

I-SEM 2024-25 T-3 Capacity Auction Independent Auction Monitor Report

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

8th February 2022

AUCTION REPORT - REDACTED

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Contents

1. INDEPENDENT ASSURANCE REPORT	4
1.1. Scope of the report.....	4
1.2. Our approach.....	4
1.3. Inherent limitations	5
1.4. Conclusions.....	5
1.5. Use of the report	5
2. BACKGROUND AND CONTEXT.....	6
2.1. Background.....	6
2.2. Our role as Capacity Auction Monitor	6
2.3. Objectives and scope	6
2.4. Scope exclusions	7
3. AUCTION RESULTS.....	8
3.1. CMUs provisionally awarded capacity in this Capacity Auction	11
3.2. CMUs provisionally not awarded capacity in this capacity auction	12
4. SUMMARY OF ISSUES IDENTIFIED WITH THE CAPACITY AUCTION PROCESS	13
4.1. Summary of issues.....	13
4.2. Further considerations	14
APPENDIX A SUMMARY OF WORK PERFORMED.....	17
APPENDIX B SUMMARIES OF OBSERVED ISSUES RESULTING FROM THE CAPACITY AUCTION PROCESS	
21	

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 2024/25 T-3 Capacity Auction, with respect to Capacity Auction Submissions submitted between 10:00 on 13th January 2022 and 10:00 on 20th January 2022, 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-3 Capacity Auction for the 2024/25 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
8th February 2022

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 20th January 2022.

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-3 Auction was at 10:00 on Thursday 13th January 2022; the SOs emailed Participants at 10:12 to inform them that the auction gate had opened at 10:00 as planned. The Capacity Auction Submission End took place at 10:00 on 20th January 2022.

Capacity Auction Run Start was scheduled for 12:00 on 20th January 2022. Auction Run was initiated at this time 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 3.0.1.3, 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 2024/25 T-3 Auction are set out in Table 3.1.

Table 3.1: Final Demand Curve used in the Capacity Auction, same as in FAIP 2024/25 T-3 v1.0 Table 1

De-Rated Capacity (MW)	Demand Curve Point (€/MW per year)
0	146,920
1,535	146,920
1,535	92,300
2,788	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 2024/25 T-3 v1.0 Tables 4 and 5

LCC Area 1 Name	Required Quantity	LCC Area 2 Name	Minimum MW
L1-1: Northern Ireland	2,097		
L1-2: Ireland	6,551	L2-1: Greater Dublin	2,429
		L2-2: Rest of Ireland	3,203

There were 43 offers for 41 CMUs in this Capacity Auction. This is out of a total of 153 qualified CMUs, only 9 of which had Existing Capacity with a non-zero Firm Offer Requirement (and thus were required to submit offers). Of these, 4 had only Existing Capacity available to offer, and 5 had both Existing and New Capacity available to offer into this Capacity Auction. 14 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.

Of the 43 offers, 42 were submitted directly by the relevant Participants. One offer for Existing Capacity was submitted by the SOs on behalf of a CMU that had a non-zero Firm Offer Requirement including Existing Capacity, but for which the relevant Participant had not submitted a valid offer equalling their Net De-Rated Capacity (Existing), as required by CMC F.2.1.1.

A total of 1,471.095 MW cleared in the auction, with all 41 CMUs being awarded all of their 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 €146,919.99/MW per year (£130,876.33/MW per year). While the Auction Price Cap in GBP was listed in the FAIP as £130,788.18, the SOs applied the Final Annual Capacity Payment Exchange Rate to determine the equivalent GBP value for those CMUs registered in Northern Ireland. In total, [3] offers were cleared at the Auction Clearing Price. The Auction Clearing Price was €0.01/MW per year under the Auction Price Cap of €146,920.00/MW per year.

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

Based on the outcome of the T-3 Auction, Table 3.5 lists the participants and corresponding CMUs that have been awarded capacity.

3.1. CMUs PROVISIONALLY AWARDED CAPACITY IN THIS CAPACITY AUCTION

Table 3.5: List of participants and CMUs provisionally awarded capacity in the T-3 Capacity Auction for the Capacity Year 2024/25

