learning material focuses on examples to illustrate concepts rather than providing comprehensive coverage of every topic. The Capacity Market facilitates settlement in both Euro and Sterling. As the market internally operates in Euro the examples tend to be presented in Euro. However, in practice participants in Northern Ireland will see a Sterling equivalent price.

Governing Rules

The Capacity Market arrangements are governed by a set of rules known as the **Capacity Market Code** (CMC) [<https://www.semcommittee.com/news-centre/publication-i-sem-crm-capacity-market-code-decision>]. The CMC defines obligations and responsibilities of the Parties to that code, including the registration, qualification, operation of the capacity market and secondary trade, and the obligations on those awarded capacity. Settlement arrangements are covered under the **Trading and Settlement Code** (TSC) [<https://www.semcommittee.com/news-centre/publication-i-sem-trading-and-settlement-code-amendments-decision-paper>].

The CMC is supported by a set of Agreed Procedures. The most relevant of these for this training module is **Agreed Procedure 3 “Qualification and Auction Process”**. [<https://www.semcommittee.com/news-centre/publication-i-sem-crm-capacity-market-code-decision>].

It is important to note that these Agreed Procedures are different to the set of Agreed Procedures that support the TSC.

Some Key Terms from Qualification

| Term | Description |
|----------------------------------|--|
| Existing Capacity | Capacity that has been commissioned under the Grid Code. |
| New Capacity | Proposed capacity that is yet to be commissioned under the Grid Code. |
| Net De-Rated Capacity (Existing) | The capacity qualified to be offered from Existing Capacity. |
| Net De-Rated Capacity (New) | The capacity qualified to be offered from New Capacity. |
| Maximum Capacity Duration | The maximum period that a Participant can seek to be Awarded Capacity. This is always 1 Capacity Year for Existing Capacity and can be either 1 or 10 Capacity Years for New Capacity. |
| Firm Offer Requirement | A measure of the amount of capacity that a participant can offer into an auction for which firm network access is held. |

These terms are explained in more detail in the Capacity Market course on Registration and Qualification.