

I-SEM 2022-23 T-1 Capacity Auction Independent Auction Monitor Report

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

3rd November 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 2022/2023 T-1 Capacity Auction, with respect to Capacity Auction Submissions submitted between 10:00 on 14th October 2021 and 10:00 on 21st October 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-1 Capacity Auction for the 2022/2023 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
3rd November 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 released provisional Capacity Auction Results to Participants, that:³

- 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.

This report summarises our findings in relation to the Capacity Auction run by the SOs on 21st October 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;

³ In the original CMC the deadline was two Working Days after the SOs release provisional Capacity Auction Results to the RAs. An update was proposed in modification [CMC 01_21](#), approved in Capacity Market Code Working Group 18 Decision Paper ([SEM-21-048](#)), and therefore effective from 14th July 2021.

- 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-1 Auction was at 10:00 on Thursday 14th October 2021. The Capacity Auction Submission End took place at 10:00 on 21st October 2021.

Capacity Auction Run Start was scheduled for 12:00 on 21st October 2021, but was delayed until 15:49, when the Auction Run was completed within a minute of initiation. The auction clearing process was completed within the 24-hour Allowed Timeframe. Reasons for the late running of the auction are discussed in Issue Log 022 in Appendix B.10.

The Capacity Auction was run using the Capacity Market Platform (CMP) version 3.0.1.3, 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 2022/23 T-1 Auction are set out in Table 3.1.

Table 3.1: Final Demand Curve used in the Capacity Auction, same as in FAIP 2022/23 T-1 v1.2

De-Rated Capacity (MW)	Demand Curve Point (€/MW per year)
0	138,450
595	138,450
595	92,300
1,585	0

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

Table 3.2: LCCs and minimum MW required, same as in FAIP 2022/23 T-1 v1.2

LCC Area 1 Name	Minimum MW	LCC Area 2 Name	Minimum MW
L1-1: Northern Ireland	2,042		
L1-2: Ireland	6,170	L2-1: Greater Dublin	1,834

A total of 61 offers from 52 CMUs were submitted into the auction. This is out of a total of 137 qualified CMUs, only 31 of which have a non-zero Firm Offer Requirement including Existing Capacity (and thus were required to submit offers). Of these, 21 had only Existing Capacity, and 10 had both Existing and New Capacity. 22 further CMUs had a non-zero Firm Offer Requirement comprising only New Capacity, and therefore (under CMC F.2.1.1) these CMUs were not required to submit an offer.

57 offers were submitted directly by Participants for 48 CMUs. Of the 57 offers, one was submitted manually (by email) by a Participant to the SOs, who then entered it into the CMP. There were four additional offers generated by the CMP automatically under CMC E.7.1.3, to ensure the relevant (existing) CMUs' obligation to offer was satisfied. All four of these offers were for Existing Capacity.

A total of 1,120.546 MW cleared in the auction, with all 52 CMUs that made an offer being awarded their full offered capacity.

The Auction Clearing Price was determined in accordance with CMC F.8.3. The Price Setting Offer was an Inflexible offer cleared at the Existing Capacity Price Cap of €46,150.00/MW per year (equivalent to £39,910.52/MW per year) – in total [3] offers were cleared at the Auction Clearing Price.

These [3] offers were not sufficient to meet the LCC Required Quantities and so additional offers were needed to clear out of merit. As a result, all [3] remaining offers were cleared, [3] of which cleared at the Auction Price Cap of €138,450.00/MW per year (£120,451.50/MW per year).

Total Awarded Capacity, LCC Required Quantity, and the shortfall between the two is summarised in Table 3.3 below.

Table 3.3: Constraint status in the auction solution

	L1-1: Northern Ireland	L1-2: Ireland	L2-1: Greater Dublin
Previously Awarded Capacity (MW)	1,888.671	5,045.530	1,305.479
Capacity Cleared in T-1 Auction (MW)	133.227	987.319	313.178
Total Awarded Capacity (MW)	2,021.898	6,032.849	1,618.657
LCC Required Quantity (MW)	2,042.000	6,170.000	1,834.000
Shortfall between Required Quantity and Awarded Capacity (MW)	20.102	137.151	215.343

In line with the CMC Modification,⁴ which was required to comply with the State Aid decision to disallow the clearing of excess capacity to resolve local capacity constraints within an auction, some offers that are scheduled in the determination of the Auction Clearing Price may be ‘removed’ in the Auction Solution. In this Capacity Auction, none of the LCC minimum MW requirements were satisfied, and therefore no offers were ‘removed’.

Table 3.4: Changes between the determination of the Auction Clearing Price and the Auction Solution

CMU ID	Capacity type(s) offered by this CMU	LCC Level 1	LCC Level 2	Offered Quantity (MW)	Cleared Q during Auction Clearing Price determination (MW)	Cleared Q in Auction Solution (MW)	Difference (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]
[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]
[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]
[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				[X]	[X]	[X]	[X]

There were [X] offers that were cleared following the determination of the Auction Clearing Price, out of merit, at their respective offer prices. [X] of these offers were for New capacity and [X] were from clean units.

Based on the outcome of the T-1 Auction, Table 3.5 lists the participants and corresponding CMUs that have been awarded capacity.

