

FERA Response to SEMC Supplementary Consultation SEM-23-80– Modifications to Facilitate Delivery of Capacity

FERA's members operate in the Demand Side Response sector of the electricity industry and perform a significant role in supporting the operation of the I-SEM balancing market and facilitating the continuous introduction of renewables. The FERA members have together a registered capacity above 160MW, which carries a significant contribution to system support and stability. They have participated in all the Capacity Auctions and have a wealth of experience in how the Capacity Market Code has been applied.

The following comments are in relation to the published SEMC consultation and clause reference numbers are used where possible.

Introduction

FERA members welcome this supplementary consultation and broadly support the modification proposals.

Comments on proposals

There is a proposal by the SEMC itself to introduce a modification that ultimately gives it the power to adjudicate on request from participants for extensions to SFCs and also to request for extensions to Long Stop date / Capacity Quantity End Date and Time. This is to address the multiple modifications that have recently been submitted, and which would have required the System Operators to adjudicate on anyway, should they have been approved.

FERA members have encountered issues around delayed delivery of expected functions, by TSOs, DSOs and even the RAs themselves. They have had less experience over delays in planning and fuel connections.

The delays witnessed have resulted in Unit termination and thus lack of delivery and the increased risk to System Security.

Our individual members shall be willing to provide evidence to these facts through their own submissions, which are likely to be marked as confidential.

FERA would like to draw attention to the use of the term "Third Parties", which could be considered as those institutions not directly named in the Capacity Market Code, Trading & Settlement Code, or Grid Code. Our members have witnessed delays by the CRU, the TSOs, and the DSOs and therefore would urge the SEMC to ensure that these institutions are considered part of the sources of delays, and not excluded from any assessment.



It is the understanding that date deadlines have to be achieved and that drives developers to deliver all that is within their control. Developers also have an expectation that certain institutions have sufficient resources to handle work requests and process/deliver them within a reasonable timeframe. In recent years FERA members have noticed that SONI/Eirgrid and even the CRU have had challenges that has stretched their workforce and that has resulted in application processing being severely delayed. The Energy Crisis was expressed as an issue that the CRU had to address and that meant that Licence applications were not being reviewed in the same efficiency as before. That delay impacted a FERA member in delivering against its Capacity obligation. A number of FERA members have experienced delays in obtaining processing of RTU provision by Eirgrid/SONI and ESB. That was also put down to workload and resource limitations.

These issues are outside the control of Participants and this consultation should be aware of them and incorporate them into the SEMC proposals.

Whilst there isn't a direct comment regarding the length of awarded capacity, it appears that the consultation is worded to address the needs of capacity awarded multi-year contracts.

FERA would like to point out that the Demand Response sector can grow and provide new units and capacity through the provision of single year contracts. Whilst the cost of development may not exceed the investment threshold, there still needs to be a recovery of investment through going live in the Capacity Market and the avoidance of Termination Charges. These developments can still however suffer the same delays as the multi-year contract developments, and they do have the ability to alleviate System Security risk when they deliver.

FERA would therefore request the SEMC to incorporate all awarded New Capacity/Units in their modification proposals, irrespective of contract length.

FERA notes that the SEMC is considering whether to restrict these provisions to specific auctions. Whilst there may be certain years that Security of Supply is to the fore and there is a drive to support delivery, it should be understood that participants developing growth in any auction in the future shall still be open to external delays and financial risk. This has already been identified as a risk that should be avoided and thus promote delivery, even if it is late. This approach should be maintained for all future auctions and that would place a firm understanding and level of support for such developers in attempting to deliver growth and deliver Security of Supply.

FERA supports the proposal - 2.1 Linking approval of Substantial Financial Completion Delays to Long Stop Dates and Capacity Quantity End Date and Time for specific auctions. Due to the nature of Aggregator development and the specific clauses in the CMC regarding aggregators it is likely that Financial Completion is less a risk.

FERA strongly supports the proposal - 2.2 To provide a mechanism for the SEM Committee to approve extensions to the Long Stop Date and Capacity Quantity End Date and Time for specific auctions. The issues mentioned above that have resulted in FERA members' project being delayed and even terminated are more aligned with this proposal.