

I-SEM 2024-25 T-4 Capacity Auction Independent Auction Monitor Report

Commission for Regulation of Utilities (CRU) and the
Northern Ireland Authority for Utility Regulation
(NIAUR)

2nd February 2021

AUCTION REPORT

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1. INDEPENDENT ASSURANCE REPORT

This report sets out our conclusions in relation to the monitoring of the processes and procedures followed by the System Operators (EirGrid and SONI Ltd; SOs) in conducting the Capacity Market Auction for the 2024/2025 T-4 Capacity Auction, with respect to Capacity Auction Submissions submitted between 10:00 on 14th January 2021 and 10:00 on 21st January 2021, to ensure that it has been correctly carried out in accordance with the SOs' obligations under the Capacity Market Code (CMC).

1.1. SCOPE OF THE REPORT

This report is produced in accordance with the terms of our engagement contract, dated 14th November 2017, for the purposes of reporting to the Regulatory Authorities – the Commission for Regulation of Utilities (CRU) and the Northern Ireland Authority for Utility Regulation (UR) – in connection with CEPA's arrangement as the Capacity Auction Monitor for the I-SEM Capacity Market Auctions.

Under the CMC, the SOs have various obligations with respect to qualification for and conducting of the Capacity Auctions. These obligations apply to Capacity Auctions which the SOs are required to satisfy under the CMC. The SEM Committee's decision approving the CMC and its associated procedures are available here:

<https://www.semcommittee.com/news-centre/publication-i-sem-crm-capacity-market-code-decision>

The most up to date version of the CMC, and approved and pending modifications, are available here:

<https://www.sem-o.com/rules-and-modifications/capacity-market-modifications/market-rules/>

CEPA's role as the appointed Capacity Auction Monitor for the I-SEM is to provide independent assurance to the market and the Regulatory Authorities (RAs) that the SOs have correctly carried out their obligations under the CMC in respect of qualification for, and running of, the Capacity Auctions, as set out in the Terms of Reference for the Capacity Auction Monitor.²

We monitored the processes and procedures followed by the SOs for the Capacity Auction, as far as possible, in accordance with our Terms of Reference for this engagement. We provide our conclusions (in Section 1.4 below) in relation to compliance with the CMC based on our obligations. This report is provided in accordance with Section B.10.4 of the CMC, which sets out the requirement for the Capacity Auction Monitor to provide a report to the RAs:

- confirming the list of Participants with Capacity Market Units that have been allocated Awarded Capacity;
- stating whether or not the Capacity Auction Monitor considers that the Capacity Auction was conducted in accordance with this Code; and
- identifying any actual or potential non-compliance with the CMC by the SOs.

Note that, except where expressly stated, we did not audit or otherwise verify the information provided to us by the SOs in the course of our work. A separate Capacity Market Auditor is required to be in place under the CMC, with its obligations set out within the Capacity Market Auditor Terms of Reference. For the avoidance of doubt, CEPA would like to make clear that we are a professional economic advisory firm and not professional accountants.

1.2. OUR APPROACH

We developed a set of protocols and analytical tools to monitor the processes and procedures followed by the SOs for the Capacity Auction.

² SEM Committee (2017): 'Capacity Remuneration Mechanism – Terms of Reference for the Capacity Market Auditor and Capacity Auction Monitor', SEM-17-023.

In carrying out our duties, we have followed a system of quality control, professional conduct, and ethical behaviour which we consider to be of a standard at least as demanding as that required by ISAE 3000 (Revised). This includes documented policies and procedures related to our monitoring activities, leadership responsibilities for quality control in the firm, independence and ethical requirements and management of human resources.

We have performed our work as the appointed Capacity Auction Monitor based on our fundamental principles of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour.

1.3. INHERENT LIMITATIONS

Our conclusions are based on historical information. The projection of any information or conclusions in the attached report to any future periods would be inappropriate.

Our examination excludes audit procedures and accordingly we do not express an audit opinion on the information. We note that the procedures we performed were not designed to and are not likely to reveal fraud.

An outline of the work we performed for the Capacity Auction is included in Appendix A.

1.4. CONCLUSIONS

Our conclusions in this report reflect reasonable assurance in relation to the T-4 Capacity Auction for the 2024/2025 Capacity Year.

We believe that the procedures performed, and the evidence obtained, provide us with a reasonable basis that, except for the matters described in Section 4 of our report, the Capacity Auction was conducted by the SOs in accordance with the requirements of the CMC.

Actual and potential instances of non-compliance are summarised in Section 4.

1.5. USE OF THE REPORT

This report has been prepared for the exclusive use of the RAs in accordance with the scope of our engagement contract and the RAs' Terms of Reference for the Capacity Auction Monitor.

Our work has been undertaken solely for the purpose of assessing that the SOs have correctly carried out the obligations placed on them under the CMC in carrying out the Capacity Auction. Our work was not planned or conducted with any other objective in mind, and so cannot be relied on for any other purpose. With the exception of providing it to the RAs and the SOs, and publishing it on the SEM Committee website, our report is not to be recited or referred to in any document, copied or made available (in whole or part) to any person without our prior written consent. To the fullest extent permitted by law, CEPA does not accept or assume responsibility to anyone, other than the RAs, for this report or for the conclusions we have formed.



Cambridge Economic Policy Associates Ltd
London, United Kingdom
2nd February 2021

2. BACKGROUND AND CONTEXT

2.1. BACKGROUND

In the I-SEM Capacity Market, capacity providers sell qualified capacity to the market to meet the capacity requirement in a future capacity year. Capacity providers who are successful in the Capacity Auction receive a regular capacity payment that assists with funding generation capacity and, in return, they have an obligation to generate when the system is stressed.

The operation of the Capacity Market and the roles and responsibilities of the market operator – split jointly between the SOs and the Single Electricity Market Operator (SEMO) – are governed by the CMC and the Trading and Settlement Code.

2.2. OUR ROLE AS CAPACITY AUCTION MONITOR

The Terms of Reference for the Capacity Auction Monitor state that:

“The purpose of the Capacity Auction Monitor is to provide independent assurance to the market and the Regulatory Authorities that the System Operators’ are correctly carrying out their obligations under the Capacity Market Code (CMC) in respect of qualification for and running of Capacity Auctions.”

and that:

“The Capacity Auction Monitor (“the Monitor”) will be responsible for assuring the processes associated directly with Capacity Auctions, i.e. from the start of qualification through to the determination of the final auction results.”

As Capacity Auction Monitor, we are required to produce a Report on the Capacity Auction, within two Working Days after the SOs have submitted the provisional Capacity Auction Results to the RAs, that:

- confirms the list of Participants with Capacity Market Units that have been allocated Awarded Capacity;
- states whether or not the Capacity Auction Monitor considers that the Capacity Auction was conducted in accordance with the CMC; and
- where applicable, identifies any actual or potential non-compliance with the CMC or other actual or potential irregularity in the conduct of the Capacity Auction, together with the Capacity Auction Monitor’s assessment as to the likely consequences of the actual or potential non-compliance or irregularity.