⁴ SEM-O (2019) “Capacity Market Code Urgent Modifications Set 2: Decision Paper”

3.1. CMUs PROVISIONALLY AWARDED CAPACITY IN THIS CAPACITY AUCTION

Table 3.5: List of participants and CMUs provisionally awarded capacity in the T-1 Capacity Auction for the Capacity Year 2022/23

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Level 1	LCC Level 2	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
ESB	PY_000030	PT_400030	CAU_400301	Hydro	L1-2: Ireland		Existing	[∞]	5.861
ESB	PY_000030	PT_400033	CAU_400302	Wind	L1-2: Ireland		Existing	[∞]	0.142
SSE Airtricity Limited	PY_000021	PT_400021	CAU_400500	Wind	L1-2: Ireland		Existing	[∞]	22.779
Veolia Alternative Energy Ireland Limited	PY_000122	PT_400124	DSU_401490	Demand Side Unit	L1-2: Ireland		Existing and New	[∞]	4.305
Powerhouse Generation Limited	PY_000128	PT_400144	DSU_401660	Demand Side Unit	L1-2: Ireland		Existing	[∞]	3.970
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_401870	Demand Side Unit	L1-2: Ireland		New	[∞]	1.072
Veolia Alternative Energy Ireland Limited	PY_000122	PT_400124	DSU_401880	Demand Side Unit	L1-2: Ireland		Existing and New	[∞]	17.435
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_402090	Demand Side Unit	L1-2: Ireland		Existing	[∞]	6.425
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_402100	Demand Side Unit	L1-2: Ireland		Existing	[∞]	1.623
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_402120	Demand Side Unit	L1-2: Ireland		Existing	[∞]	0.979
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_403520	Demand Side Unit	L1-2: Ireland		Existing	[∞]	5.754
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_403560	Demand Side Unit	L1-2: Ireland		Existing and New	[∞]	5.466
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_400133	DSU_403590	Demand Side Unit	L1-2: Ireland		New	[∞]	1.584
Bord Gais ROI	PY_000027	PT_400028	DSU_403610	Demand Side Unit	L1-2: Ireland		New	[∞]	2.810
Energy Trading Ireland Limited	PY_000113	PT_400111	DSU_403620	Demand Side Unit	L1-2: Ireland		Existing	[∞]	1.980
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_403630	Demand Side Unit	L1-2: Ireland	L2-1: Greater Dublin	New	[∞]	4.516
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_403640	Demand Side Unit	L1-2: Ireland	L2-1: Greater Dublin	New	[∞]	3.750

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Level 1	LCC Level 2	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
iPower Solutions Ltd	PY_000093	PT_402574	DSU_403650	Demand Side Unit	L1-2: Ireland		New	[X]	3.580
Veolia Alternative Energy Ireland Limited	PY_000122	PT_400124	DSU_403660	Demand Side Unit	L1-2: Ireland	L2-1: Greater Dublin	New	[X]	8.861
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_400133	DSU_403690	Demand Side Unit	L1-2: Ireland	L2-1: Greater Dublin	New	[X]	1.584
AC Automation (UK) Ltd	PY_000109	PT_500064	DSU_501200	Demand Side Unit	L1-1: Northern Ireland		Existing	[X]	6.824
Powerhouse Generation Limited	PY_000128	PT_500078	DSU_501330	Demand Side Unit	L1-1: Northern Ireland		Existing	[X]	7.646
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_500099	DSU_501460	Demand Side Unit	L1-1: Northern Ireland		Existing and New	[X]	2.176
Powerhouse Generation Limited	PY_000128	PT_500078	DSU_501560	Demand Side Unit	L1-1: Northern Ireland		Existing	[X]	10.376
iPower Solutions Ltd	PY_000093	PT_500053	DSU_503420	Demand Side Unit	L1-1: Northern Ireland		New	[X]	3.831
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_502516	DSU_503460	Demand Side Unit	L1-1: Northern Ireland		Existing and New	[X]	2.683
iPower Solutions Ltd	PY_000093	PT_500053	DSU_503480	Demand Side Unit	L1-1: Northern Ireland		Existing	[X]	4.672
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_500099	DSU_503650	Demand Side Unit	L1-1: Northern Ireland		New	[X]	2.297
ESB	PY_000030	PT_400030	GU_400271	Steam Turbine - IED	L1-2: Ireland		Existing	[X]	97.015
Huntstown Power Company	PY_000033	PT_400035	GU_400480	Gas Turbine	L1-2: Ireland	L2-1: Greater Dublin	Existing	[X]	292.410
SSE Generation Ireland Limited	PY_000071	PT_400064	GU_400750	Steam Turbine - IED	L1-2: Ireland		Existing	[X]	44.928
SSE Generation Ireland Limited	PY_000071	PT_400064	GU_400751	Steam Turbine - IED	L1-2: Ireland		Existing	[X]	44.928
SSE Generation Ireland Limited	PY_000071	PT_400064	GU_400752	Steam Turbine - IED	L1-2: Ireland		Existing	[X]	184.376
SSE Generation Ireland Limited	PY_000071	PT_400064	GU_400753	Steam Turbine - IED	L1-2: Ireland		Existing	[X]	184.376
Ronaver Energy Limited	PY_000194	PT_400460	GU_403000	Gas Turbine	L1-2: Ireland		Existing	[X]	1.810
Statkraft Markets GmbH	PY_034046	PT_402540	GU_404010	Other Storage	L1-2: Ireland		Existing	[X]	1.529
BRI Green Energy Ltd	PY_000068	PT_400062	GU_404190	Wind	L1-2: Ireland		Existing	[X]	2.867