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	GU_403000	Gas Turbine	L1-2	L2-2	existing	[3<]	1.810
ESB	PY_000030	PT_400030	GU_403570	Other Storage	L1-2	L2-2	new	[3<]	27.150
ESB	PY_000030	PT_400030	GU_404920	Other Storage	L1-2	L2-2	new	[3<]	27.150
ESB	PY_000030	PT_400030	GU_403610	Gas Turbine	L1-2	L2-1	new	[3<]	57.210
ESB	PY_000030	PT_400030	GU_403620	Gas Turbine	L1-2	L2-1	new	[3<]	57.210
ESB	PY_000030	PT_400030	GU_403680	Gas Turbine	L1-2	L2-1	new	[3<]	57.210
Energia Customer Solutions NI Limited	PY_000042	PT_500030	GU_503350	Other Storage	L1-1	-	new	[3<]	3.150
EP KILROOT LIMITED	PY_000070	PT_500045	GU_503440	Gas Turbine	L1-1	-	new	[3<]	41.190
iPower Solutions Ltd	PY_000093	PT_500053	DSU_503420	Demand Side Unit	L1-1	-	existing	[3<]	0.190
iPower Solutions Ltd	PY_000093	PT_402574	DSU_403650	Demand Side Unit	L1-2	L2-2	new	[3<]	3.580
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_401400	Demand Side Unit	L1-2	L2-2	existing	[3<]	2.355
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_502516	DSU_503460	Demand Side Unit	L1-1	-	existing	[3<]	2.499
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_403560	Demand Side Unit	L1-2	L2-2	existing	[3<]	3.645
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_401400	Demand Side Unit	L1-2	L2-2	existing	[3<]	2.472
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_402100	Demand Side Unit	L1-2	L2-2	existing	[3<]	1.764
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_402120	Demand Side Unit	L1-2	L2-2	existing	[3<]	1.258
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_401870	Demand Side Unit	L1-2	L2-2	existing	[3<]	1.443
Electricity Exchange DAC t/a VIOTAS	PY_000114	PT_400116	DSU_402090	Demand Side Unit	L1-2	L2-2	existing	[3<]	6.200
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_400133	DSU_403690	Demand Side Unit	L1-2	L2-1	new	[3<]	1.980
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_400133	DSU_403740	Demand Side Unit	L1-2	L2-1	new	[3<]	1.584
ENDECO TECHNOLOGIES LIMITED	PY_000126	PT_400133	DSU_403750	Demand Side Unit	L1-2	L2-2	new	[3<]	1.584
Powerhouse Generation Limited	PY_000128	PT_500078	GU_504000	Gas Turbine	L1-1	-	new	[3<]	4.525
Powerhouse Generation Limited	PY_000128	PT_500078	DSU_501330	Demand Side Unit	L1-1	-	existing	[3<]	0.273

Party Name	Party ID	Participant ID	CMU ID	Technology class	LCC Level 1	LCC Level 2	Capacity Type	Quantity offered (MW)	Quantity awarded (MW)
Powerhouse Generation Limited	PY_000128	PT_400144	DSU_403500	Demand Side Unit	L1-2	L2-2	new	[3<]	3.455
Powerhouse Generation Limited	PY_000128	PT_500078	GU_504000	Gas Turbine	L1-1	-	new	[3<]	8.054
Edenderry Supply Company	PY_000147	PT_400169	GU_401860	Steam Turbine	L1-2	L2-2	new	[3<]	95.934
Statkraft Markets GmbH	PY_034046	PT_502514	GU_503950	Other Storage	L1-1	-	new	[3<]	6.250
Statkraft Markets GmbH	PY_034046	PT_502514	GU_503960	Other Storage	L1-1	-	new	[3<]	6.250
Greener Ideas Ltd	PY_034060	PT_402552	GU_404250	Gas Turbine	L1-2	L2-2	new	[3<]	89.900
Greener Ideas Ltd	PY_034060	PT_402552	GU_403460	Gas Turbine	L1-2	L2-1	new	[3<]	89.900
Winter Winds Ltd.	PY_034082	PT_402568	GU_404880	Other Storage	L1-2	L2-2	new	[3<]	17.850
Crag Digital Limited	PY_034096	PT_402578	DSU_403670	Demand Side Unit	L1-2	L2-1	new	[3<]	30.000
Killala Community Windfarm DAC	PY_034108	PT_402586	GU_404550	Other Storage	L1-2	L2-2	new	[3<]	2.603
Rhode Energy Storage Limited	PY_034111	PT_402589	GU_404600	Other Storage	L1-2	L2-2	new	[3<]	14.250
Shannonbridge Power (B) Limited	PY_034115	PT_402593	GU_404650	Other Storage	L1-2	L2-2	new	[3<]	27.302
Castlelost Flex Gen Limited	PY_034116	PT_402594	GU_404710	Gas Turbine	L1-2	L2-2	new	[3<]	49.555
Castlelost Flex Gen Limited	PY_034116	PT_402594	GU_404680	Gas Turbine	L1-2	L2-2	new	[3<]	49.555
Castlelost Flex Gen Limited	PY_034116	PT_402594	GU_404700	Gas Turbine	L1-2	L2-2	new	[3<]	49.555
Castlelost Flex Gen Limited	PY_034116	PT_402594	GU_404690	Gas Turbine	L1-2	L2-2	new	[3<]	49.555
Castlelost Flex Gen Limited	PY_034116	PT_402594	GU_404670	Gas Turbine	L1-2	L2-2	new	[3<]	49.555
Kilshane Energy Ltd	PY_034118	PT_402596	GU_404730	Gas Turbine	L1-2	L2-1	new	[3<]	253.445
EP Energy Developments Limited	PY_034119	PT_402597	GU_404740	Gas Turbine	L1-2	L2-2	new	[3<]	258.635
Cloncant Renewable Energy Ltd.	PY_034121	PT_402599	GU_404830	Other Storage	L1-2	L2-2	new	[3<]	12.060