Because the date on which the SOs submit the provisional Capacity Auction Results to the RAs is not a fixed date (it typically takes place at some point between two items in the Capacity Auction Timetable: Capacity Auction Run Start and Capacity Auction Provisional Results Date), we agreed an alternative deadline for this report for this Capacity Auction with the RAs: two Working Days after Capacity Auction Provisional Results are due to be provided to Participants according to the Capacity Auction Timetable. In this case, this results in a deadline of Tuesday 2nd February 2021. This provides certainty for all parties in when to expect the Capacity Auction Monitor’s report, and is in line with the requirement for the Monitor’s Qualification Report to be provided two Working Days after the Provisional Qualification Results (PQRs) are provided to Participants through the CMP.

This report summarises our findings in relation to the Capacity Auction run by the SOs on 21st January 2021.

2.3. OBJECTIVES AND SCOPE

The CMC paragraph B.10.2.1 sets out that:

“The Capacity Auction Monitor shall monitor the processes and procedures followed by the System Operators in carrying out the Qualification Process, conducting Capacity Auctions and related activities under this Code, in accordance with the terms of reference determined by the Regulatory Authorities.”

The basic tasks set out for the Capacity Auction Monitor are:

- monitoring the Qualification Process to ensure that the SOs have complied with the CMC;
- being present at the auctions, with full read access to all key software, including access to all bids and all communications between the SOs and all bidders;
- monitoring the application of algorithms and calculations;
- reporting on whether it considers that the SOs have conducted the Capacity Auction in accordance with the CMC;
- identifying any actual or potential breach of the rules and regulations or other actual or potential irregularities in the conduct of the Capacity Auction by the SOs and an assessment of the consequences; and
- making recommendations on the changes to the CMC, Auction Guidelines and User Guides.

As Capacity Auction Monitor, we are required to report on all issues that we identify, irrespective of materiality.

Explicitly considered as within scope of the role of the Capacity Auction Monitor is to monitor compliance with the methodology employed by the SOs to determine Locational Capacity Constraints (LCCs) in the auction process (as referred to in Sections C.2 and F.4 of the CMC). Also, explicitly within scope is monitoring the application of the capacity auction algorithm used by the SOs to clear the Capacity Auction.

2.4. SCOPE EXCLUSIONS

In line with our Terms of Reference, the scope of our review excluded the following:

- Secondary trading arrangements (referenced specifically within Chapter H of the CMC).
- Direct investigation of market manipulation: However, the Terms of Reference state that the Capacity Auction Monitor should bring any incidents of potential market manipulation to the attention of the RAs, should it come across them in carrying out its duties.
- The determination of the LCCs and their underlying methodology: The Capacity Auction Monitor's scope in relation to LCCs is limited to assessing compliance by the SOs with the methodology for determining LCCs, including accordance with relevant procedures and process documentation.
- Auditing of the processes carried out by the SOs: The CMC requires a Capacity Market Auditor to be appointed separately from the Capacity Auction Monitor. Under our Terms of Reference, we are not required to carry out an audit of the processes followed, or information provided, by the SOs in running the auction.
- Monitoring of compliance with the obligations of Section L.7 of the CMC regarding SO reporting of REMIT Data on behalf of Participants.

3. AUCTION RESULTS

The Capacity Auction Submission Commencement date for the T-4 Auction was at 10:00 on Thursday 14th January 2021.

The Capacity Auction Submission End date took place at 10:00 on 21st January 2021. Due to two potential issues the SOs wished to investigate before running the auction (see our discussion of these at Section 4.2.1, Section 4.2.2, and Issue Log 017), Capacity Auction Run Start was delayed until these potential issues had been fully investigated. Capacity Auction Run Start occurred at 15:46 on 21st January 2021 and was completed within a minute of initiation. The auction clearing process was completed within the 24-hour Allowed Timeframe.

The Capacity Auction was run using the Capacity Market Platform (CMP) version 3.0.0.7, according to information displayed in the CMP.

In line with the Final Auction Information Pack (FAIP), the parameters of the Demand Curve used in the 2024/25 T-4 Auction are set out in Table 3.1.

Table 3.1: Final Demand Curve used in the Capacity Auction, as in FAIP 2024/25 T-4

De-Rated Capacity (MW)	Demand Curve Point (€/MW per year)
0.00	138,450
4,912.25	138,450
5,450.00	92,300
6,525.50	0

The minimum capacity needed to satisfy the LCC requirements were as set out in Table 3.2.

Table 3.2: LCCs and minimum MW required, as in FAIP 2024/25 T-4

LCC Area 1 Name	Minimum MW	LCC Area 2 Name	Minimum MW
L1-1: Northern Ireland	1,877		
L1-2: Ireland	5,278	L2-1: Greater Dublin	2,061
		L2-2: Rest of Ireland	2,683

A total of 140 offers were submitted from 105 CMUs (out of a total of 137 qualified CMUs) with the total capacity offered equal to 6,168.14 MW.

A total of 6,167.95 MW cleared in the auction, with 104 CMUs being awarded capacity. The Auction Clearing Price was € 47,820.00 /MW per year (£44,185.68 /MW per year).

In the unconstrained solution, a total of [x] MW of capacity was scheduled. The Price Setting Offer in the unconstrained solution was an Inflexible offer. Based on the amount of capacity in-merit in the unconstrained solution, two of the LCCs (L2-1: Greater Dublin and L2-2: Rest of Ireland) were satisfied.

In the constrained solution an additional [x] MW of capacity (net) was cleared, made up of [x] MW removed and [x] MW added, as compared to the unconstrained solution. All offers added were in relation to new capacity. Three of the added offers were Flexible, and located in L1-2: Ireland and L2-2: Rest of Ireland; one was Inflexible and located in L1-1: Northern Ireland. The status of the LCCs in the constrained solution is given in Table 3.3 below.

Table 3.3: Constraint status in the constrained auction solution, as given in the CMP

Constraint ID	Limit (MW)	Awarded Capacity (MW)	Satisfied
L1-1: Northern Ireland	1,877.000	2,017.709	Yes
L1-2: Ireland	5,278.000	5,247.424	Not satisfied
L2-1: Greater Dublin	2,061.000	2,235.896	Yes

Constraint ID	Limit (MW)	Awarded Capacity (MW)	Satisfied
L2-2: Rest of Ireland	2,683.000	3,011.528	Yes

In line with the CMC Modification³, which was required to comply with the State Aid decision to disallow the clearing of additional capacity to resolve local capacity constraints within an auction, some offers that had been scheduled in the unconstrained solution were ‘removed’ in the constrained solution. All these offers were for capacity with 10-year duration, located in L1-1: Northern Ireland and were not needed to satisfy the LCC minimum MW requirements in that area. Table 3.3 shows the relevant quantities.