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Level 1	LCC Level 2	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
BRI Green Energy Ltd	PY_000068	PT_400062	GU_404210	Wind	L1-2: Ireland		Existing	[X]	0.085
Avolta Storage Limited	PY_034101	PT_402581	GU_404400	Other Storage	L1-2: Ireland		New	[X]	7.260
Statkraft Markets GmbH	PY_034046	PT_402540	GU_404510	Other Storage	L1-2: Ireland	L2-1: Greater Dublin	New	[X]	2.057
Statkraft Markets GmbH	PY_034046	PT_402540	GU_404520	Other Storage	L1-2: Ireland		New	[X]	3.511
Avonbeg Storage Limited	PY_034105	PT_402584	GU_404530	Other Storage	L1-2: Ireland		New	[X]	2.472
Gorey Storage Limited	PY_034106	PT_402585	GU_404540	Other Storage	L1-2: Ireland		New	[X]	1.616
Killala Community Windfarm DAC	PY_034108	PT_402586	GU_404550	Other Storage	L1-2: Ireland		New	[X]	2.603
ESB	PY_000030	PT_500024	GU_500041	Gas Turbine	L1-1: Northern Ireland		Existing	[X]	47.305
Energia Customer Solutions NI Limited	PY_000042	PT_500030	GU_503350	Other Storage	L1-1: Northern Ireland		New	[X]	11.300
Statkraft Markets GmbH	PY_034046	PT_502514	GU_503950	Other Storage	L1-1: Northern Ireland		New	[X]	6.250
Statkraft Markets GmbH	PY_034046	PT_502514	GU_503960	Other Storage	L1-1: Northern Ireland		New	[X]	6.250
Kells BES Ltd	PY_034107	PT_502532	GU_503980	Other Storage	L1-1: Northern Ireland		New	[X]	9.442
Powerhouse Generation Limited	PY_000128	PT_500078	GU_504000	Gas Turbine	L1-1: Northern Ireland		New	[X]	4.525
Moyle Interconnector Limited	IO_MOYLE	IO_MOYLE	I_NIMOYLE	Interconnector	L1-1: Northern Ireland		Existing	[X]	7.650
EIRGRID INTERCONNECTOR DESIGNATED ACTIVITY COMPANY	IO_EIDAC	IO_EIDAC	I_ROIEWIC	Interconnector	L1-2: Ireland		Existing	[X]	9.000

3.2. CMUs PROVISIONALLY NOT AWARDED CAPACITY IN THIS CAPACITY AUCTION

All offers were accepted in full. Therefore there are no CMUs that provisionally have not been awarded any capacity in this Capacity Auction.

4. SUMMARY OF ISSUES IDENTIFIED WITH THE CAPACITY AUCTION PROCESS

We performed our role as Capacity Auction Monitor in relation to the 2022/23 T-1 Capacity Auction, which took place on the 21st of October 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 10 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 process.⁵

Issue Log	Description
013	The SOs were required under CMC E.9.3.5 to notify Participants of the outcome of their Application for Review by 09/08/21 but did not do so until 10/08/21.
014	CMC Section E.9.4 outline requirements for the FQRs. Several areas of the FQRs are not compliant with E.9.4.2 parts (a) and (c).
015	The SOs are required under CMC E.9.4.11 to notify Market Participants where there has been change to the FQRs relative to the PQRs. We have identified a number of instances where there was a change to a value for “Accepted” candidates, but an Amend Code was not provided.
016	The SOs were three working days late in providing the determined LCC values to the RAs following the PQR date, as required under CMC F.4.1.4. The SOs did not provide LCC values, determined under CMC F.4.1.1, to the RAs following their submission of FQRs, as required under CMC F.4.1.5, instead providing alternate values they deemed to be more appropriate.
017	CMC L.5.4.1 states that all published quantities of energy and power shall be given to three decimal places. The Awarded Capacity given in the FAIP is reported to zero decimal places.
018	The SOs are required to submit three versions of the final qualification results. <ul style="list-style-type: none"> • CMC E.9.4.4 requires the SOs to submit the Final Qualification Decisions to the RAs by the Final Qualification Submission Date; these were submitted one Working Day late. • CMC E.9.4.9 and E.9.4.10 require that the SOs notify Participants of their approved Final Qualification Decisions by the FQR Date, or by two Working Days after the SOs approve the Final Qualification Decisions submitted under E.9.4.4 (if this is later); these were notified within the time required. CMC E.9.5.1 requires that the SOs publish the public Qualification Results by the Qualification Results Publication Date; these were published two Working Days late.
019	CMC F.4.1.6 outlines that if the value of the total quantity of Gross De-Rated Capacity (total) falls short of the LCC Required Quantity for the LCC, then the SOs shall reduce the LCC Required Quantity for the LCC to the total quantity of Gross De-Rated Capacity. The Gross De-Rated Capacity (total) that was successful in the FQRs falls short of the LCC Required Quantity for each LCC. The SOs have not satisfied F.4.1.6 by reducing the LCC Required Quantity for the LCC to the total quantity of Gross De-Rated Capacity.

⁵ 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.

Issue Log	Description
020	As per CMC F.3.1.6, if the SOs do not receive the Demand Curve from the RAs 10 Working Days prior to the auction opening for offers, they are required to propose to the RAs that the Capacity Auction is postponed – but the SOs did not do so. The SOs have confirmed that they believe a CMC Modification is needed in this area.
021	According to the CMC, The Auction Price Cap and Existing Capacity Price Cap values in the IAIP are final and therefore should not change in the FAIP. The FAIP published by the SOs on 7 th October 2021 contained GBP values for the Auction Price Cap and the Existing Capacity Price Cap that were different from those stated in the IAIP for this Auction. The values were corrected in a third version of the FAIP that was published by the SOs on 27 th October 2021, after the auction was run.
022	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 checks to ensure the accuracy of the inputs being used to run the Capacity Auction.

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. Final Qualification Results

The SO’s submitted the Final Qualification Results (FQRs) (v1.0) on the 17th of September 2021, with RA approval granted on the 7th of October 2021 and Participants made aware of publication on the 8th of October 2021.

The SOs then became aware of an issue regarding [REDACTED], a unit that was rejected within the Provisional Qualification Results (PQRs), with an incorrect value of [REDACTED] MW for Gross and Net De-Rated Capacity (New) being submitted to the RAs within the FQRs.

The SOs notified the RAs of this issue and submitted a second version of the FQRs (v.1.1) on the 11th of October 2021, containing corrected values for [REDACTED], with the RAs approving these on the 13th of October 2021. The SOs notified Participants of the updated version of the FQRs on the 14th of October 2021.

