

CMC\_06\_22

New Interdependent Combined Units

# Overview

- Updated version of CMC\_10\_21 which proposed to allow the full flexibility capability of the IDS' that make up a DSU aggregators portfolio to be realised.
- Following the consultation process the SEMC noted that implementation of Option 1 was likely to be more straightforward but also raised concerns around aggregation of CMUs.
- The SEMC recognised the proposal to limit inflexible bidding did address many of the RAs' concerns with previous proposals that sought to allow greater aggregation of CMUs and that the proposal suggested that the incentives on DSUs do not encourage excessive aggregation.
- SEMC were of the view that there was value in the proposal undergoing further Working Group discussion with the intention of identifying a clear way forward which can deliver against the Code Objectives for DSUs while avoiding undue discrimination
- This Modification is the RAs proposal for a way forward...

# Modification Drafting – Add New Paragraph

*E.7.6.4 Where the Candidate Units to be combined meet all of the conditions set out in E.7.6.1 with the exception of E.7.6.1(i), then the System Operators shall not reject the application. When participating in Capacity Auctions, the Capacity Market Unit will be bound by the restriction that the total quantity offered in respect of price-quantity pairs that are Inflexible shall not exceed the Gross De-Rated Capacity (Total) of the largest Candidate Unit which comprises the Capacity Market Unit.*

- The proposed drafting implements the Option 1 limitation on bidding, where the units to be aggregate don't meet the conditions in E.7.6.1(i); this avoids reduced flexibility and increased consumer costs from the resolution of lumpiness in the auction arising from the aggregation.
- It uses a deemed approach, i.e. any aggregation that doesn't meet the conditions in E.7.6.1(i) will be deemed to have accepted the limits on inflexible bidding and will be required to bid accordingly.
- Drafting applies to all Generator Units, not just DSUs.

# Modification Drafting – E.7.6.1 & F.7.1.1(c) Amendments

*E.7.6.1 Subject to paragraphs [E.7.6.3](#) and [E.7.6.4](#), the System Operators shall reject an Application for Qualification for a Capacity Year for a proposed Capacity Market Unit comprising a combination of individual Candidate Units unless*

*F.7.1.1(c) [subject to paragraph E.7.6.4](#), each price-quantity pair will have a flag indicating whether it is Flexible or Inflexible: ....*

➤ *Amendments to E.7.6.1 and F.7.1.1(C) are housekeeping to incorporate E.7.6.4 into the CMC processes.*