Table 3.4: Summary of changes between the unconstrained and the constrained solution

CMU ID	Capacity type(s) offered by this CMU	LCC Area(s)	CMU's total Offered Quantity (MW)	CMU's total cleared Q in unconstrained solution (MW)	CMU's total cleared Q in constrained solution (MW)	Change in MW cleared in constrained vs unconstrained solution
[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]
Total of these units			[X]	[X]	[X]	[X]
Total in entire capacity auction			[X]	[X]	[X]	[X]

Notes: [X]

There were four offers that were cleared only in the constrained solution at their respective offer prices. All four of these offers were new capacity and none were clean units. Table 3.5 gives further detail of these offers. All four offers were accepted in their entirety (i.e. the Cleared Quantity equals the Offered Quantity).

Table 3.5: Summary of offers cleared in the constrained solution (but not in the unconstrained solution)

CMU ID	LCC 1 LCC 2 (if applicable)	Offer Index	Offered Quantity (MW)	Offered Price		Duration (years)	Flexible
				EUR/MW	GBP/MW		
[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]	[X]

These compared to the Auction Clearing Price of €47,820 /MW (£44,185.68 /MW) per year.

Based on the outcome of the T-4 Auction, Table 3.6 lists the participants and corresponding CMUs that have been awarded capacity.

³ SEM-O (2019) “Capacity Market Code Urgent Modifications Set 2: Decision Paper”

3.1. CMUs PROVISIONALLY AWARDED CAPACITY IN THIS CAPACITY AUCTION

Table 3.6: List of participants and CMUs provisionally awarded capacity in the T-4 Capacity Auction for the Capacity Year 2024/25

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
AC Automation (UK) Ltd	PY_000109	PT_500064	DSU_501200	Demand Side Unit	L1-1: Northern Ireland	Existing	[X]	6.824
Aughinish Alumina Ltd	PY_000024	PT_400024	GU_400120	Autoproducer	L2-2: Rest of Ireland	Existing	[X]	57.558
			GU_400121	Autoproducer	L2-2: Rest of Ireland	Existing	[X]	57.558
Avolta Storage Limited	PY_034101	PT_402581	GU_404410	Other Storage	L2-1: Greater Dublin	New	[X]	2.057
			GU_404400	Other Storage	L2-2: Rest of Ireland	New	[X]	8.072
Bord Gais ROI	PY_000027	PT_400028	GU_400930	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	368.964
			DSU_403610	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	11.550
BRI Green Energy Ltd	PY_000068	PT_400062	CAU_400502	Wind	L2-2: Rest of Ireland	Existing	[X]	16.426
			GU_404420	Wind	L2-2: Rest of Ireland	New	[X]	2.621
CONTOURGLO BAL SOLUTIONS (NORTHERN IRELAND) LIMITED	PY_000081	PT_500048	GU_500900	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	2.734
			GU_500904	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	10.936
Cushaling Power Ltd	PY_000083	PT_400078	GU_401011	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	52.258
			GU_401010	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	52.258

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
Dublin Waste to Energy Supply Ltd	PY_000152	PT_400198	GU_402030	Steam Turbine	L2-1: Greater Dublin	Existing	[X]	50.984
EIRGRID INTERCONNECTOR DESIGNATED ACTIVITY COMPANY	IO_EIDAC	IO_EIDAC	L_ROIEWIC	Interconnector	L2-2: Rest of Ireland	Existing	[X]	218.500
Electricity Exchange Limited	PY_000114	PT_400116	DSU_401400	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[X]	24.793
			DSU_403520	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[X]	5.771
			DSU_401870	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	20.626
			DSU_402120	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	9.802
			DSU_402090	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[X]	20.473
			DSU_402100	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	7.439
			DSU_403560	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	6.291
			DSU_403640	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	4.713
			DSU_403630	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	3.574
		PT_502516	DSU_503460	Demand Side Unit	L1-1: Northern Ireland	New	[X]	3.960
Empower Generation Limited	PY_000111	PT_500073	GU_501230	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	11.877

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)	
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_500099	DSU_501460	Demand Side Unit	L1-1: Northern Ireland	Both existing and new	[X]	9.872	
			PT_400133	DSU_401530	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[X]	19.004
			DSU_402180	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[X]	6.458	
			DSU_403590	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	1.584	
			DSU_401910	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[X]	10.851	
Energia Power Generation Limited	PY_000044	PT_400044	GU_400540	Gas Turbine	L2-1: Greater Dublin	Existing	[X]	336.800	
Energy Trading Ireland Limited	PY_000113	PT_400111	DSU_403510	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	13.395	
			PT_500067	DSU_501380	Demand Side Unit	L1-1: Northern Ireland	Existing	[X]	9.823
			DSU_501510	Demand Side Unit	L1-1: Northern Ireland	New	[X]	8.055	
			DSU_501600	Demand Side Unit	L1-1: Northern Ireland	Existing	[X]	5.370	
			DSU_503490	Demand Side Unit	L1-1: Northern Ireland	New	[X]	5.000	
			DSU_501610	Demand Side Unit	L1-1: Northern Ireland	New	[X]	4.700	
EnerNOC Ireland Ltd	PY_000088	PT_400090	DSU_403450	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	8.020	
			DSU_403470	Demand Side Unit	L2-2: Rest of Ireland	New	[X]	6.272	
			DSU_401270	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	23.886	

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
			DSU_401610	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	11.130
			DSU_401850	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	6.028
			DSU_403120	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	4.218
			DSU_403080	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[X]	2.421
			DSU_501450	Demand Side Unit	L1-1: Northern Ireland	Existing	[X]	3.581
			DSU_401620	Demand Side Unit	L2-1: Greater Dublin	Existing	[X]	6.454
			DSU_403040	Demand Side Unit	L2-1: Greater Dublin	Existing	[X]	6.434
			DSU_403030	Demand Side Unit	L2-1: Greater Dublin	Existing	[X]	6.421
			DSU_403050	Demand Side Unit	L2-1: Greater Dublin	Existing	[X]	6.186
			DSU_403020	Demand Side Unit	L2-1: Greater Dublin	Existing	[X]	6.088
			DSU_401800	Demand Side Unit	L2-1: Greater Dublin	Existing	[X]	5.948
EP BALLYLUMFORD LIMITED	PY_000056	PT_500040	GU_503730	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	216.125
			GU_503720	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	216.125
			GU_503740	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	90.698
			GU_500284	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	52.258

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
			GU_500283	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	52.258
EP KILROOT LIMITED	PY_000070	PT_500045	GU_503430	Gas Turbine	L1-1: Northern Ireland	New	[X]	219.220
ESB	PY_000030	PT_400030	CAU_400301	Hydro	L2-2: Rest of Ireland	Existing	[X]	195.651
			GU_400361	Pumped Hydro Storage	L2-2: Rest of Ireland	Existing	[X]	50.808
			GU_400362	Pumped Hydro Storage	L2-2: Rest of Ireland	Existing	[X]	50.808
			GU_400360	Pumped Hydro Storage	L2-2: Rest of Ireland	Existing	[X]	50.808
			GU_400363	Pumped Hydro Storage	L2-2: Rest of Ireland	Existing	[X]	50.808
			GU_403620	Gas Turbine	L2-1: Greater Dublin	New	[X]	3.380
			GU_403610	Gas Turbine	L2-1: Greater Dublin	New	[X]	3.380
			GU_403680	Gas Turbine	L2-1: Greater Dublin	New	[X]	3.380
			GU_400183	Gas Turbine - IED	L2-2: Rest of Ireland	Existing	[X]	80.910
			GU_400182	Gas Turbine - IED	L2-2: Rest of Ireland	Existing	[X]	80.910
			GU_400324	Gas Turbine	L2-1: Greater Dublin	Existing	[X]	202.170
			GU_400325	Gas Turbine	L2-1: Greater Dublin	Existing	[X]	202.170
			GU_400850	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	362.165