- When preparing for the T-1 Capacity Auction, an incorrect de-rating factor was applied to [REDACTED], resulting in the unit qualifying for a greater quantity of capacity than it should have.
- The Alternative Qualification Process (AQP) was incorrectly applied to [REDACTED], which was de-registered in the Balancing Market/Capacity Market, and its Awarded New Capacity was transferred to [REDACTED].
- Awarded capacity transferred from [REDACTED] was not correctly assigned to [REDACTED].
- Gross De-Rated Capacity (Nominated) was set to 0 MW for [REDACTED], instead of the value submitted by the Participant.
- A higher Initial Maximum On Time was incorrectly applied to [REDACTED], resulting in a higher De-Rating Factor being applied and consequently a greater Gross and Net De-Rated Capacity (new) being calculated.

The SOs brought these issues to the RAs attention on the 19th of October 2021 and submitted a third version of the FQRs (v1.2) for approval, with the RAs providing this on the 20th of October 2021. The SOs notified Participants of the updated version of the FQRs by email on the 20th of October 2021 at 22:15.

The CMP was open to Capacity Auction Submissions between 14th October 2021 10:00 and 21st October 2021 10:00 – the final/updated FQRs were issued within the last 24 hours of the submission window.

The SOs have provided written explanation to the RAs regarding the T-1 FQR errors, via email on the 27th of October 2021 and therefore no further information has been requested in relation to these issues.

Any issues of potential non-compliance identified with the FQRs have been detailed in the issue logs in Appendix B.

4.2.2. Previously Awarded Capacity in the CMP

Within the Capacity Market Platform (CMP), there is an inconsistency in how information is displayed with respect to previously Awarded Capacity, depending on the type of reporting selected. This is an issue impacting upon combined units and AGUs: in the Participant Qualification Report, Awarded Capacity for the CMU is displaying as the sum of each individual Generator Unit. The Awarded Capacity value for each individual Generator Unit, however, is the value for the Capacity Market Unit as a whole. Therefore, Awarded Capacity values displayed both in the CMP, and in data exports, are notably larger than the CMU's actual Awarded Capacity.

The table below provides an example for a selection of CMUs.

Table 4.2: Example of previously awarded capacity values given

Participant	CMU ID	Existing Awarded Capacity (CMP*)	Existing Awarded Capacity (Generator Unit Level)
[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]

Source: Information extracted from the Participant-level Qualification Reports in the CMP

We do not consider this to be non-compliance with the CMC, but consider that it is appropriate for us to summarise it for the attention of the SOs and RAs, as it is a display issue within the CMP.

4.2.3. Final Auction Information Pack

In accordance with F.5.1.2 of the CMC, the SOs published the Final Auction Information Pack (V 1.0) for this Auction on 7th October 2021. The Market Participants were notified of publication on 7th October 2021 by an automated mailing list email.

An amended version of the FAIP (V1.1) was published on 13th October 2021. Again, the Market Participants were notified of publication on the same day. On the 27th of October, a third version of the FAIP was published (V1.2).

The SOs notified the Market Participants of the differences between V1.0, V1.1 and V1.2 in each email, as well as on page three of the appropriate FAIP version. After a review of the versions of the FAIP on 28th October 2021, the Monitor did not find any differences other than those mentioned below, which were explained to the Market Participants through the aforementioned notification emails.

Changes to the Auction Price Cap

Under section 2.2 "Auction Price Cap", "Table 2 – Auction Price Cap" contained different values for the Auction Price Cap in (£/MW per year)

Table 4.3: FAIP Section 2.2 Auction Price Cap – Table 2

FAIP version	Auction Price Cap (€/MW per year)	Auction Price Cap (£/MW per year)
V1.0	138,450	119,731.56
V1.2	138,450	120,451.50

Changes to the Existing Price Cap

Under section 2.3 "Existing Price Cap", "Table 3 – Existing Price Cap" contained different values for the Existing Price Cap in (£/MW per year)

Table 4.4: FAIP Section 2.3 Existing Capacity Price Cap - Table 3

FAIP version	Existing Price Cap (€/MW per year)	Existing Price Cap (£/MW per year)
V1.0	46,150	39,910.52
V1.2	46,150	40,150.50

Amendment to remove [X]

Under Section 2.4, Table 6 contained a summary of the units affected by Locational Capacity Constraints. One unit, [X], was removed because it was terminated.

V1.0 2.4 Locational Capacity Constraints – Table 6

- 1 L1-2: Ireland – contained [X]
- 2 L2-1: Greater Dublin – contained [X]

V1.1 2.4 Locational Capacity Constraints – Table 6

- 1 L1-2: Ireland – did not contain [X]
- 2 L2-1: Greater Dublin – did not contain [X]

4.2.4. Release of Capacity Auction Results

The Capacity Auction Results comprise three components, as set out by CMC F.9.1.1.

- CMU-level results.** For every cleared PQ pair this includes the Awarded Capacity, Capacity Payment price, and capacity duration.
- Implementation plans.** These are only required for New Capacity.
- LCCs not met,** and the MW quantity by which the LCC Required Quantity was not met.

F.9.2.1 then requires that:

“The System Operators shall use reasonable endeavours to provide provisional Capacity Auction Results to the applicable Participant by the Capacity Auction Provisional Results Date specified in the applicable Capacity Auction Timetable.”

The Capacity Auction Provisional Results Date in this Auction is 27th October 2021.

