

MODIFICATION PROPOSAL FORM			
Proposer <i>(Company)</i>	Date of receipt <i>(assigned by System Operator)</i>	Type of Proposal <i>(delete as appropriate)</i>	Modification Proposal ID <i>(assigned by System Operator)</i>
EPDEL	7 th September 2023	Standard	CMC_21_23
Contact Details for Modification Proposal Originator			
Name	Telephone number	Email address	
Harry Molloy		h.molloy@tynaghenergy.ie	
Modification Proposal Title			
Minimal Completion on Receipt of Interim Operational Notification (ION)			
Documents affected <i>(delete as appropriate)</i>	Section(s) Affected	Version number of CMC used in Drafting	
Capacity Market Code	Section C.3 Section G.3 Sections J.2 & J.6		
Explanation of Proposed Change <i>(mandatory by originator)</i>			
<p>This modification proposes an amendment to the Capacity Market Code to trigger Minimal Completion on receipt of an Interim Operational Notification (ION), rather than the Final Operational Notification (FON). This will align with the Capacity Market process in GB.</p> <p>EPDEL, earlier in the year, raised a Trading and Settlement Code modification in relation to the risk exposure associated with costs of commissioning and Grid Code testing. In discussing this modification, we raised the uncertainty associated with the timelines for Commissioning and Grid Code testing. Particularly when system margins are tight and the transmission network may be unable to facilitate commissioning. This means that the actual commissioning process, through which a New Capacity project will obtain a FON, may take many months to complete. This will result in loss of payments for all months which testing is outstanding.</p> <p>In addition to this timeframe, the nature of the testing programme means that a New Capacity project could complete all but one test, demonstrating an ability to provide electricity safely and securely to the network, fulfilling its capacity obligation, but will still not receive payment until the last of the tests are completed.</p> <p>Basing completion on the ION, rather than the FON, means that new units will receive Capacity Payments following connection to the grid (assuming all other requirements for completion have been achieved). EPDEL believes that this is a fair outcome, given that the New Capacity, from this point, will be connected to the transmission network and therefore providing capacity to the Single Electricity Market (SEM).</p> <p>Before an ION is issued the New Capacity will have provided a significant amount of documentation to the TSO for review and approval to demonstrate that the unit is suitable for connection to the grid. This includes technical data for all equipment, system studies and simulation models.</p> <p>Additionally, the obligations associated with Reliability Options will ensure that New Capacity does not receive payments where it is unable to meet its obligations under a capacity contract. If a unit is unavailable (or unable to meet its obligations), it will be required to pay back Difference Charges to cover this. This will ensure that New Capacity is not paid in instances when it is unable to meet its obligations to provide availability to the transmission network.</p> <p>As this amendment would apply to minimum completion only, a New Capacity project would still be required to achieve Substantial Completion by the Long Stop Date. This means that the incentive to complete all Commissioning and Grid Code testing will remain in place.</p>			

Legal Drafting Change

(Clearly show proposed code change using **tracked** changes, if proposer fails to identify changes, please indicate best estimate of potential changes)

This modification proposes the following amendments to the Capacity Market Code:

C.3.7 Initial On Time

C.3.7.1 For a Generator Unit (other than a Demand Side Unit), the Initial Maximum On Time (Existing) for a Capacity Year shall be equal to the Maximum On Time based on the Final Compliance Certificate, Operational Certification or ~~Final Operational Notification~~ **Interim Operational Notification** for that Generator Unit or Interconnector under the applicable Grid Code.

C.3.7.2 For a Demand Side Unit, the Initial Maximum On Time (Existing) for a Capacity Year shall be equal to the Maximum Down Time based on the Final Compliance Certificate, Operational Certification or ~~Final Operational Notification~~ **Interim Operational Notification** for that Demand Side Unit under the applicable Grid Code.

G.3 Commissioned Capacity

[...]