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 2024/25 T-3 Capacity Auction, which took place on 20th January 2022, 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 13 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
011	CMC Section E.9.3.5 outlines the deadline for notification of the outcome of the Application for Review process. As a result of the SOs delaying the publication of the PQRs, the SOs did not inform Participants of the outcome of the Applications for Review until 5 th November 2021, via email. This was due no later than the deadline of 3 rd November 2021.
013	CMC E.8.2.1 and E.8.2.2 contain the formulas to be used to determine Gross De-Rated Capacity (Existing). For several Generator Units, the Final Qualification Results (FQRs) do not align with the values calculated through the application of these formulas. The Generator Units highlighted in this Issue Log were first identified and reported in Issue Log 002 in the Monitor's report on the 2024/25 T-3 Qualification Process. Per E.9.4.1(c), the SOs should have corrected the issues identified with the PQRs in the FQRs.
014	CMC Section C.3.2 outlines the calculations to be used to produce Initial Capacity (Existing). For a Generator Unit, the Initial Capacity (Existing) value in the FQRs does not align with the value produced using the calculations using the formula in CMC C.3.2.1. We identified that the PQR for this Generator Unit had an incorrect value for Initial Capacity (Existing), as set out in Issue Log 010 in the Monitor's report on the 2024/25 T-3 Qualification Process, but this error was not corrected in the FQRs, as required by E.9.4.2(c).
015	The SOs were 11 Working Days late in providing the determined LCC values to the RAs. These were due two Working Days after the PQR date, as required under CMC F.4.1.4.
016	Section E.7.8 of the CMC outlines the Alternative Qualification Process which the SOs are to apply under certain circumstances. In some instances, the SOs have applied this process incorrectly in the FQRs (E.7.8.2). Some of these instances involve Candidate Units that the Monitor previously identified as having the Alternative Qualification Process applied incorrectly in the PQRs (see Issue Log 008 of the Monitor's report on the 24/25 T-3 Qualification Process).
018	CMC Section E.8.8 outlines the approach to be taken when calculating De-Rating Factors for Existing Capacity. For a number of Generator and Aggregated Generator Units, the Gross De-Rating Factor for Existing Capacity in the FQRs does not align with the value calculated through the application of the formula in this section.

⁵ Issue numbers are assigned to potential instances of non-compliance as they are identified. Issue numbers missing from the table (e.g., Issue 017) 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
019	<p>CMC E.8.3.2 establishes the formula to determine Gross De-Rated Capacity (Existing) (GDRCE) for a CMU with Awarded Capacity. For two CMUs the value in the FQRs does not align with this formula.</p> <p>For one of the two CMUs in this Issue Log, we previously brought this issue to the SOs' attention – in Issue Log 003 of the Monitor's report on the 2024/25 T-3 Qualification Process. CMC E.8.3.2 requires the SOs to correct such PQR issues for the issuance of FQRs but did not do so in this case.</p>
020	<p>CMC E.9.4.1 outlines that the System Operators (SOs) shall prepare a set of Final Qualification Decisions (FQDs) which for each Capacity Market Unit (CMU) contains the final SO Qualification Decisions.</p> <p>CMC E.9.1.1 (k) stipulates that the SO Qualification Decisions must include the reason for why the Alternative Qualification Process was applied. The SOs did not include this in the FQDs.</p>
021	<p>CMC F.4.1.6 stipulates that if, at FQRs, the value of the total quantity of Gross De-Rated Capacity (Total) across all qualified CMUs falls short of the LCC Required Quantity for the relevant LCC, then the SOs shall reduce the LCC Required Quantity for the LCC to the total quantity of Gross De-Rated Capacity (Total) across all qualified CMUs.</p> <p>The Gross De-Rated Capacity (total) that was successful in the FQRs falls short of the LCC Required Quantity for each LCC. The SOs did not satisfy F.4.1.6 by reducing the LCC Required Quantity for the LCC to the total quantity of Gross De-Rated Capacity.</p>
024	<p>CMC E.9.3.3 and Agreed Procedure 3 (AP3) 3.3.2 both require the SOs to reject an incomplete Application for Review. Despite receiving an Application for Review that did not contain all required components, the SOs did not reject it on this basis.</p>
025	<p>The reason for the outcome of the Application for Review process were not communicated to all Participants, as required under CMC E.9.3.6.</p>
026	<p>F.9.2.1 requires the SOs to use reasonable endeavours to provide Participants with all components of the Capacity Auction Results, as defined by F.9.1.1, by the Capacity Auction Provisional Results Date of 28th January 2022. However, the SOs informed us that they did not intend to provide two components of these until the Capacity Auction Provisional Results Publication Date of 4th February 2022.</p>
027	<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 a code was not provided to detail the nature of the change(s).</p>

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. Submission of Final Qualification Decisions

The Final Qualification Submission Date, by which the SOs are expected to provide the FQRs to the RAs for approval, was set in the Capacity Auction Timetable as 8th December 2021. CMC E.9.4.4 requires that the SOs "shall use reasonable endeavours" to submit the FQRs to the RAs on or before this date however, the SOs did not do so until 13th December 2021. A further, amended version was also submitted on 16th December 2021.

The SOs state that reasonable endeavours were used to submit the FQRs to the RAs. Further time to assess new information was required, "in light of the nature and complexity of the Applications for Qualification in respect of 2024/2025 T-3 Capacity Auction". The SOs considered "it prudent to assess this information as it could lead to a change in the MW volumes allowed to qualify, and therefore impact the RAs assessment for the Required Quantities MW to be used in the auction".

Upon review of the SOs' explanation regarding the FQRs provision delay, the Monitor is unable to conclude non-compliance with E9.4.4. We do not have sufficient evidence to conclude that "reasonable endeavours" were not

used but consider it appropriate to note in this report the delay in submission of the FQRs to the RAs and the reasons given by the SOs.

4.2.2. De-Rating Factors

We have identified four Demand Side units where the De-Rating Factor value in the FQRs does not align with the correct value in Initial Auction Information Pack (IAIP). The De-Rating Factor to be awarded to a DSU is determined by the Maximum Down Time. DSUs with a Maximum Down Time of more than 6 hours are assigned a De-Rating Factor, according to their initial capacity value, from Table 1 of the Initial Auction Information Pack (IAIP)⁶. If the Maximum Down Time of a DSU is less than, or equal to, 6 hours however, the De-Rating Factor is assigned from Table 4 of the IAIP.

