



CMC_11_24

Implementation of Early Delivery Incentives

10 July 2024

INTRODUCTION

- After engagement with industry, the SEM Committee stated its intention to hold the T-4 2028/29 auction with incentives for the early delivery of successful projects (SEM-24-0172).
- The SEM Committee reached a decision in May 2024 on the design of the early delivery incentive mechanism (SEM-24-037).
- The SEM Committee decided to progress with the introduction of EDIs for multi-year New Capacity and incremental multi-year ILC capacity, which will receive payment for early delivery at the same price as its awarded capacity and will commence not more than one year before the start of the capacity delivery year.
- The SEMC decided to apply EDIs to all future auctions until further notice (including T-1 auctions). EDIs will not apply to auctions which have already taken place, so the T-4 2028/29 is the first auction to which this incentive will apply.

SEM-24-037 Decisions

- i. Introduction of EDIs for multi-year New Capacity and incremental multi-year ILC capacity.
- ii. Payment for early delivery at the same price as its awarded capacity (no multipliers).
- iii. Early delivery not more than one year before the start of the capacity delivery year for the auction in question.
- iv. Subject to the same Reliability Option Difference Payments and the same Stop-Loss limits as any other capacity operating in the CRM, from the date payments start.
- v. For incremental multi-year capacity (including New Capacity and incremental ILC capacity), the capacity can get paid for early delivery of any incremental capacity only and not the Existing Capacity, i.e. the capacity that is already contracted.
- vi. The capacity would be expected to achieve Substantial Completion to be paid, but the provisions of Mod CMC_13_23 would apply (allows a unit to get paid on Minimum Completion if it does not expect to achieve Substantial Completion).

For the T-4 2028/29 auction, the Early Delivery Incentive Start Date will be published in the Final Auction Information Pack and for subsequent auctions, the Early Delivery Incentive Start Date will be published in the Initial Auction Information Pack and the Final Auction Information Pack.

Proposed changes

Section	Changes
Glossary	<ul style="list-style-type: none"> Define Early Delivery Incentive Start Date, which is applicable for New Capacity* excluding repowered or refurbished capacity based on previous Existing Capacity (only incremental) Change the definition of Maximum Capacity Duration to include the additional time subject to the one-year limit for early delivery
Appendix F (6)	Introduce Early Delivery Incentive Start Date in the description of Capacity Quantity Start Date and Time – this allows the capacity to get paid once it achieves completion, and therefore, it is marked as complete in the Capacity and Trade Register
F.9.1	Introduce Early Delivery Incentive Start Date in the Form of Capacity Auction Results
D.3.1.2, D.3.1.3 and F.5.1.3	<ul style="list-style-type: none"> Introduce Early Delivery Incentive Start Date in the IAIP and FAIP* Correction: Reference to Maximum Capacity Duration (not Maximum Contract Duration)

* The wording is based on the approval of the amended definition of New Capacity in the ILC modification proposal (implementing SEM-24-035).