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
		PT_400033	CAU_400302	Wind	L2-2: Rest of Ireland	Existing	[X]	9.283
			DSU_401330	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	7.740
		PT_400037	GU_400500	Gas Turbine	L2-1: Greater Dublin	Existing	[X]	347.770
		PT_500024	GU_500041	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	47.305
			GU_500040	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	351.115
Huntstown Power Company	PY_000033	PT_400035	GU_400480	Gas Turbine	L2-1: Greater Dublin	Existing	[X]	292.410
Indaver Energy Limited	PY_000101	PT_400087	GU_401230	Steam Turbine	L2-2: Rest of Ireland	Existing	[X]	14.348
iPower Solutions Ltd	PY_000093	PT_500053	GU_501130	Gas Turbine	L1-1: Northern Ireland	Existing	[X]	56.433
			DSU_503450	Demand Side Unit	L1-1: Northern Ireland	New	[X]	8.659
			DSU_503480	Demand Side Unit	L1-1: Northern Ireland	New	[X]	4.923
			DSU_503420	Demand Side Unit	L1-1: Northern Ireland	Both existing and new	[X]	5.411
Moyle Interconnector Limited	IO_MOYLE	IO_MOYLE	I_NIMOYLE	Interconnector	L1-1: Northern Ireland	Existing	[X]	202.500
Powerhouse Generation Limited	PY_000128	PT_500078	DSU_501560	Demand Side Unit	L1-1: Northern Ireland	New	[X]	11.205
			DSU_501330	Demand Side Unit	L1-1: Northern Ireland	Existing	[X]	7.417
		PT_400144	DSU_401660	Demand Side Unit	L2-2: Rest of Ireland	Existing	[X]	3.942

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
ReserFLEX	PY_034100	PT_502526	DSU_503570	Demand Side Unit	L1-1: Northern Ireland	New	[X]	7.160
			DSU_503600	Demand Side Unit	L1-1: Northern Ireland	New	[X]	4.475
			DSU_503580	Demand Side Unit	L1-1: Northern Ireland	New	[X]	4.475
			DSU_503610	Demand Side Unit	L1-1: Northern Ireland	New	[X]	3.580
			DSU_503630	Demand Side Unit	L1-1: Northern Ireland	New	[X]	3.580
Ronaver Energy Limited	PY_000194	PT_400460	GU_403960	Other Storage	L2-2: Rest of Ireland	New	[X]	3.511
SCOTTISHPOWER RENEWABLES (UK) LIMITED	PY_034089	PT_402573	GU_404260	Other Storage	L2-2: Rest of Ireland	New	[X]	6.250
			GU_404270	Other Storage	L2-2: Rest of Ireland	New	[X]	0.423
SSE Airtricity Limited	PY_000021	PT_400021	CAU_400500	Wind	L2-2: Rest of Ireland	Existing	[X]	29.307
SSE Generation Ireland Limited	PY_000071	PT_400064	GU_400762	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	382.800
			GU_400781	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	46.852
			GU_400780	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	46.852
			GU_400771	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	46.672
			GU_400770	Gas Turbine	L2-2: Rest of Ireland	Existing	[X]	46.672
Statkraft Ireland Ltd.	PY_034058	PT_402550	GU_404440	Gas Turbine	L2-1: Greater Dublin	New	[X]	45.100

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Area	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
TYNAGH ENERGY LIMITED	PY_000041	PT_400041	GU_400530	Gas Turbine	L2-2: Rest of Ireland	Existing	[∞]	336.800
Veolia Alternative Energy Ireland Limited	PY_000122	PT_400124	DSU_401880	Demand Side Unit	L2-2: Rest of Ireland	Existing	[∞]	15.750
			DSU_401490	Demand Side Unit	L2-2: Rest of Ireland	Both existing and new	[∞]	9.051
Statkraft Ireland Ltd.	PY_034058	PT_402550	GU_404010	Other Storage	L2-2: Rest of Ireland	New	[∞]	1.529

3.2. CMUs PROVISIONALLY NOT AWARDED CAPACITY IN THIS CAPACITY AUCTION

There were no participants who submitted offers for CMUs in the T-4 Auction but were not awarded any capacity. [∞] submitted three price-quantity pairs each and only the first two cleared in the Capacity Auction, with the third price-quantity pairs being cleared in the unconstrained solution but removed for the constrained solution (see Table 3.4 for further information on these changes).

4. SUMMARY OF ISSUES IDENTIFIED WITH THE CAPACITY AUCTION PROCESS

We performed our role as Capacity Auction Monitor in relation to the 2024/25 T-4 Capacity Auction, which took place on 21st January 2021, in line with our obligations to monitor the conduct of the SOs in operating the Capacity Auctions. In Section 4.1, we summarise the identified instances of non-compliance within the areas of the CMC that are in the Monitor’s scope, before presenting some additional considerations in Section 4.2.

4.1. SUMMARY OF ISSUES

In carrying out our duties, we identified four issues that we consider constitute non-compliance with the CMC, noting our obligation to report all issues to the RAs irrespective of materiality. The table below sets out a high-level summary of actual or potential instances of non-compliance identified within the Capacity Auction process. Detailed issue logs are included in Appendix B.

Table 4.1: Summary of issues identified within the Capacity Auction process⁴

Issue number	Description of issue
016	In our Qualification Report, submitted to the RAs in September 2020, the Monitor identified several errors in the PQRs which required correcting in the FQRs, as per CMC E.9.4.2 (c). These corrections were not made.
017	CMC F.8.1.1 requires that the SOs “conduct each Capacity Auction in accordance with the applicable Capacity Auction Timetable”. Capacity Auction Run Start was delayed to enable the SOs to carry out investigations to ensure the accuracy of the offers being used to run the Capacity Auction.
018	The Existing Net De-Rated Capacity value in the FQRs for CMU [X] has changed from the PQR value. The FQR value does not align with the calculation under CMC E.8.3.1.
019	The SOs undertook a CMP update on 8 th December 2020, scheduled from 21:00 to 23:00. CMC L.2.5.1 requires that the SOs follow the procedures under Agreed Procedure 5 when carrying out any testing or upgrade, including to “inform participants of the restoration of Capacity Market Platform” via email and the SOs’ website. However, the SOs did not inform participants by email when the CMP was operational again.

4.2. FURTHER CONSIDERATIONS

This sub-section contains comments and observations that we believe do not represent non-compliance with the CMC, but we consider it appropriate to summarise for the RAs’ attention.

4.2.1. CMP-generated offers

CMC F.7.1.3 requires that, if a Participant with a non-zero Firm Offer Requirement does not submit a valid set of price-quantity pairs, the SOs must determine a valid set of price-quantity pairs on their behalf.

