



CMC Modification – Facilitation of Unit Specific Price Caps for Existing Capacity in Excess of the Auction Price Cap.
Capacity Workshop 31

USPC in Excess of Auction Price Cap

Background

EPUKI is proposing this modification in order to enable Unit Specific Price Cap (USPC) bidding above the Auction Price Cap (APC). This would provide optionality to the SEMC in the event that an Existing Capacity unit which may not be economic compared to the Net CONE

While EPUKI believes that USPCs above APC are possible under the current drafting of the Capacity Market Code, this modification seeks to introduce clarity on the treatment of such cases.

As such, we have presented three approaches to provide clarity on the treatment of USPCs which exceed the APC.

USPC in Excess of Auction Price Cap

First Approach

The first approach proposed is to amend the wording in Section F.3.1.5 of the CMC:

F.3.1.5 [...]

*(e) the highest priced point ($i=1$) must have a price equal to the **greater of the Auction Price Cap, and the highest Unit Specific Price Cap;***

[...]

*(i) for all quantities Q_x between 0 and Q_i for $i=1$, P_x is the **greater of the Auction Price Cap, and the highest Unit Specific Price Cap;***

This would enable units with USPCs above the APC to bid as such. However, New Capacity would be bound to the APC as per Section E.8.7.1 (a) of the CMC, while Existing Capacity without a USPC will be bound to the ECPC as per Section E.7.8.1 (c) of the CMC.

Second Approach

The second approach proposed is to amend the wording in Section F.5.1.3 of the CMC:

F.5.1.3...]

(b) The final Auction Price Cap for the Capacity Auction, which shall be equal to the greater of the Auction Price Cap included in the Initial Information Pack and the highest Unit Specific Price Cap, (in Euro and Sterling);

This amendment appears more easily implementable, however its application is less focused than the First Approach.

This approach would require the RAs to update the APC at the Final Auction Information Pack stage, similar to the treatment of the APC in the 2026/2027 T-4 Capacity Auction. This would enable both Units with a sufficient USPC, and New Capacity units to bid up to the new APC. Existing Capacity without USPC will remain bound by the ECPC.

Third Approach

The third approach proposed is to make no changes to the CMC, but for the RAs to publish an information note outlining the process in the event that a USPC is awarded which is greater than the APC.

Benefits and Challenges

The retention of Existing Capacity to address Security of Supply challenges is more certain and less expensive than procurement of new temporary emergency generation.

While this may not necessarily be required, EPUKI believes that it is a useful option for the SEMC to address Security of Supply risks.

While it is currently possible for the SEMC to award USPCs above the APC, it is not clear how this will be flow through to the Capacity Auction. Therefore, this modification will provide clarity for Participants on how such instances will be treated.

EPUKI acknowledges that each of these approaches may present challenges with regard to the confidentiality of the USPC process. However, in certain circumstances the Security of Supply benefit of keeping Existing Capacity online may outweigh the impact on confidentiality.