



**Energia Response to SEM Committee  
Consultation Paper SEM-23-097**

***Capacity Market Code Workshop 34  
Urgent Modification Consultation Paper***

**11 December 2023**

## 1. Introduction

Energia welcomes the opportunity to respond to the SEM Committee Consultation Paper SEM-23-097 (the “Consultation Paper”) on a proposed urgent modification to the Capacity Market Code discussed at Workshop 34 on 16 November 2023. Energia note that SEM Committee are minded to approve the proposal. Energia support the minded to position to approve the proposal on the basis that it represents a reasonable and proportionate change in respect of helping to manage security of supply risk. We note that it is the intention of the modification for the Market Readiness Certificate (MRC) to also be applicable to a refurbished generator as well as to New Capacity. Energia believe that it is crucial that the modification applies equally to new and refurbished capacity, particularly in respect of the current consultation on Interim Length Contracts<sup>1</sup>. We set out our views in more detail in Section 2 below.

## 2. Comments on Proposed Modification: CMC\_25\_23

Energia notes that the modification proposal is intended to address the issue of requiring a Final Operational Notification (FON) in order to achieve Minimum Completion or Substantial Completion. The updates provided at the workshop indicated that delays can occur in Grid Code commission and testing procedures required for the awarding of a FON. This proposal will therefore allow for an MRC to be issued by the TSO after the Initial Operational Notification (ION) has been received so long as the capacity has met the MRC Specification of Requirements as published on 23 November 2023. Having reviewed the requirements outlined in this document, Energia are satisfied that they will ensure that any generation that meet these requirements can provide capacity to the system in a safe and secure manner. On that basis Energia support the proposal as it represents a reasonable and proportionate change in respect of helping to manage security of supply risk.

### **Refurbished Capacity**

The modification proposal defines the MRC as “...a certificate issued by the relevant System Operator confirming that the new or refurbished Generator Unit or Interconnector has successfully completed the relevant compliance tests....”.

Energia therefore understand that there is clear intent that the modification proposal will be applicable to any Existing Capacity that subsequently undergoes refurbishment and is required to go through the Grid Code processes of receiving an ION and FON before providing capacity. This is particularly relevant noting the current SEM Committee consultation on Intermediate Length Contracts that will facilitate a refurbishment option in time for the next T-4 auction held in 2024. It is crucial that any future modifications to the CMC in relation to implementing Intermediate Length Contracts for Existing Capacity undergoing refurbishment also allow the MRC to be issued to these units in order to achieve Minimum Completion and Substantial Completion. This will ensure equal treatment of both new and refurbished capacity and

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<sup>1</sup> SEM-23-093: Proposal to Introduce Intermediate Length Contracts which is open for consultation until 21 December 2023

support the underlying rationale behind the modification of mitigating generation shortfalls and managing security of supply risk.

**Expiry of ION**

In addition to meeting requirements that will ensure that generation can provide capacity to the system in a safe and secure manner, the MRC Specification of Requirements also states that an MRC can only be issued so long as the ION has not expired. There is still an obligation on any unit availing of an MRC to complete the final testing and reporting requirements to achieve an FON and this must be done before the expiry of the ION. Should the ION expire before the FON is received it is Energia's understanding that the MRC will no longer be valid and therefore the unit will not be allowed to provide capacity to the system nor receive capacity payments. Whilst Energia agree that an incentive must remain for a unit to obtain the FON, the TSO must ensure that the timeframe before expiry of the ION is reasonable or that the expiry date can be extended through an appropriate application process. This is necessary to ensure that the underlying benefits and rationale of introducing the modification are not undermined through the MRC becoming void.

**Conclusion**

In summary, Energia welcome and support the proposal to introduce an MRC to achieve Minimum Completion and Substantial Completion on the basis that it represents a reasonable and proportionate change in respect of helping to manage security of supply risk. However, to ensure it is applied in a fair and effective manner it must also apply equally to refurbished capacity that may avail of an Intermediate Length Contract in the future and also set appropriate timeframes for the expiry of the ION upon which the MRC is reliant or allow for its extension.