The CMP is set up to automatically generate such offers at Submission End (‘CMP-generated offers’) – i.e. the CMP is designed to verify whether all qualified CMUs have offered at least their Firm Offer Requirement, and if not, will generate offers automatically on their behalf. These offers will show as submitted at precisely 10:00 (when the SOs manually completed Submission End).

⁴ Issue numbers are assigned to potential instances of non-compliance as they are identified. Issue numbers missing from the table (e.g. Issue 020) may reflect issues investigated as part of the Monitor’s Qualification Report for this Auction, or may reflect issues that have been investigated and determined not to represent non-compliance with the CMC.

The SOs then manually verify the CMP-generated offers before proceeding with Capacity Auction Run Start.

There were six CMP-generated offers at gate closure, but these were not generated in accordance with F.7.1.3.

One of these CMUs qualified with a Firm Offer Requirement of [redacted] MW, while the other five CMUs did not qualify for this Capacity Auction. These CMUs and the relevant CMP-generated offers are shown in the table below.

Table 4.2: CMP-generated offers

CMU ID	Qualified	Firm Offer Requirement	CMP-generated Offer Price	CMP-generated Offer Quantity	Date and Time
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

After confirming that these offers were not required under F.7.1.3, the SOs manually removed them before proceeding to Capacity Auction Run Start.

The SOs have stated that this issue arose due to an update to the CMP that took place on 10th September 2020: *“The CMO [Capacity Market Operator, i.e. the SOs] automatically generated offers algorithm had not been amended as part of the update and therefore it did not differentiate between Provisional and Final Results. As the units had qualified in the Provisional Results, CMP did not recognise that they did not qualify in the Final Results and therefore generated [an offer] for these units. We have raised a ticket with Unicorn [the CMP software provider] so that this issue will not happen in the future.”*

4.2.2. Manual correction of a Capacity Auction offer

Capacity Auction Submission End took place on 21st January 2021. This process is set to automatically take place in the CMP at the scheduled time – 10:00. At this time, one Participant ([redacted]) was attempting to amend its previously submitted offers for two CMUs: [redacted] and [redacted].

It successfully completed adjusting its offer for [redacted]. The amended offers for this CMU are shown as having been submitted at 10:00:23 in the offer log (exported from the CMP).

In an email received by the SOs at 10:03 (three minutes after Submission End), the Participant stated that it had attempted to delete the offer for [redacted]⁵ but this change was not displaying in the CMP.

Initially, the SOs responded that changes were not possible as Submission End had taken place before the email was received. We understand from discussions with the SOs that the Participant had been attempting to submit this offer at 10:00, and had encountered an issue when Submission End took place at the same time.

CMC F.6.2.1 states that: *“The System Operators shall allow Participants to submit Capacity Auction Offers in respect of Capacity Market Units only: (a) from the Capacity Auction Submission Commencement date and time as indicated in the Capacity Auction Timetable; and (b) until the Capacity Auction Submission End date and time as indicated in the Capacity Auction Timetable.”*

The CMP-generated offers (which are discussed in Section 4.2.1) show in the Offer Log (exported from the CMP) as having been submitted at 10:00:23. We take this to be the best indication available of the precise time that

⁵ Note that the email referred to [redacted], but this is a typo – no such unit exists and [redacted] is listed under the Participant that sent the email.

Capacity Auction Submission End occurred in the CMP. As mentioned above, this is also given in the CMP export as the precise time at which the Participant successfully adjusted its offer for [§<].

CMC F.6.2.1 allows Participants to submit their offers until the end date and time. There is no clarity as to whether this allows offers submitted up to and including 10:00:59 (i.e. before 10:01:00) or only up to and including 09:59:59 (i.e. before 10:00:00). The SOs sought to ensure that the Participant was able to amend and submit the relevant offer as intended, with the assumption that they would have been able to do so themselves had Submission End not taken place until 10:00:59.

The SOs considered, given that the Participant tried to submit its amended offer at the same time that the system was updating for Submission End (which included the amendment of offers for [§<] and the CMP-generated offers), that *“there was a risk of potential corruption of offers submitted by the Participant at the exact time that CMP was processing the gate closure.”*

Therefore, the SOs considered it would be prudent to contact the Participant and ask them to confirm, using the Manual Offer Submission Process, their offer submission as of 10:00 for units [§<] and [§<]. The SOs emphasised that when they communicated with the Participant ([§<]) they were *“seeking confirmation here of the Offers submitted at 10:00 (one of which was blocked by CMP due to the processing of the gate closure). We used the Manual Offer Submission Process to ensure that the confirmation was submitted using the registered channels for communication of offers.”*

The SOs communicated with the Participant by both phone and email to confirm their intended amendment to the offer for [§<]. The Participant confirmed that they had submitted an offer with a single price-quantity pair of [§<]/MW for [§<] MW (new capacity) but intended to amend this to a zero-zero price-quantity pair (i.e. to effectively remove their offer).

The SOs manually removed this offer before proceeding to Capacity Auction Run Start at 15:46 on 21st January 2021 *“on the basis that [§<] sought to remove this offer at gate closure (and not after).”*

4.2.3. Unit Specific Price Cap

CMC E.9.4.1 requires the SOs to prepare the Final Qualification Decisions in relation to a Qualification Process, and should include *“Other Qualification Decisions”*. As outlined under CMC E.9.1.2 (b), Offer Price Caps are deemed to be *“Other Qualification Decisions”*.

Unit [§<] was not assigned an Offer Price Cap value in the Final Qualification Decisions, as required under CMC E.9.1.2 (b). This value should have been updated from the PQRs to reflect the Unit Specific Price Cap approved by the SEM Committee, which the RAs made the SOs aware of via email on 04/12/2020 at 16:09:

“In accordance with paragraph E.5.1.8(b) of the Capacity Market Code, the following Unit Specific Price Caps have been approved by the SEM Committee.”

Table 4.3: Unit-Specific Price Caps

Capacity Market Unit	Unit Specific Price Cap	Relevant Capacity (de-rated)	Unit Specific Offer Price Cap Breakpoint
[§<]	[§<]	[§<]	n/a

This was raised with the SOs who stated that *“there is a limitation within CMP whereby the USPC value is not shown”*. Therefore, in order to communicate this to the Participant the Existing Capacity Price Cap was removed for this unit only, and a written confirmation provided to the Participant via email on the 9th of December 2020 to confirm the Unit Specific Price Cap.

We do not deem this to be non-compliant with E.9.4.1, as the SO’s communicated this with the Participant via email.

During the Pre-Auction check session on the 20th of January 2021 via Microsoft Teams, the SOs showed the Monitor the Unit Specific Price Cap being applied for this unit in the CMP.

4.2.4. Autoproducer Offer Price Cap Breakpoint

CMC E.8.4.1 outlines the calculation of the Autoproducer Offer Price Cap Breakpoint for Autoproducer Units. There are two Autoproducer Units at a single Autoproducer Site: [X] and [X], with an Autoproducer Offer Price Cap Breakpoint value of [X] MW as per the calculations under E.8.4.1.