The four DSUs in the table below have a Maximum Down Time of 6.5 hours and therefore, should have been assigned De-Rating Factors for New and Existing Initial Capacity from Table 1 of the IAIP. However, the values in the FQRs incorrectly relate to a Maximum Down Time of 2 hours and were from Table 4 of the IAIP.

Table 4.2: Demand Side Units with incorrect De-Rating Factor (New)

Generator Unit ID	New Initial Capacity (FQRs)	New De-Rating Factor (FQRs)	New De-Rating Factor (IAIP)
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note: all four units had an Initial Capacity (Existing) of 0 MW and therefore, the table is a summary in relation to New Capacity only.

As these DSUs were all subject to the Alternative Qualification Process, the inclusion of incorrect De-Rating Factors for New Capacity in the FQRs had no impact upon the Capacity Auction. This is due to the Gross De-Rated Capacity (New), in the Alternative Qualification Process, being set equal to the volume of Awarded New Capacity (as per CMC E.7.8.2 (h))⁷, and the Net De-Rated Capacity correctly set as 0 MW for all four DSUs. The De-Rating Factor is therefore, not used in the calculations.

Whilst this reporting error does not represent non-compliance with the CMC, we consider it appropriate to summarise for the RAs' attention.

4.2.3. Net Social Welfare

The objective of the SOs in clearing the Capacity Auction is to apply an appropriate auction methodology that maximises Net Social Welfare, to be calculated as per CMC F.8.4.2.

The SOs published the cumulative Net Social Welfare as part of the Provisional Auction Results. While we have not identified non-compliance with the application of F.8.4.2 when calculating Net Social Welfare in this Capacity Auction, we note that the cumulative Social Welfare (EUR) reported for two individual CMUs in the Unconstrained Provisional Auction Results does not align with the methodology set out under CMC F.8.4.2, as shown in the table below.

Table 4.3: Generator Units identified as not aligning with F.8.4.2

CMU ID	Cumulative Social Welfare (EUR)	As calculated by Auction Monitor
[REDACTED]	[REDACTED]	[REDACTED]

⁶ [Initial Auction Information Pack 2024/25 T-3](#)

⁷ Note these four DSUs were identified as being non-compliant with E.7.8.2. (h) in Issue Log 016.

CMU ID	Cumulative Social Welfare (EUR)	As calculated by Auction Monitor
[<]	[<]	[<]

We note that this discrepancy has had no impact on the total Social Welfare (EUR) of the auction as a whole, as neither of the two identified CMUs are the price-quantity pair which sets the Auction Clearing Price.

We do not consider this to be an instance of non-compliance with the CMC by the SOs; we provide this for information.

4.2.4. 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.

4.2.5. 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
E. Qualification	E.1 Purpose of Qualification Process	D.2.1.17
		E.1.1.4
		E.4 Application for Qualification
		E.4.1.8
		E.5 Exception Applications
		E.5.1.10
		E.7 Requirements for Qualification
		E.7.8.2
		E.8 Qualification Calculations
		E.8.1.1
		E.8.1.2
		E.8.2.1
		E.8.2.2
		E.8.2.4
		E.8.2.5
E.8.2.7		
E.8.2.8		
E.8.3.1		
E.8.3.2		
E.8.5.1		
E.8.5.2		
E.8.5.3		
E.8.6.1		
E.8.7.1		
E.8.8.1		

CMC Chapter	CMC Subsection	CMC Paragraph
		E.8.8.2
		E.8.8.3
		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.9.4.9
		E.9.4.10
		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
	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

CMC Chapter	CMC Subsection	CMC Paragraph
		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
		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

CMC Chapter	CMC Subsection	CMC Paragraph
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.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

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

B.1. ISSUE LOG 011

Issue ID	Affected auction(s)	Issue status	Compliance status
011	2024/2025 T-3 Capacity Auction	Closed	Non-compliant
Summary			
<p>CMC Section E.9.3.5 outlines the deadline for notification of the outcome of the Application for Review process. Due to the SOs delaying the publication of the PQRs, the SOs did not inform Participants of the outcome of the Applications for Review until 5th November 2021, via email. This was due no later than the deadline of 3rd November 2021.</p>			
Description of Issue			
<p>CMC E.9.3.5 requires the SOs, within the Prescribed Timeframe of receiving an Application for Review, to notify the Participant lodging the application of the outcome. The <i>“Prescribed Timeframe”</i> means the timeframe specified in the Capacity Auction Timetable, which in this case was 3rd November 2021.</p> <p>On 20th October 2021, the SOs sent an email to Participants announcing the availability of the Provisional SO Qualification Decisions.</p> <p>The SOs notified Participants of the Application for Review outcomes late on 5th November 2021 with the exception of one notification issued on 8th November 2021 ([><]) and one on 10th November 2021 ([><]).</p> <p>The Table B in the CMC also specifies the <i>“Indicative Timeframe”</i> as <i>“End of fifth full Working Day after an Application for Review is received by the System Operators”</i> or, <i>“if the System Operators request further information, end of fifth full Working Day after the further information is received in full by the System Operators”</i>. In this case, applications where there was no need for a further information request from the SOs, this would be 27th October 2021, or 28th October 2021, respectively. However, no decisions were sent until 5th November 2021.</p>			
Capacity Auction Monitor’s Comments			
<p>We consider this to be non-compliance with CMC E.9.3.5.</p> <p>We understand that these deadlines were revised due to the late publication of the PQRs, against the Capacity Auction Timetable, and that the period of time elapsed between each subsequent stage of the Application for Review process has remained the same length as those in Capacity Auction Timetable.</p>			

B.2. ISSUE LOG 013

Issue ID	Affected auction(s)	Issue status	Compliance status
013	2024/2025 T-3 Capacity Auction	Closed	Non-compliant

Summary

CMC E.8.2.1 and E.8.2.2 contain the formulas to be used to determine Gross De-Rated Capacity (Existing). For several Generator Units, the results in the Final Qualification Results (FQRs) do not align with the values calculated through the application of these formula.