The CMU-level results under F.9.1.1 (a) were released to Participants through the CMP on the 27th of October 2021. In the email notifying Participants that these were available the SOs stated the following, therefore also satisfying F.9.1.1 (b): *“The Implementation Plan for any Awarded New Capacity is that which was submitted in the Application for Qualification for the relevant Capacity Market Unit.”*

The SOs confirmed that they have not yet issued information about the MW quantity by which LCC Required Quantities have not been met (F.9.1.1 (c)) but will issue these on 3rd November 2021 (5 Working Days later). They explained their decision as follows:

“Communication regarding the MW quantity by which the LCC Required Quantity was not satisfied will be issued to participants on Wednesday, 3rd November alongside with the Provisional Capacity Auction Report (PCAR). The reason why we have not communicated this in the Market Message to Participants is because we didn’t want to communicate that the LCC Required Quantity is not satisfied without being able to provide any additional context. The PCAR will allow us to provide that context.”

This explanation, combined with the wording of CMC F.9.2.1 requiring that the SOs “use reasonable endeavours”, lead us to be unable to conclude that the SOs are non-compliant with CMC F.9.2.1. It is clear that the SOs have the available information and the delay was not the result of any inability to share the information. Nonetheless we consider it appropriate to bring this to the RAs’ attention. If it is considered inappropriate to share information about not meeting the LCC Required Quantity at the point of issuing Provisional Capacity Auction Results, it may be appropriate for the RAs and/or SOs to consider a CMC modification to formalise this approach.

4.2.5. 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 017.

4.2.6. 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, 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.

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
		D.2.1.17
E. Qualification	E.1 Purpose of Qualification Process	E.1.1.4
	E.4 Application for Qualification	E.4.1.8
	E.5 Exception Applications	E.5.1.10
	E.8 Qualification Calculations	E.8.3.1
		E.8.4.1
		E.8.9.1
		E.8.9.2
	E.9 Notification of Qualification Decisions	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. Qualification	E.9 Notification of Qualification Decisions	E.9.4.9
		E.9.4.10
E. Qualification	E.9 Notification of Qualification Decisions	E.9.4.11
		E.9.5.1
F. Capacity Auctions	F.1 General	F.1.2.2
	F.2. Capacity Auction Participation	F.2.1.1

CMC Chapter	CMC Subsection	CMC Paragraph
	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. Capacity Auctions	F.8 Conduct of Capacity Auction	F.8.6.1
	F.9 Capacity Auction Results	F.9.1.1
		F.9.2.1
		F.9.3.1
M. Interim Arrangements	M.6 Alternative Auction Solution Methodology	M.6.1.5

CMC Chapter	CMC Subsection	CMC Paragraph
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.3.1.3	
	L.3.1.6	
	L.3.1.7	
	L.4 Communications Failures	L.3.1.8
		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. Data and Information Systems	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.6 Alternative Auction Solution Methodology	M.6.1.2
		M.6.1.3
		M.6.1.6
M.6.1.7		

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

B.1. ISSUE LOG 013

Issue ID	Affected auction(s)	Issue status	Compliance status
013	2022/2023 T-1 Capacity Auction	Closed	Non-compliant
Summary			
The SOs were required under CMC E.9.3.5 to notify Participants of the outcome of their Application for Review by 09/08/21 but did not do so until 10/08/21.			
Description of Issue			
<p>The SOs received Applications for Review from 10 Participants, related to a number of Capacity Market Units. CMC E.9.3.5 requires the SOs to notify the Participant lodging the Application for Review of the outcome within the Prescribed Timeframe. The 2022/23 T-1 Capacity Auction Timetable⁶ has the SOs notification of outcome date (the deadline for notifying Participants) as 9th August 2021.</p> <p>The SOs did not notify the Participants of the outcome until 10th August 2021, one Working Day late.</p> <p>In response, the SOs noted that the delay had no negative impact upon Participants, as it “<i>allowed them same number of days as set out in the Timetable to consider the outcome before lodging a Qualification Dispute</i>”.</p>			
Capacity Auction Monitor’s Comments			
We consider this to be non-compliance with CMC E.9.3.5.			

⁶ <https://www.sem-o.com/documents/general-publications/CAT2223T-1-2022-2023-T-1-Capacity-Auction-Timetable.pdf>

B.2. ISSUE LOG 014

Issue ID	Affected auction(s)	Issue status	Compliance status
014	2022/2023 T-1 Capacity Auction	Closed	Non-Compliant
Summary			
CMC Section E.9.4 outline requirements for the FQRs. Several areas of the FQRs are not compliant with E.9.4.2 parts (a) and (c).			
Description of Issue			
CMC E.9.4.2. (c)			
<p>CMC E.9.4.2. (c) requires the FQRs to “correct any error or omission in the Provisional SO Qualification Decisions in respect of the Capacity Market Unit which the System Operators become aware of”. There are several issue logs in our Qualification Report which highlight errors with the PQRs that we now note have not been corrected in the FQRs.</p>			
Gross De-Rated Capacity (New)			
<p>In Issue Log 005 (in our report on the Qualification Process), we identified a unit for which the Gross De-Rated Capacity (New) (GDCRN) has not been calculated in accordance with CMC E.7.8.2.(h) – which states that the GDCRN of a DSU or Variable Generator Unit shall be the volume of any Awarded New Capacity associated with that unit for the Capacity Year (which may be zero).</p>			
<p>CMU [x] had submitted offers in six prior Capacity Auctions – one of which resulted in [x] MW of New Capacity already awarded for the Capacity Year 2022/2023. In the Qualification Process (under AQP), it was qualified in the PQRs with a GDCRN of [x] MW. The GDCRN should be [x] MW – the Awarded Capacity for this Capacity Year. This has not been updated in the FQRs, which still displays as a GDCRN of [x] MW.</p>			
<p>In response, the SOs have stated that, whilst E.7.8.2 (h) requires GDCRN to be equal to the volume of Awarded New Capacity, under certain circumstances this is not possible. As GDCRN equals Initial Capacity (New) multiplied by the de-rating factor, the SOs noted that, for “GDCRN to equal Awarded Capacity, the SOs would have had to increase the value of Initial Capacity (New) to a value above what it should be, which when multiplied by the De-rating value, would equal Awarded Capacity (New)”. The SOs are not prepared to do this as “increasing the value of Initial Capacity could contradict the Op Cert for this unit and may cause other issues down the line”.</p>			
<p>The SOs have made the Monitor aware of their intention to raise a CMC Modification in order to re-word this section, as they consider amending Gross De-Rated Capacity not possible since it is not an input value.</p>			
Capacity Auction Monitor’s Comments			
We consider this to be non-compliance with CMC E.9.4.2.			