The FQR value in the CMP for these two CMUs was set to [X] MW. This value does not align with the calculation required under CMC E.8.4.1, which gives [X] MW.

This is due to a display issue in the CMP and the SOs emailed the Participant on the 9th of December 2020 to manually inform them that the Autoproducer Offer Price Cap Breakpoint value (at FQR) for the two units was [X] MW.

4.2.5. CMU ID Change

During discussion with the SOs on the 20th of January 2021, we were notified that the unit with the CMU ID of [X] had been transferred to a new CMU ID of [X], due to a transfer in the registration of the unit. The details of the units in question are summarised in the table below.

Table 4.4: Summary of CMU ID change

	Party ID	Participant ID	CMU ID	Generator Unit ID
Unit details at PQR	[X]	[X]	[X]	[X]
Unit details at FQR	[X]	[X]	[X]	[X]

The transfer was clearly communicated to the Participant via email on the 18th of January 2021, where they were informed that the Final Qualification Decisions in respect of [X] were being transferred to [X], and that all Auction Offers should be submitted via the latter CMU ID.

The transfer of Final Qualification Decisions was undertaken on the 18th of January. This was the reason behind the CMP update on this date at 19:30.

The Monitor has reviewed the CMP and can confirm that the Final Qualification Decision related to [X] has been transferred to [X], and [X] no longer has any Qualification Results available.

The SOs noticed on the 19th of January 2021 that [X] submitted an offer in the CMP and contacted the Participant to notify them that this offer would require removal and resubmission via [X]. The Participant confirmed that this would be undertaken, and an identical offer was submitted under [X].

4.2.6. Submission of offers

In addition to Participants being able to submit offers on the CMP, the SOs provide a Manual Offer Submission channel for Participants who have difficulties in submitting offers on the CMP. There were no manual offer submissions by Participants within the submission window, although we note in Section 4.2.2 the use of the Manual Offer Submission Channel to confirm a Participant's intention with an offer they had attempted to submit just before Capacity Auction Submission End.

All CMUs that were required to make an offer successfully made a valid offer of the required quantity (greater than or equal to the lesser of their Firm Offer Requirement and their Net De-Rated Capacity (Existing)) through the CMP. Therefore, there were no SO-generated offers used in the auction. We refer back to Section 4.2.1 for the six CMP-generated offers that the SOs removed before Capacity Auction Run Start.

4.2.7. Rounding

In accordance with L.5.4.1, the SOs are to use consistent numerical rounding for all published quantities in accordance with the decimal places detailed in the CMC. We note that our checks were conducted (where applicable) at the level of numerical rounding specified under CMC L.5.4 for calculations and published quantities. Additionally, the Final Auction Information Pack was checked for consistency with the numerical rounding specified

for published quantities under CMC L.5.4.1. There were no rounding issues identified beyond those detailed in Issue Log 018.

4.2.8. Chapter L: Data and information systems

Chapter L of the CMC sets out the SOs’ requirements in relation to data and information systems, including communication between SOs and Participants, any system failures which affect the qualification or auction process, as well as publication of auction data in relation to the qualification or auction process. We do not monitor all communications between SOs and Participants, but rather rely primarily on the SOs and the RAs to notify us when issues arise.

This approach is typically supplemented by onsite monitoring during the auction process, although for this Auction the COVID-19 pandemic required that both the SOs and the Monitor teams work remotely. For this Auction, with the RAs’ approval we have used conference calling and screen-sharing capabilities to best replicate our on-site visits.

Based on the information received to date, we did not identify any issues in relation to Chapter L, beyond that described in Issue Log 019.

Testing and upgrading of the CMP

CMC L.2.5 outlines the obligations on the parties, including the SOs, during testing and upgrading of systems and communications channels, which for these purposes mostly refers to the CMP. There were seven upgrades to the CMP (requiring short outages) between PQR and Capacity Auction Run Start, six of which are summarised in the table below⁶. For all of these upgrades, the Participants were provided with both a notification and a reminder email beforehand, and a completion email afterwards, noting that CMP access could be resumed.

CMC L.2.5.5 states that any CMP down-time shall not be considered non-compliance as long as two conditions are met: first, that “*the down-time is of reasonable duration*”, and second that they provide “*reasonable prior notice to all parties*”. We discuss compliance with this point below.

Table 4.5: Summary CMP upgrades

Scheduled Outage Date	Scheduled Outage Time	Notification Email	Reminder Email	Completion Email
22/09/2020	19:00 to 20:00	21/09/2020 (16:22)	22/09/2020 (15:50)	23/09/2020 (09:12)
13/10/2020	19:00 to 20:00	12/10/2020 (12:35)	13/10/2020 (10:03)	14/10/2020 (09:33)
22/10/2020 to 23/10/2020	21:00 to 00:30	21/10/2020 (15:46)	22/10/2020 (12:50)	23/10/2020 (11:52)
10/11/2020	19:00 to 20:00	09/11/2020 (14:28)	10/11/2020 (11:50)	11/11/2020 (10:43)
19/11/2020	19:00 to 20:00	18/11/2020 (16:05)	19/11/2020 (11:28)	20/11/2020 (11:30)
18/01/2021	19:00 to 21:00	13/01/2021 (17:11)	18/01/2021 (09:55)	19/01/2021 (09:59)

For the above six outages, both requirements of L.2.5.5 appear to have been met:

- the SOs notified the Participants that there would be a short CMP outage for maintenance and updates – considered an ‘upgrade’ using the wording of the CMC – over 24 hours before the outage, as well as providing a reminder email on the day of the scheduled outage; and
- the outages was scheduled to take place outside of working hours, and avoided key milestones in the Capacity Auction Timetable, to minimise the likelihood of coinciding with Participants wishing to use the CMP.

⁶ There was a seventh upgrade on the 8th of December 2020, but this is discussed in Issue Log 019.

Communications failures

We did not witness any communications failures (Section L.4 of the CMC) in relation to the T-4 Auction. In addition, the SOs confirmed that no communications failures occurred.

Appendix A **SUMMARY OF WORK PERFORMED**

We typically undertake a site visit for the day of Capacity Auction Submission End and Capacity Auction Run Start. For this Capacity Auction, the COVID-19 pandemic has resulted in travel restrictions that require that both the SOs and the Monitor teams work remotely. For this Auction, the RAs approved our approach of using conference calling and screen-sharing capabilities to best replicate our on-site visits.

The areas of the Code checked at the time of issuing this report are outlined in the table below.