The Generator Units highlighted in this Issue Log were first identified and reported in Issue Log 002 in the Monitor's report on the 2024/25 T-3 Qualification Process. Per E.9.4.1(c), the SOs should have corrected the issues identified with the PQRs in the FQRs.

Description of Issue

For some non-variable Generator Units, the Gross De-Rated Capacity (Existing) in the FQRs does not align with the value calculated by the Monitor as per the formula in CMC E.8.2.1.

We identified incorrect values for these Generator Units in Issue Log 002 in the Monitor's report on the 2024/25 T-3 Qualification Process. These Existing Gross De-Rated Capacity values remained unchanged in the FQRs.

Generator Unit ID	Existing Gross De-Rated Capacity (FQRs)	Calculated as per CMC E.8.2.1
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

For some variable Generator Units, the Gross De-Rated Capacity (Existing) in the FQRs does not align with the value calculated as per the formula in CMC E.8.2.2.

We identified incorrect values for these Generator Units in Issue Log 002 in the Monitor's report on the 2024/25 T-3 Qualification Process, as being non-compliant with E.8.2.2 – the Existing Gross De-Rated Capacity values remained unchanged in the FQRs, and so this error remains.

Generator Unit ID	Existing Gross De-Rated Capacity (FQRs)	Calculated as per CMC E.8.2.2
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

CMC E.9.4.2 (c) states that the SOs are to correct in the FQRs any error identified in the PQRs. The SOs have not made this correction for the Generator Units identified above, with the errors initially highlighted in Issue Log 002 in the Monitor's report on the 2024/25 T-3 Qualification Process.

Capacity Auction Monitor's Comments

We consider this to be non-compliance with CMC E.8.2.1, E.8.2.2, and E.9.4.2.

B.3. ISSUE LOG 014

Issue ID	Affected auction(s)	Issue status	Compliance status
014	2024/2025 T-3 Capacity Auction	Closed	Non-compliant

Summary

CMC Section C.3.2 outlines the calculations to be used to produce Initial Capacity (Existing). For a Generator Unit, the Initial Capacity (Existing) value in the FQRs does not align with the value produced using the formula in CMC C.3.2.1.

We identified that the PQR for this Generator Unit had an incorrect value for Initial Capacity (Existing), as set out in Issue Log 010 in the Monitor’s report on the 2024/25 T-3 Qualification Process, but this error was not corrected in the FQRs, as required by E.9.4.2(c).

Description of Issue

CMC C.3.2.1 (a) (i) states that for a Generator Unit – other than an Aggregated Generator Unit, Autoproducer Unit, or Demand Side Unit, that is the only Generator Unit at a single connection point – the Initial Capacity (Existing) shall be the lesser of the Registered Capacity and the Maximum Export Capacity. For the Generator Unit in the table below, the FQRs do not use the lesser value.

Generator Unit ID	Initial Capacity (Existing) (FQRs)	Registered Capacity (OUI Data)	Maximum Export Capacity (OUI Data)
[<]]	[<]]	[<]]	[<]]

The SOs have stated that, for [<]], the Maximum Export Capacity value should be [<]] MW, representing [<]] MW of **firm** capacity and [<]] MW of **non-firm** capacity, which has been used for Initial Capacity in previous auctions.

As per Issue Log 010 in the Monitor’s report on the 2024/25 T-3 Qualification Process, based on a Maximum Export Capacity value of [<]] MW, the Monitor notes that the FQRs determination of Initial Capacity for [<]] is correct. However, we also note that the Minimum **Firm** Transmission Capacity for this unit reported in the FQRs, is [<]] MW and not [<]] MW.

Our understating is that the Minimum Firm Transmission Capacity reported in the FQRs corresponds to the Firm Network Access Capacity, which is used in the determination of the Firm Offer Requirement according to CMC E.8.5.

The Generator Unit’s (Net) Firm Offer Requirement for this Auction is [<]] MW due to previously Awarded Capacity equal to [<]] MW. The unit’s Gross Firm Offer Requirement reported in the FQRs is [<]] MW. This value is consistent with applying the de-rating factor for the Gas Turbine Technology class ([<]]) to a **Firm** Network Access Capacity of [<]] MW, which seems inconsistent with the information provided to us by the SOs in response to this issue log.

CMC E.8.1.2 states that:

“If the System Operators:

- (a) *consider that a value determined under paragraph E.8.1.1 is inconsistent with the applicable Connection Agreement(s) or Connection Offer(s) (or, in the case of a Demand Side Unit, the unit’s DSU MW Capacity or expected DSU MW Capacity);*
- (b) *consider that a value determined under paragraph E.8.1.1 in respect of Existing Capacity is inconsistent with the Registered Capacity, DSU MW Capacity or Effective Import Capacity of the relevant Generator Unit or Interconnector (or Generator contributing to an Aggregated Generator Unit) (as applicable); or*
- (c) *are applying the Alternative Qualification Process,*
then:
- (d) *the System Operators shall determine the value of the Initial Capacity (Existing) and the Initial Capacity (Total) for the relevant Generator Unit or Interconnector (or a Generator contributing to an Aggregated*

Generator Unit) using the approach set out in section C.3 (as applicable) (but as modified in accordance with section C.3.5); and

(e) the values so determined shall be used for the purposes of all calculations under this Code.”