G.3.1.2 The value of Grid Code Commissioned Capacity in respect of a Generator Unit or Interconnector at a given time is the Registered Capacity based on the Final Compliance Certificate, Operational Certification or ~~Final Operational Notification~~ **Interim Operational Notification** for that Generator Unit or Interconnector under the applicable Grid Code. For the avoidance of doubt Commissioned Capacity is not de-rated capacity.

G.3.1.2A The value of Grid Code Commissioned Maximum On Time in respect of a Generator Unit or Interconnector (other than a Demand Side Unit) at a given time is the Maximum On Time based on the Final Compliance Certificate, Operational Certification or ~~Final Operational Notification~~ **Interim Operational Notification** for that Generator Unit or Interconnector under the applicable Grid Code.

G.3.2.1B The value of Grid Code Commissioned Maximum On Time in respect of a Demand Side Unit at a given time is the Maximum Down Time based on the Final Compliance Certificate, Operational Certification or ~~Final Operational Notification~~ **Interim Operational Notification** for that Demand Side Unit under the applicable Grid Code.

J.2 Content of Implementation Plans

[...]

J.2.1.8 Where completion of a Milestone requires a Participant to provide evidence about a matter to the System Operators (for example, a Final Compliance Certificate, Operational Certificate, **Interim Operational Notification**, or Final Operational Notification) and either of the System Operators was responsible for issuing that evidence in its capacity as the transmission system operator under a Grid Code, then the Participant is not required to submit that evidence again under this Code.

J.6 Termination of Awarded New Capacity

J.6.1.1 For the purposes of this section:

(a) **Minimum Completion:** Awarded New Capacity achieves Minimum Completion when:

[...]

(iii) a Final Compliance Certificate, Operational Certificate, or ~~Final Operational Notification~~ **Interim Operational Notification** has been issued under the applicable Grid Code in respect of each new or refurbished Generator Unit or Interconnector providing the Awarded New Capacity.

EPDEL notes that a separate modification, CMC_13_23, is currently under SEMC consideration and the legal drafting associated with this mod amends the Capacity Quantity Commissioning Date to the Minimum Completion Date. If CMC_13_23 is approved, such amendments would not be required under this modification, but for the avoidance of doubt, the following amendments would be included:

Status of Capacity	Proportion of Delivered Capacity	Commissioned Capacity (qCCOMMISS _{QV})	Capacity Quantity Commissioning Date	Commissioning Status Flag	Termination
New Capacity, operating but has only achieved Minimum Completion by Long Stop date.	≥ 50% ≤ 90%	Initial Capacity (Existing) + Proportion of Delivered Capacity times [(Awarded Capacity (Total) - Awarded Capacity (Existing)) divided by the Grid Code Commissioned De-Rating Factor]	Long Stop Date Minimum Completion date as per (modified) Implementation Report	Actual	Awarded Capacity × (1 - Proportion of Delivered Capacity)

Modification Proposal Justification

(Clearly state the reason for the Modification)

This modification seeks to trigger Capacity Payments for New Capacity projects which are providing capacity to the grid but cannot achieve Substantial Completion due to extensive Commissioning and Grid Code testing programmes. EPDEL note that if approved, New Capacity will only receive payments for the period that it is providing capacity as agreed under the Reliability Option.

Code Objectives Furthered

(State the Code Objectives the Proposal furthers, see Sub-Section A.1.2 of the CMC Code Objectives)

A.1.2 Capacity Market Code Objectives

(b) to facilitate the efficient, economic, and coordinated operation, administration and development of the Capacity Market and the provision of adequate future capacity in a financially secure manner;

(c) to facilitate the participation of undertakings including electricity undertakings engaged in or seeking to be engaged in the provision of electricity capacity in the Capacity Market;

(g) through the development of the Capacity Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, and security of supply of electricity across the Island of Ireland.