Table A.1: Summary of CMC sections checked by the Monitor in preparing this report

CMC Chapter	CMC Subsection	CMC Paragraph	
C. De-Rating and Capacity Concepts	C.2 Locational Capacity Constraints	C.2.1.2	
		C.2.2.2	
		C.2.3.1	
		C.2.3.2	
D. Pre-Capacity Auction Process	D.2 Capacity Auctions and Timetables	D.2.1.5	
		D.2.1.9	
		D.2.1.10	
		D.2.1.11	
		D.2.1.14	
		D.2.1.16	
E. Qualification	E.1 Purpose of Qualification Process	E.1.1.4	
		E.4 Application for Qualification	
	E.5 Exception Applications	E.5.1.9	
		E.8 Qualification Calculations	E.8.3.1
	E.8.4.1		
	E.8.9.1		
	E.9 Notification of Qualification Decisions	E.8.9.2	E.8.9.2
			E.9.3.3
		E.9.3.5	
		E.9.3.6	
		E.9.4.1	
		E.9.4.2	
		E.9.4.3	
E.9.4.4			
E.9.4.9	E.9.4.10	E.9.4.9	
		E.9.4.10	
		E.9.4.11	
		E.9.5.1	
		F.1.2.2	
F. Capacity Auctions	F.1 General	F.1.2.2	

CMC Chapter	CMC Subsection	CMC Paragraph
	F.2. Capacity Auction Participation	F.2.1.1
	F.3 Demand Curve	F.3.1.1
		F.3.1.2
		F.3.1.6
		F.3.1.7
	F.4 Determination of Locational Capacity Constraints for a Capacity Auction	F.4.1.1
		F.4.1.2
		F.4.1.4
		F.4.1.5
		F.4.1.6
		F.4.1.7
	F.5 Publication of Final	F.5.1.1
		F.5.1.2
		F.5.1.3
	F.6 Capacity Auction Submissions	F.6.1.1
		F.6.2.1
	F.7 Capacity Auction Offers	F.7.1.1
		F.7.1.2
		F.7.1.3
	F.8 Conduct of Capacity Auction	F.8.1.1
		F.8.2.1
		F.8.2.2
		F.8.2.3
		F.8.3.2
		F.8.3.3
		F.8.3.4
		F.8.3.5
		F.8.4.2
		F.8.4.3
		F.8.4.4
		F.8.4.5
		F.8.4.6
		F.8.4.7
		F.8.5.1
		F.8.6.1
	F.9 Capacity Auction Results	F.9.1.1
		F.9.2.1

CMC Chapter	CMC Subsection	CMC Paragraph
		F.9.3.1
K. Exchange Rates	K.2 Methodology	K.2.1.6
L. Data and Information Systems	L.2 Methodology	L.2.2.2
		L.2.3.1
		L.2.4.3
		L.2.4.4
		L.2.5.1
		L.2.5.2
		L.2.5.3
		L.2.5.4
		L.2.5.5
	L.3 Submission, Validation and Rejection of Data Transactions	L.3.1.1
		L.3.1.3
		L.3.1.6
		L.3.1.7
		L.3.1.8
	L.4 Communications Failures	L.4.2.1
		L.4.2.3
		L.4.3.1
		L.4.3.3
		L.4.3.4
		L.4.4.2
		L.4.4.3
	L.5 Data Publication	L.5.4.1
M. Interim Arrangements	M.4 Interim Solutions for Conducting Capacity Auctions	M.4.1.3
		M.4.1.4
		M.4.1.7
	M.5 Locational Capacity Constraints	M.5.1.1
		M.5.1.2
	M.6 Alternative Auction Solution Methodology	M.6.1.2
		M.6.1.3
		M.6.1.5
		M.6.1.6
		M.6.1.7
	M.10 T-4 2023/24	M.10.1.2
		M.10.1.3

Appendix B SUMMARIES OF OBSERVED ISSUES RESULTING FROM THE CAPACITY AUCTION PROCESS

B.1. ISSUE LOG 016

Issue ID	Affected auction(s)	Issue status	Compliance status
016	2024/2025 T-4 Capacity Auction	Closed	Non-compliant

Summary

In our Qualification Report, submitted to the RAs in September 2020, the Monitor identified several errors in the PQRs which required correcting in the FQRs, as per CMC E.9.4.2 (c). These corrections were not made.

Description of Issue

CMC E.9.4.2 includes a requirement that the Final Qualification Decisions shall include corrections to “any error or omission in the Provisional SO Qualification Decisions in respect of the Capacity Market Unit which the System Operators become aware of”.

The Monitor’s Qualification Report raised the following errors in the PQRs, which required correction in the FQRs, as per E.9.4.2 (c).

Issue Log 002: Technology Class

The SOs amended the Technology Class submitted by the Participant in the CMP; however, they did not inform the Participant of the change and the reason(s) (such notification is required by E.9.2.1). The FQRs were the same as the PQRs, with no new note of the change added.

CMU ID	Generator Unit ID	Qualification Results Note (FQR)	Qualification Results Note (PQR)	Technology Class (Participant)	Technology Class (FQR)	Technology Class (PQR)
[X]	[X]			Gas Turbine	Autoproducer	Autoproducer
[X]	[X]			Gas Turbine	Autoproducer	Autoproducer

We note the SOs’ response to this, provided to the RAs in the CAM Issue Log Update on 25/11/2020 (17:05), stating that:

“Autoproducer is not a technology class in its own right and the correct technology class for these units is gas turbine as the participant submitted. However, in order to provide for the fact that Autoproducers have an onsite demand and the capacity of the units that meets this demand is treated like a DSU and benefits from a DECTOL of 100% for this component of the units capacity.

As the technology class is used for both De Rating Curves and also DECTOL it is necessary in CMP to create technology class Autoproducer. The technology class that applies to these units remains gas turbine and the De Rating Curve for the Autoproducer technology class in CMP is the same as Gas Turbines. However, DECTOL for Autoproducer technology class in CMP is 0.346 instead of 1, which is the DECTOL for Gas Turbine. The value of 0.346 relates to the size of the demand component of units [X] and [X].

The SOs are required, under E.9.2.1, to make the Participant aware of the change to Technology Class as part of the Provisional SO Qualification Decisions. The SOs have maintained the use of the Tech Class ‘Autoproducer’ for [X] and [X] for the Final Qualification Decisions. However, we would like to emphasise that the Technology Class has not changed in this instance, and the use of Autoproducer is only for the purposes of capturing the DECTOL.”

In our Qualification Report, we deemed this to be technically non-compliant with E.9.4.2, because a notification was not included alongside the use of the Autoproducer technology calls in CMP. However, we acknowledge that the use of the Autoproducer technology class in CMP is needed to ensure that the correct De-Rating Curves and DECTOL are applied in CMP, and that the true technology class of the unit remains Gas Turbine. These two

elements would ideally be separated in the CMP, so that a unit can be identified both as a Gas Turbine (for the purpose of applying De-Rating Curves) and an Autoproducer (for DECTOL purposes).

Issue Log 012: Net De-Rated Capacity (New) under the Alternative Qualification Process

[redacted] and [redacted] are variable units that were awarded capacity in the T-2 2021/2022 Capacity Auction with a duration of 10 years. Under E.2.1.1(e), these two units were required to qualify for T-4 2024/25 but the Participant did not submit an Application for Qualification for these two units. The SOs were therefore required to follow the Alternative Qualification Process (AQP) as set out under E.7.8.1 using the calculations set out in E.7.8.2.