The SOs did not determine an Initial Capacity value that was compliant for the above unit under part (d) above and therefore, were non-compliant with E.8.1.2.

CMC C.3.5.1 highlights that the SOs should use these CMC sections when calculating the Initial Capacity.

CMC E.9.4.2 (c) states that any error in the PQRs that the SOs become aware of is to be corrected in the FQRs. The SOs did not correct these errors for the Generator Units identified above, following the Monitor identifying these issues in Issue Log 010 in the Monitor’s report on the 2024/25 Qualification Process.

Capacity Auction Monitor’s Comments

We consider this to be non-compliance with CMC C.3.2.1, C.3.5.1, E.8.1.2, and E.9.4.2.

B.4. ISSUE LOG 015

Issue ID	Affected auction(s)	Issue status	Compliance status
015	2024/2025 T-3 Capacity Auction	Closed	Non-compliant
Summary			
The SOs were 11 Working Days late in providing the determined LCC values to the RAs. These were due two Working Days after the PQR date, as required under CMC F.4.1.4.			
Description of Issue			
<p>The SOs are required under CMC F.4.1.4 to determine the LCC values set out under CMC F.4.1.1, based on the PQRs, and submit these to the RAs no later than two Working Days after the PQR Date.</p> <p>The PQR Date, as per the Capacity Auction Timetable, was 14th October 2021. However, the SOs published PQRs to Participants on 20th October 2021 and to the RAs on 22nd October 2021.</p> <p>The SOs emailed the values under CMC F.4.1.1 to the RAs on 29th October 2021. This was 11 working days after the PQR Date, in the Capacity Auction Timetable. This cannot be fully attributed to the delay in publishing the PQRs, as it was more than 2 Working Days after the PQRs were provided to the RAs and Participants.</p>			
Capacity Auction Monitor's Comments			
We consider this to be non-compliance with CMC F.4.1.4.			

[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

CMC E.9.4.2 (c) states that the SOs must correct in the FQRs any error in the PQRs that they become aware of. The SOs did not correct several issues identified by the Monitor for several Generator Units, with these issues being brought to the SOs' attention in Issue Log 008 of the Monitor's report on the 2024/25 T-3 Qualification Process.

Capacity Auction Monitor's Comments

We consider this to be non-compliance with CMC E.7.8.1, E.7.8.2, and E.9.4.2.

In response to the above areas of non-compliance, the SOs have stated that previously Awarded Capacity from a Capacity Year where the De-Rating Factor was higher than the De-Rating Factor for the 2024/25 Capacity Year, results in the SOs having to alter the Initial Capacity of the Generator Unit in order to ensure Awarded Capacity equals Gross De-Rated Capacity. This is a result of Gross De-Rated Capacity not being an input to the CMP. However, the SOs note that the CMC does not currently allow for Initial Capacity to be altered for this reason.

The SOs further stated that, in order to ensure Net De-Rated Capacity for these Generator Units complied with the CMC, they *"deliberately set the nominated capacity for these units at 0 MW, thereby making Gross De-rated capacity 0 MW"*, in order to *"avoid a situation where any residual Net De-Rated Capacity occurred"*.

The Monitor checks for compliance against the current version of the CMC, with no areas holding higher importance, and therefore, consider the above units non-compliant with the present drafting. However, we feel it would be appropriate for the SOs and RAs to consider whether the CMC adequately represents what is appropriate and necessary regarding the Alternative Qualification Process.

[<]	[<]	[<]	[<]	[<]
[<]	[<]	[<]	[<]	[<]
[<]	[<]	[<]	[<]	[<]
[<]	[<]	[<]	[<]	[<]

CMC E.8.8.2 (d) states that, where an Aggregated Generator Unit is Qualified as a Capacity Market Unit in its own right, then the Gross De-Rating Factor for Existing Capacity shall be the ratio of Gross De-Rated Capacity (Existing) to Initial Capacity (Existing).

For the below Aggregated Generator Units, the Gross De-Rating Factor for Existing Capacity does not align with the value calculated by the Monitor as per E.8.8.2 (d).

CMU ID	Gross De-Rated Capacity (Existing) (FQRs)	Initial Capacity (Existing) (FQRs)	Ratio of GDRCE and ICE (Calculation)	Gross De Rating Factor (Existing) (FQRs)
[<]	[<]	[<]	[<]	[<]
[<]	[<]	[<]	[<]	[<]

Capacity Auction Monitor's Comments

We consider this to be non-compliance with CMC E.8.8.1 and E.8.8.2.