B.3. ISSUE LOG 015

Issue ID	Affected auction(s)	Issue status	Compliance status
015	2022/2023 T-1 Capacity Auction	Closed	Non-compliant
Summary			
<p>The SOs are required under CMC E.9.4.11 to notify Market Participants where there has been change to the FQRs relative to the PQRs. We have identified a number of instances where there was a change to a value for “Accepted” candidates, but an Amend Code was not provided.</p>			
Description of Issue			
<p>The SOs are required under CMC E.9.4.11 to notify Market Participants where there has been a change to the FQRs relative to the PQRs. Several differences between the PQRs and FQRs have been identified. Many of these were accompanied with an “Amend Code”, and the Market Participants were notified of the changes. The two tables below set out the units where we have identified at least one change in the FQRs from the PQRs that were not accompanied by an “Amend code”.</p>			
<p>The table below shows the units with changes related to the Firm Offer Requirement; Existing Capacity; and New Capacity.</p>			
CMU ID & Generator unit ID	Firm Offer Requirement change	Existing Capacity change	New Capacity change
[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]
	[X]	[X]	[X]
	[X]	[X]	[X]
Capacity Auction Monitor’s Comments			
We consider this to be a non-compliance of E.9.4.11			

B.4. ISSUE LOG 016

Issue ID	Affected auction(s)	Issue status	Compliance status
016	2022/2023 T-1 Capacity Auction	Closed	Non-compliant
Summary			
<p>The SOs were three working days late in providing the determined LCC values to the RAs following the PQR date, as required under CMC F.4.1.4.</p> <p>The SOs did not provide LCC values, determined under CMC F.4.1.1, to the RAs following their submission of FQRs, as required under CMC F.4.1.5, instead providing alternate values they deemed to be more appropriate.</p>			
Description of Issue			
<p>The SOs are required under CMC F.4.1.4 to determine the values under CMC F.4.1.1 based on the Provisional Qualification Decisions and to submit those values to the RAs no later than two Working Days after the PQR Date. The PQR Date was 20/07/2021. The SOs provided the values under CMC F.4.1.1. based on the Provisional Qualification Decisions to the RAs by email on the 23/07/2021 at 17:57, three working days late.</p> <p>The SOs are then required under CMC F.4.1.5 to determine the values under CMC F.4.1.1 based on the Final Qualification Decisions and to submit those values to the RAs at the same time as submitting the Final Qualification Decisions under CMC E.9.4.3.</p> <p>In response, the SOs stated that they did not share the values under CMC F.4.1.1, but instead shared those deemed more appropriate for the purpose, explaining that the values required under F.4.1.1 were not sent, due to being in gross terms and therefore, <i>“not accurately representing the nature of the shortfall”</i> for the Auction. The SOs further noted that they <i>“provided all the relevant information but in Net terms as the auction is run in net terms”</i>. The SOs informed us that they explained this to the RAs.</p>			
Capacity Auction Monitor’s Comments			
<p>We consider this to be technical non-compliance with CMC F.4.1.4 and F.4.1.5.</p> <p>It would be appropriate for the SOs and/or RAs to discuss and consider whether a CMC modification is required to ensure that CMC F.4.1.5 is considered fit for purpose for all future auctions.</p>			

B.5. ISSUE LOG 017

Issue ID	Affected auction(s)	Issue status	Compliance status
017	2022/2023 T-1 Capacity Auction	Closed	Non-compliant
Summary			
<p>CMC L.5.4.1 states that all published quantities of energy and power shall be given to three decimal places. The Awarded Capacity given in the FAIP is reported to zero decimal places.</p>			
Description of Issue			
<p>CMC F.5.1.3 sets out the values that must be given in the FAIP, including how much Awarded Capacity has already been procured for the relevant Capacity Year (j). CMC L.5.4.1 states that all published quantities of energy and power shall be given to three decimal places.</p> <p>The Awarded Capacity, given in the FAIP (v1.2 Table 10), is stated as 6,934 MW. We have calculated this as 6,934.201 MW, using results from previous auctions and taking into account Capacity Termination Notices. By presenting the Awarded Capacity to zero decimal places, the FAIP gives a technically incorrect value.</p> <p>The draft version of the FAIP that the SOs shared with the RAs contained the same value of previously Awarded Capacity as calculated by the Monitor, reported to three decimal places. However, the approval letter for the FAIP from the RAs reported previously Awarded Capacity as 6,934 MW. The SOs considered that, as this was the value approved by the SEM Committee, the SOs are required to insert that value in the FAIP.</p> <p>We note that CMC F.5.1.3 does not explicitly refer to previously Awarded Capacity as a value set or approved by the RAs, as is the case for other parameters that are included in FAIP, such as the Demand Curve, LCC information or Annual Capacity Payment Exchange Rate. We therefore consider that the value that should be included in the FAIP is the value obtained by calculating the amount of previously Awarded Capacity reported to the full precision required by the CMC for published quantities.</p>			
Capacity Auction Monitor's Comments			
<p>We consider this to be non-compliance with CMC L.5.4.1 and F.5.1.3(j).</p> <p>Given the small differences involved, we consider that this issue is unlikely to have had any impact on the auction. In CMP, previously Awarded Capacity values to three decimal places were used therefore this matter only concerns the information communicated to Participants through the FAIP.</p>			

B.6. ISSUE LOG 018

Issue ID	Affected auction(s)	Issue status	Compliance status
018	2022/2023 T-1 Capacity Auction	Closed	Non-compliant

Summary

The SOs are required to submit three versions of the final qualification results.