The values in the PQRs, however, did not align with the values implied by E.7.8.2. The SOs informed us that the Gross De-Rated Capacity (New) values for these units would be corrected in the FQRs, but these values remain unchanged in the FQR as compared to the PQR. The SOs noted in their response to the RAs in the CAM Issue Log Update on 25/11/2020 (17:05), that this issue had been “*actioned and has been reflected in the Final Qualification Decisions*”.

Net De-Rated Capacity (New) for [redacted] has been corrected in the FQRs. However, Gross De-Rated Capacity (New) for this unit, and Gross and Net De-Rated Capacity (New) for [redacted] still seem to not align with the calculations set out in E.7.8.2 (h).

Generator Unit ID	New Awarded Capacity	Gross De-Rated Capacity (New) implied by E.7.8.2 (h)	Net De-Rated Capacity (New) implied by E.7.8.2 (h)	Gross De-Rated Capacity (New) (FQR)	Net De-Rated Capacity (New) (FQR)
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

The SOs have noted in response to the above that Issue Logs 012 and 016 are related, and while they addressed Issue Log 012 they did not realise that the above issue identified in Issue Log 016 was also present. They stated that they “*will ensure that this is addressed for future auctions*”.

Capacity Auction Monitor’s Comments

We consider this to be non-compliance with E.9.4.2.

B.2. ISSUE LOG 017

Issue ID	Affected auction(s)	Issue status	Compliance status
017	2024/2025 T-4 Capacity Auction	Closed	Non-compliant

Summary

CMC F.8.1.1 requires that the SOs “conduct each Capacity Auction in accordance with the applicable Capacity Auction Timetable”. Capacity Auction Run Start was delayed to enable the SOs to carry out investigations to ensure the accuracy of the offers being used to run the Capacity Auction.

Description of Issue

CMC F.8.1.1 requires that the SOs “conduct each Capacity Auction in accordance with the applicable Capacity Auction Timetable”.

Item 13 of the Capacity Auction Timetable is the Capacity Auction Run Start, which was due to take place on 21st January 2021 at 12:00. The CMC defines this as follows:

“Capacity Auction Run Start in respect of a Capacity Auction, means the day and time that the System Operators initiate the run of the software program referred to in paragraph F.8.5.1 for that Capacity Auction.”

Shortly after Capacity Auction Submission End, which took place on 21st January 2021 at 10:00, the SOs identified two potential issues with the offers in the CMP:

- One Participant had attempted to amend an offer in the last minute of the submission window (i.e. between 10:00:00 and 10:00:59) but had been unable to do so.
- There were several automatically generated offers (i.e. at Capacity Auction Submission End under F.7.1.3) which the SOs wanted to look at in more detail.

We discuss these two areas in more detail in Section 4.2 of our report.

As a result, the SOs delayed Capacity Auction Run Start until they could address the above two potential issues to their satisfaction.

Capacity Auction Run Start took place on 21st January 2021 at 15:46, with the solution being solved within a minute. The auction solution was therefore achieved within the Allowed Timeframe (24 hours) of the original Capacity Auction Run Start. There were no further delays to any other areas of the Capacity Auction Timetable at the time of writing this Issue Log.

Capacity Auction Monitor’s Comments

We consider this to be technical non-compliance with F.8.1.1. We did not identify any impacts on other items of the Capacity Auction Timetable or on any participants.

B.4. ISSUE LOG 018

Issue ID	Affected auction(s)	Issue status	Compliance status	
018	2024/2025 T-4 Capacity Auction	Closed	Non-compliant	
Summary				
The Existing Net De-Rated Capacity value in the FQRs for CMU [§<] has changed from the PQR value. The FQR value does not align with the calculation under CMC E.8.3.1.				
Description of Issue				
<p>The Net De-Rated Capacity (Existing) for CMU [§<] changed from [§<] MW in the PQR to [§<] MW in the FQR. This CMU comprises a single Generator Unit ([§<]) which is itself made up of over 100 generators. This is due to two generators ([§<] and [§<]) being associated with [§<] in the PQR but with [§<] in the FQR.</p> <p>Furthermore, the Existing Net De-Rated Capacity at FQR does not align with the calculation specified under CMC E.8.3.1 (d):</p> <p><i>“the Net De-Rated Capacity (Existing) that is Qualified to participate in the Capacity Auction is the greater of zero and the Gross De-Rated Capacity (Existing) less Awarded Capacity from prior Capacity Auctions in respect of Existing Capacity”.</i></p>				
CMU ID	(A) Gross De-Rated Capacity (Existing) (FQR)	(B) Awarded Capacity (Existing) (FQR)	(A) less (B)	Net De-Rated Capacity (Existing) (FQR)
[§<]	[§<]	[§<]	[§<]	[§<]
<p>The SOs confirmed that these two generators have transferred from [§<] to [§<], and stated that the difference between the Gross Net De-Rated Capacity (Existing) and Net De-Rated Capacity (Existing) is due to a rounding error in the CMP:</p> <p><i>“CMP does its calculations to full precision and then reports values to 3 decimal places. For GDRCE, CMP is reporting the value to more than 3 decimal places, causing a minor rounding issue in some cases. GDRCE is equal to NDRCE, but the summing of the GDRCEs AGUs for [§<] is causing a minor rounding error.”</i></p>				
Capacity Auction Monitor’s Comments				
We consider this to be non-compliance with E.8.3.1.				

B.5. ISSUE LOG 019

Issue ID	Affected auction(s)	Issue status	Compliance status
019	2024/2025 T-4 Capacity Auction	Closed	Non-compliant
Summary			
<p>The SOs undertook a CMP update on 8th December 2020, scheduled from 21:00 to 23:00. CMC L.2.5.1 requires that the SOs follow the procedures under Agreed Procedure 5 when carrying out any testing or upgrade, including to “inform participants of the restoration of Capacity Market Platform” via email and the SOs’ website. However, the SOs did not inform participants by email when the CMP was operational again.</p>			
Description of Issue			
<p>CMC L.2.5.1 states that: <i>“The System Operators shall co-ordinate and facilitate testing of the Capacity Market Platform and the interfaces to Communication Channels as described under Agreed Procedure 5 “System Operation, Testing, Upgrading and Support.”</i></p> <p>Within Agreed Procedure 5, Step 4 of ‘3.2.2 Maintenance, Application Releases and Emergency Releases’ requires the SOs to “<i>inform participants of restoration of Capacity Market Platform</i>” via email and the SOs’ website.</p> <p>The SOs undertook maintenance of the CMP on the 8th of December 2020, which we understand to be an update that falls under CMC Section L.2.5: Obligation on Parties during Testing and Upgrading of Systems and Communication Channels.</p> <p>This maintenance required a short outage which was scheduled between 21:00 and 23:00 (9:00pm and 11:00pm). The SOs undertook this maintenance but did not notify participants of the restoration of the CMP afterwards, as required by CMC L.2.5.1 via Agreed Procedure 5.</p> <p>The SOs noted that they “<i>did not send an email to participants that [planned] CMP outage [for maintenance] was over. This was not done by accident but the SOs are aware this is a requirement to be completed each time</i>”.</p>			
Capacity Auction Monitor’s Comments			
<p>We consider this to be non-compliance with CMC L.2.5.1.</p>			



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