Implication of not implementing the Modification Proposal

(State the possible outcomes should the Modification Proposal not be implemented)

Failure to implement this modification will result in the continued exposure of New Capacity projects to an extended period of non-recovery of costs. Over the past three years, the market has been exposed to significant increases in inflation and prolonged Supply Chain delays as a result of the Russian invasion of Ukraine, and economic re-opening following COVID-19. These events, combined with an already challenging delivery programme through the Capacity Remuneration Mechanism, has resulted in the termination of a number of New Capacity projects. This has resulted in critical Security of Supply challenges in both Ireland and Northern Ireland.

As well as the potential for load-shedding, these Security of Supply challenges have resulted in massive cost to the consumer through the procurement of Temporary Emergency Generation (**TEG**). As well as being more expensive, the procurement of TEG is inefficient and lacks transparency. Continued reliance on this generation will be increasingly costly and make become impossible, if there is inadequate locations to build and connect emergency generation. As such New Capacity needs to be delivered through the CRM.

On top of the aforementioned cost increases, an extended period of non-receipt of Capacity Payments may result in projects becoming economically infeasible and New Capacity projects due to connect in the coming years may terminate. This would be a worst-case scenario for the consumer and for Security of Supply.

We believe that this modification should be implemented to reduce the likelihood of such terminations, particularly as with this modification, New Capacity would only receive payments where minimum completion has been completed and therefore, capacity is being provided to the Grid. Non-availability Difference Charges will prevent units which are unable to fulfill their obligations from benefitting from this modification.

Impacts

(Indicate the impacts on systems, resources, processes and/or procedures)

Please return this form to the System Operators by email to CapacityModifications@sem-o.com

Notes on completing Modification Proposal Form:

1. If a person submits a Modification Proposal on behalf of another person, that person who proposes the material of the change should be identified on the Modification Proposal Form as the Modification Proposal Originator.
2. Any person raising a Modification Proposal shall ensure that their proposal is clear and substantiated with the appropriate detail including the way in which it furthers the Code Objectives to enable it to be fully considered by the Regulatory Authorities.
3. Each Modification Proposal will include a draft text of the proposed Modification to the Code unless, if raising a Provisional Modification Proposal whereby legal drafting text is not imperative.
4. For the purposes of this Modification Proposal Form, the following terms shall have the following meanings:

CMC / Code:	means the Capacity Market Code for the Single Electricity Market
Modification Proposal:	means the proposal to modify the Code as set out in the attached form
Derivative Work:	means any text or work which incorporates or contains all or part of the Modification Proposal or any adaptation, abridgement, expansion or other modification of the Modification Proposal

The terms "System Operators" and "Regulatory Authorities" shall have the meanings assigned to those terms in the Code.

In consideration for the right to submit, and have the Modification Proposal assessed in accordance with the terms of Section B.12 of the Code, which I have read and understand, I agree as follows:

1. I hereby grant a worldwide, perpetual, royalty-free, non-exclusive licence:
 - 1.1 to the System Operators and the Regulatory Authorities to publish and/or distribute the Modification Proposal for free and unrestricted access;
 - 1.2 to the Regulatory Authorities to amend, adapt, combine, abridge, expand or otherwise modify the Modification Proposal at their sole discretion for the purpose of developing the Modification Proposal in accordance with the Code;
 - 1.3 to the System Operators and the Regulatory Authorities to incorporate the Modification Proposal into the Code;
 - 1.4 to all Parties to the Code and the Regulatory Authorities to use, reproduce and distribute the Modification Proposal, whether as part of the Code or otherwise, for any purpose arising out of or in connection with the Code.
2. The licences set out in clause 1 shall equally apply to any Derivative Works.
3. I hereby waive in favour of the Parties to the Code and the Regulatory Authorities any and all moral rights I may have arising out of or in connection with the Modification Proposal or any Derivative Works.
4. I hereby warrant that, except where expressly indicated otherwise, I am the owner of the copyright and any other intellectual property and proprietary rights in the Modification Proposal and, where not the owner, I have the requisite permissions to grant the rights set out in this form.
5. I hereby acknowledge that the Modification Proposal may be rejected by the Regulatory Authorities and that there is no guarantee that my Modification Proposal will be incorporated into the Code.