- CMC E.9.4.4 requires the SOs to submit the Final Qualification Decisions to the RAs by the Final Qualification Submission Date; these were submitted one Working Day late.
- CMC E.9.4.9 and E.9.4.10 require that the SOs notify Participants of their approved Final Qualification Decisions by the FQR Date, or by two Working Days after the SOs approve the Final Qualification Decisions submitted under E.9.4.4 (if this is later); these were notified within the time required.
- CMC E.9.5.1 requires that the SOs publish the public Qualification Results by the Qualification Results Publication Date; these were published two Working Days late.

Description of Issue

The SOs are required to submit three versions of the final qualification results.

To the RAs: CMC E.9.4.4 requires the SOs “*use reasonable endeavours*” to submit the Final Qualification Decisions to the RAs on or before the Final Qualification Submission Date (16th September 2021). The SOs emailed the RAs at 15:23 on 16th September 2021 stating that a system issue had occurred when finalising the results and so they would be delayed until 17th September 2021. The SOs submitted the Final Qualification Decisions to the RAs by email on 17th September 2021 at 15:52, one Working Day late.

To Participants: CMC E.9.4.9 requires that the SOs notify Participants of their approved Final Qualification Decisions in respect of each of their CMUs. The deadline is given in E.9.4.10 as the later of the FQR date (7th October 2021) and two Working Days after the RAs approved the Final Qualification Decisions. The SOs received approval from the RAs on 7th October 2021 (in response to their E.9.4.4 submission on 17th September 2021), making their new deadline 11th October 2021.

On 7th October, SOs notified Market Participants by email that Final Qualification Decisions would be issued on Friday 8th October 2021. The SOs notified Market Participants that the Final Qualification Decisions were available to view in the CMP platform on 8th October 2021, within their updated deadline under E.9.4.10 given the date of the RAs’ approval.

Public version: CMC E.9.5.1 requires that the SOs “*use reasonable endeavours*” to publish various Qualification Results (the Gross De-Rated Capacity, Awarded Capacity, and Net De-Rated Capacity, for Existing and New Capacity), by the Qualification Results Publication Date (7th October 2021).

The Final Qualification Results summary was published on 11th October 2021, two Working Days late. The SOs have explained that they did not publish these due to a misunderstanding of communication between the RAs and themselves. As soon as that misunderstanding had been cleared up, on 11th October 2021, the SOs published the Qualification Results. We therefore understand that the SOs would have been in a position to publish the Qualification Results on 8th October (once they had received the approval from the RAs), and would have done so, were it not for fact that further clarifications from the RAs were still required. We therefore consider that we cannot conclude they did not use “*reasonable endeavours*” in this area.

Capacity Auction Monitor’s Comments

We consider this to be non-compliance with CMC E.9.4.4. We considered there was likely to be minimal impact on the auction from this.

We do not consider this to be non-compliance with CMC E.9.4.10 or E.9.5.1.

B.7. ISSUE LOG 019

Issue ID	Affected auction(s)	Issue status	Compliance status
019	2022/2023 T-1 Capacity Auction	Closed	Non-compliant

Summary

CMC F.4.1.6 outlines that if the value of the total quantity of Gross De-Rated Capacity (total) falls short of the LCC Required Quantity for the LCC, then the SOs shall reduce the LCC Required Quantity for the LCC to the total quantity of Gross De-Rated Capacity.

The Gross De-Rated Capacity (total) that was successful in the FQRs falls short of the LCC Required Quantity for each LCC. The SOs have not satisfied F.4.1.6 by reducing the LCC Required Quantity for the LCC to the total quantity of Gross De-Rated Capacity.

Description of Issue

CMC F.4.1.1 (b) outlines that the SOs should determine the total quantity of Gross De-Rated Capacity (GDRC) in respect to CMUs which are Qualified as contributing to an LCC.

CMC F.4.1.1 (c) outlines that the SOs should determine the absolute amount by which the total quantity determined under CMC F.4.1.1 (b) falls short of the LCC Required Quantity for the LCC.

The SOs submitted the LCC Required Quantities for the FAIP to the RAs on 20th September 2021. We have identified that, based on the values determined by the SOs, the amount calculated under CMC F.4.1.1 (c) is greater than zero (i.e. there is shortfall) for L1-2 and L2-2, while there is no shortfall for L1-1. The table below shows the calculation of CMC F.4.1.1 (c) based on the FQR results and the LCC Required Quantity that was determined by the SOs in their submission to the RAs on 20th October 2021.

Quantity (MW)	L1-1: Northern Ireland	L1-2: Ireland	L2-2: Greater Dublin
A. GDRC (Total) that was successful in the FQR	1,939	5,798	1,550
B. LCC Required Quantity determined by the SOs	1,805	6,294	1,909
Difference (B-A)*	-134	496	359

Note: Values rounded to 0 d.p

** A negative number means that GDRC is greater than the LCC Required Quantity so there is no shortfall*

CMC F.4.1.6 states that if the SOs based on FQRs, find that the value under CMC F.4.1.1 (c) is greater than zero, then the SOs shall reduce the LCC Required quantity for the LCC to the total quantity determined under CMC F.4.1.1 (b). The SOs have confirmed that they have not taken this step.

In response, the SOs explained that GDRC is under-reported in the Final Qualification Decisions for a number of reasons and that if its true value taken into account, then the “*true value of Gross De-Rated Capacity would be higher than the LCC Required Quantities.*” The SOs have given two examples to explain why the GDRC is under-reported:

- In order to ensure that the GDRC equals to the Awarded Cap, the SOs have to underreport the GDRC for AQP units.
- The GDRC falls to zero in those cases where a DSU nominates 0 MW.