B.7. ISSUE LOG 019

Issue ID	Affected auction(s)	Issue status	Compliance status												
019	2024/2025 T-3 Capacity Auction	Closed	Non-compliant												
Summary															
<p>CMC E.8.3.2 establishes the formula to determine Gross De-Rated Capacity (Existing) (GDRCE) for a CMU with Awarded Capacity. For two CMUs the value in the FQRs does not align with this formula.</p> <p>For one of the two CMUs in this Issue Log, we previously brought this issue to the SOs' attention – in Issue Log 003 of the Monitor's report on the 2024/25 T-3 Qualification Process. CMC E.8.3.2 requires the SOs to correct such PQR issues for the issuance of FQRs but did not do so in this case.</p>															
Description of Issue															
<p>CMC E.8.3.2 states that the GDRCE for a CMU with Awarded Capacity for a Capacity Year is the greater of:</p> <ol style="list-style-type: none"> (1) its total GDRCE for its component generator units; and (2) its volume of Awarded Capacity (Existing) for that Capacity Year from prior auctions. <p>For the below CMUs, the SOs did not use the greater of the two values stipulated in CMC E.8.3.2 for Gross De-Rated Capacity (Existing) in the FQRs.</p>															
<table border="1"> <thead> <tr> <th data-bbox="113 958 454 1059">CMU ID</th> <th data-bbox="454 958 794 1059">Gross De-Rated Capacity (Existing) (FQR)</th> <th data-bbox="794 958 1137 1059">Awarded Capacity (Existing) (FQR)</th> <th data-bbox="1137 958 1479 1059">Total GDRCE of each generator unit</th> </tr> </thead> <tbody> <tr> <td data-bbox="113 1059 454 1097">[REDACTED]</td> <td data-bbox="454 1059 794 1097">[REDACTED]</td> <td data-bbox="794 1059 1137 1097">[REDACTED]</td> <td data-bbox="1137 1059 1479 1097">[REDACTED]</td> </tr> <tr> <td data-bbox="113 1097 454 1137">[REDACTED]</td> <td data-bbox="454 1097 794 1137">[REDACTED]</td> <td data-bbox="794 1097 1137 1137">[REDACTED]</td> <td data-bbox="1137 1097 1479 1137">[REDACTED]</td> </tr> </tbody> </table>				CMU ID	Gross De-Rated Capacity (Existing) (FQR)	Awarded Capacity (Existing) (FQR)	Total GDRCE of each generator unit	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
CMU ID	Gross De-Rated Capacity (Existing) (FQR)	Awarded Capacity (Existing) (FQR)	Total GDRCE of each generator unit												
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]												
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]												
<p>CMC E.9.4.2 (c) states that any error in the PQRs that the SOs become aware of is to be corrected in the FQRs. This did not occur for [REDACTED] which we identified in Issue Log 003 of the Monitor's report on the 2024/25 T-3 Qualification Process. The value for this CMU in the FQRs has not changed from the PQRs.</p>															
Capacity Auction Monitor's Comments															
<p>We consider this to be non-compliant with E.8.3.2 and E.9.4.2.</p>															

B.8. ISSUE LOG 020

Issue ID	Affected auction(s)	Issue status	Compliance status
020	2024/2025 T-3 Capacity Auction	Closed	Non-compliant
Summary			
<p>CMC E.9.4.1 stipulates that the System Operators (SOs) shall prepare a set of Final Qualification Decisions (FQDs) which for each Capacity Market Unit (CMU) contains the final SO Qualification Decisions.</p> <p>CMC E.9.1.1 (k) outlines that the SO Qualification Decisions must include the reason for why the Alternative Qualification Process was applied. The SOs did not include this in the FQDs.</p>			
Description of Issue			
<p>CMC E.9.4.1 states that the SOs shall prepare a set of FQDs in relation to a Qualification Process which contain the final SO Qualification Decisions.</p> <p>CMC E.9.1.1 (k) outlines that the SO Qualification Decisions in respect to each CMU must include, where the Alternative Qualification Process was applied, the reason(s) why.</p> <p>The SOs issued FQDs containing 58 CMUs for which the Alternative Qualification Process was applied. The SOs did not include in the FQDs the reason(s) why this process was applied to these CMUs. For all CMUs, the 'Qualification note' (typically used to indicate changes or important points to the SOs) was blank – but should have showed the code AQP_AMEND.</p>			
Capacity Auction Monitor's Comments			
<p>We consider this to be non-compliant with E.9.4.1 and E.9.1.1.</p> <p>We recognise that all CMUs affected by this issue had a Net De-Rated Capacity (Total) of [3<] MW for this Capacity Auction.</p>			

B.9. ISSUE LOG 021

Issue ID	Affected auction(s)	Issue status	Compliance status
021	2024/2025 T-3 Capacity Auction	Closed	Non-compliant

Summary

CMC F.4.1.6 stipulates that if, at FQRs, the value of the total quantity of Gross De-Rated Capacity (Total) across all qualified CMUs falls short of the LCC Required Quantity for the relevant LCC, then the SOs shall reduce the LCC Required Quantity for the LCC to the total quantity of Gross De-Rated Capacity (Total) across all qualified CMUs.

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) stipulates that the SOs should determine the total quantity of Gross De-Rated Capacity, in respect to CMUs which are Qualified as contributing to an LCC.

CMC F.4.1.1 (c) requires the SOs to 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.

Having already developed these values after PQR, the SOs are again required to update these values at FQRs – in CMC F.4.1.5.

The SOs submitted the LCC Required Quantities for the FAIP to the RAs on 13th December 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 L2-1, as shown in the table below.

Table 1: The LCC Required Quantities as calculated by the SOs under F.4.1.1 (C) and submitted to the RAs.

Quantity (GW)	L1-2: Ireland	L1-1: Northern Ireland	L2-1: Dublin	L2-2: Rest of Ireland
A. GDRC (Total) that was successful in the FQRs	[3<]	[3<]	[3<]	[3<]
B. LCC Required Quantity determined by the SOs	[3<]	[3<]	[3<]	[3<]
Difference (B-A)*	[3<]	[3<]	[3<]	[3<]

Note: Values rounded to 3 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). This should have occurred for L1-2 and L2-1.

