

MODIFYING THE CALCULATION OF NON-PERFORMANCE DIFFERENCE CHARGES

Capacity Market Units which are
not Autoproducer Units

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|| OVERVIEW

- Capacity Market Units are unfairly exposed to non-performance difference charges when not needed to generate, despite being available to meet its capacity obligation
- This modification seeks to alter the Calculation of Non-performance Difference Quantities for units which are not Autoproductors to include the **outturn availability quantity** and **dispatch quantity** of the unit
- We noted a similar approach taken with interconnectors
- The aim is to maintain the charge on units that present a security issue to the system while maximising incentives on generators to deliver or to be able to deliver during scarcity events to better reflect the current central-dispatch approach.

|| CODES OBJECTIVES FURTHERED

- (b) to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
- (c) to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market;

|| THE MODIFICATION DRAFTING

F.18.7.2 For all cases not covered by paragraph F.18.7.1, the Market Operator shall calculate the Non-performance Difference Quantity ($QDIFFCNP_{\Omega\gamma}$) for each Capacity Market Unit, Ω , which does not represent an Autoproducer Unit, in each Imbalance Settlement Period, γ , as follows:

$$QDIFFCNP_{\Omega\gamma} = \text{Max}(\text{QCOB}_{\Omega\gamma} - QDIFFTTRACK_{\Omega\gamma}, 0)$$

$$QDIFFCNP_{\Omega\gamma} = \text{Max}(\text{Max}(\text{QCOB}_{\Omega\gamma} - \text{QVAILO}_{\Omega\gamma}, \text{Min}(\text{QD}_{\Omega\gamma}, \text{QCOB}_{\Omega\gamma})), 0) - QDIFFTTRACK_{\Omega\gamma}, 0)$$

where:

(a) $QCOB_{\Omega\gamma}$ is the Obligated Capacity Quantity for Capacity Market Unit, Ω , in Imbalance Settlement Period, γ ;

(c) $QVAILO_{\Omega\gamma}$ is the outturn availability quantity for Capacity Market Unit, Ω , in Imbalance Settlement Period, γ ;

(d) $QD_{\Omega\gamma}$ is the dispatch quantity for Capacity Market Unit, Ω , in Imbalance Settlement Period, γ ;

(b) $QDIFFTTRACK_{\Omega\gamma}$ is the final Tracked Difference Quantity for Capacity Market Unit, Ω , in Imbalance Settlement Period, γ .

|| IMPLICATIONS OF NOT IMPLEMENTING THE MOD

- Continue with the unfair burden on units that are fully available to generate and meet their capacity obligation but are not required to do so
- Maintain a central-dispatch approach with self-dispatch incentives
- Discrepancy in the methodology used for different types of units

|| ARES FOR DISCUSSION

- Legal drafting and formula
- Expression of qVAILO in MWh like other terms
- System impact of the change and implementation