The SOs have also indicated that a CMC modification may be required in order to account for the potential over-estimation of the shortfall in capacity.

Capacity Auction Monitor's Comments

We consider this to be non-compliance with CMC F.4.1.6.

It would be appropriate for the SOs and/or RAs to discuss and consider whether a CMC modification is required to ensure that that the approach to calculating the quantity of GDRC is considered fit for purpose for all future auctions.

B.8. ISSUE LOG 020

Issue ID	Affected auction(s)	Issue status	Compliance status
020	2022/2023 T-1 Capacity Auction	Closed	Non-compliant

Summary

As per CMC F.3.1.6, if the SOs do not receive the Demand Curve from the RAs 10 Working Days prior to the auction opening for offers, they are required to propose to the RAs that the Capacity Auction is postponed – but the SOs did not do so. The SOs have confirmed that they believe a CMC Modification is needed in this area.

Description of Issue

CMC F.3.1.6 states that the SOs must propose the postponement of the Capacity Auction by written notice to the RAs if the RAs have not provided the Demand Curve to be used in a Capacity Auction to the SOs ten Working Days prior to the date of the Capacity Auction Submission Commencement.

The RAs provided the Demand Curve to be used in the T-1 2022-2023 Capacity Auction to the SOs by email on Thursday 7th October 2021 at 16:29.

The Capacity Auction Submission Commencement was on 14th October 2021.

Therefore, the RAs provided the Demand Curve to be used in the T-1 2022-2023 Capacity Auction less than ten Working Days prior to the Capacity Auction Submission Commencement. The Demand Curve was published as required in the Final Auction Information Pack on 7th October 2021.

We have identified that the SOs have not fulfilled the requirement to propose the postponement of the Capacity Auction by written notice to the RAs as required under CMC F.3.1.6.

Capacity Auction Monitor's Comments

We consider this to be non-compliance with CMC F.3.1.6.

We consider that this did not have an impact on the auction, particularly given that the Demand Curve was received in time for publication in the FAIP.

We previously flagged this issue in the Monitor's Auction Report for two previous auctions: T-1 2019-20 (Issue Log 013) and T-1 2020-21 (Issue Log 015). The SOs acknowledged this to us and confirm that they believe that CMC F.3.1.6 ought to be modified to allow the SOs the option (i.e. they "may" propose postponement, not "shall") such that they are not required to request postponement if proposing the auction is unnecessary – i.e. if the delay to receiving inputs from the RAs hasn't affected the SOs ability to prepare for the Auction.

B.9. ISSUE LOG 021

Issue ID	Affected auction(s)	Issue status	Compliance status
021	2022/2023 T-1 Capacity Auction	Closed	Non-compliant

Summary

According to the CMC, The Auction Price Cap and Existing Capacity Price Cap values in the IAIP are final and therefore should not change in the FAIP.

The FAIP published by the SOs on 7th October 2021 contained GBP values for the Auction Price Cap and the Existing Capacity Price Cap that were different from those stated in the IAIP for this Auction. The values were corrected in a third version of the FAIP that was published by the SOs on 27th October 2021, after the auction was run.

Description of Issue

In accordance with F.5.1.2 of the CMC, the SOs published the Final Auction Information Pack (v1.0) for this Auction on 7th October 2021.

CMC D.3.1.2 (f) and (g) states that the Auction Price Cap and the Existing Capacity Price Cap included in the IAIP in EUR and GBP are final values. CMC F.5.1.3 (b) and (c) states that the final Auction Price cap and the final Existing Capacity Price Cap must be included in the FAIP. Therefore, there should be no change between the price cap values published in the IAIP and the FAIP.

The GBP values for the Auction Price Cap and the Existing Capacity Price Cap published in the FAIP (v1.0) were different from the ones included in the IAIP, as shown in the tables below. The price cap values in EUR in the FAIP were the same as in the IAIP.

Auction Price Cap (£/MW per year) IAIP	Auction Price Cap (£/MW per year) FAIP (v1.0)
120,451.50	119,731.56

Existing Capacity Price Cap (£/MW per year) IAIP	Existing Capacity Price Cap (£/MW per year) FAIP (v1.0)
40,150.50	39,910.52

An amended version of the FAIP (v1.1) was published on 13th October 2021. The price cap values included in this version of the FAIP were the same as in FAIP v1.0. On 27th October 2021 (after the auction was run), a third version of the FAIP was published (v1.2) where the values of the Auction Price and Existing Capacity Price Cap in GBP were corrected to match the values included in the IAIP.

Capacity Auction Monitor's Comments

We consider this to be non-compliance with CMC F.5.1.3, as the incorrect price cap values were originally published in the FAIP.

We note that the correct price cap values (from the IAIP) were applied in the CMP for the 2022/23 T-1 Capacity Auction.

B.10. ISSUE LOG 022

Issue ID	Affected auction(s)	Issue status	Compliance status
022	2022/2023 T-1 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 checks to ensure the accuracy of the inputs 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 21 st October 2021 at 12:00. The CMC defines this as follows: “ <i>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.</i> ”			
Following Capacity Auction Submission End, the SOs carry out checks to verify the accuracy of the inputs used to run the Capacity Auction prior to initiating the run of the software program. As the checks had not been completed by the Capacity Auction Run Start time specified in the Capacity Auction Timetable, the SOs delayed the start of the auction run.			
Capacity Auction Run Start took place on 21 st October 2021 at 15:49, (3 hours and 49 minutes late). A solution was found within a minute, and so the auction solution was achieved within the Allowed Timeframe (24 hours) of the scheduled Capacity Auction Run Start time.			
Capacity Auction Monitor’s Comments			
We consider this to be technical non-compliance with F.8.1.1 due to the delay to Capacity Auction Run Start. We did not identify any impacts on other items of the Capacity Auction Timetable or on any participants.			



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