The SOs have confirmed that, despite determining values greater than 0.000 MW for LCC areas L1-2 and L2-1, they did not reduce the Required Quantity to the total quantity determined under CMC F.4.1.1 (b), as required by F.4.1.6.

Capacity Auction Monitor's Comments

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

We note that a similar issue was raised in the Monitor's report on the 2022/23 T-1 Auction Process. As a repeated issue, it would be appropriate for the SOs and RAs to consider whether the CMC adequately represents what is appropriate and necessary on the updating of LCCs following FQRs.

B.10. ISSUE LOG 024

Issue ID	Affected auction(s)	Issue status	Compliance status
024	2024/2025 T-3 Capacity Auction	Closed	Non-Compliant
Summary			
<p>CMC E.9.3.3 and Agreed Procedure 3 (AP3) 3.3.2 both require the SOs to reject an incomplete Application for Review. Despite receiving an Application for Review that did not contain all required components, the SOs did not reject it on this basis.</p>			
Description of Issue			
<p>CMC E.9.3.2 requires an Application for Review to contain the following components:</p> <ul style="list-style-type: none">a) a concise statement identifying the Reviewable Decision concerned;b) a concise statement of the reasons, explaining how the Participant believes the SOs have not followed the process under the Code in making the Reviewable Decision; andc) a copy of any relevant documents which the Participant believes support its position. <p>If an Application for Review does not comply with E.9.3.2, the SOs are required to notify the Participant that the application is rejected, as required under both CMC E.9.3.3 and AP3 3.3.2 Step 3.</p> <p>An Application for Review submitted by [redacted] did not include the information required under E.9.3.2 (b). Despite this, the SOs considered the Application for Review, instead of rejecting it as required under E.9.3.3 and AP3 3.3.2.</p> <p>CMC E.1.1.4 requires the SOs to comply with AP3 when carrying out functions and obligations under Chapter E of the CMC.</p>			
Capacity Auction Monitor's Comments			
<p>We consider this non-compliance with E.9.3.3. and E.1.1.4.</p>			

B.11. ISSUE LOG 025

Issue ID	Affected auction(s)	Issue status	Compliance status
025	2024/2025 T-3 Capacity Auction	Closed	Non-compliant
Summary			
The reason for the outcome of the Application for Review process were not communicated to all Participants, as required under CMC E.9.3.6.			
Description of Issue			
<p>CMC E.9.3.6 (a) requires the SOs to, when notifying Participants of the outcome of their Application for Review, to outline their reasons for the outcome.</p> <p>[<] submitted an Application for Review for [<]. In the outcome email sent by the SOs on 5th November 2021, there was no explicit notification of acceptance or rejection, nor any reasoning included as to why these units were not qualified in the PQRs.</p> <p>[<] also submitted an Application for Review for [<]. This Application for Review was accepted, and the Participant notified via email on 5th November 2021. However, this email did not provide the reasoning for acceptance of this unit.</p>			
Capacity Auction Monitor's Comments			
We consider this to be non-compliant with E.9.3.6.			

B.12. ISSUE LOG 026

Issue ID	Affected auction(s)	Issue status	Compliance status
026	2024/2025 T-3 Capacity Auction	Closed	Non-compliant

Summary

F.9.2.1 requires the SOs to use reasonable endeavours to provide Participants with all components of the Capacity Auction Results, as defined by F.9.1.1, by the Capacity Auction Provisional Results Date of 28th January 2022. However, the SOs have informed us that they do not intend to provide two components of these until the Capacity Auction Provisional Results Publication Date of 4th February 2022.

Description of Issue

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

- a) **CMU-level results.** For every cleared PQ pair this includes the Awarded Capacity, Capacity Payment price, and capacity duration.
- b) **Implementation plans (updated as required).** These are only required for New Capacity.
- c) **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 was 28th January 2022.

The CMU-level results under F.9.1.1 (a) were released to Participants through the CMP on 28th January 2022. However, the SOs have stated that they will not issue information regarding the Implementation Plans (F.9.1.1 (b)), or MW quantity by which LCC Required Quantities have not been met (F.9.1.1 (c)), until 4th February 2022 within the Provisional Capacity Auction Results Report (5 Working Days later).

Capacity Auction Monitor’s Comments

CMC F.9.1.1 clearly defines the components what the Capacity Auction Results comprise of, and F.9.2.1 requires these to be provided to Participants by the **Capacity Auction Provisional Results Date**. The **Capacity Auction Provisional Results Publication Date** represents a different event within the Capacity Auction Timetable.

As the SOs have not provided any evidence to indicate that the lack of provision of the required components to Participants is due to a delay in the preparation of these, we consider this to be non-compliance with F.9.2.1.

The SOs have taken similar decisions in relation to the implementation plans and/or LCCs on several previous Capacity Auctions and we consider it would, therefore, be appropriate for the SOs and RAs to assess whether the CMC at present accurately reflects what is appropriate and necessary in this area.



UK

Queens House
55-56 Lincoln's Inn Fields
London WC2A 3LJ

T. **+44 (0)20 7269 0210**

E. **info@cepa.co.uk**

www.cepa.co.uk

 **cepa-ltd**  **@cepaltld**

Australia

Level 20, Tower 2 Darling Park
201 Sussex St
Sydney NSW2000

T. **+61 2 9006 1307**

E. **info@cepa.net.au**

www.cepa.net.au