

# DRAI RESPONSE TO SEM-23-034



## SUMMARY INFORMATION

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|---------------------------------------|--|
| <b>Respondent's Name</b>              | Demand Response Association of Ireland (DRAI)                      |
| <b>Type of Stakeholder</b>            | Industry Association   |
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| <b>Confidential Response</b>          | No   |

## CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

| ID  | Proposed Modification and its Consistency with the Code Objectives  | Impacts Not Identified in the Modification | Detailed CMC Drafting to Deliver the Modification |
|---|---|--|---|
| <b>CMC_04_23:</b><br>Introduction of Remedial Action for Unforeseeable Delays Due to Extraordinary Supply Chain Impacts | <b>The DRAI has no comment at this time on CMC_04_23.</b>   |  |   |
| <b>CMC_05_23:</b><br>Resolving Inconsistency in Definition of Existing Capacity Arising from CMC_11_22                  | <p><b>Introduction</b></p> <p>CMC Modification <a href="#">CMC 11 22v2</a> modified the definition of New Capacity to conclude that “Where a Demand Site would otherwise be considered New Capacity for the sole reason of a change of its registered Demand Side Unit then it shall be considered Existing Capacity under this Code”. There was no implication in Modification <a href="#">CMC 11 22v2</a>, consultation <a href="#">SEM-22-055</a> which consulted upon it, nor SEMC decision <a href="#">SEM-22-063</a> which adopted it, that the associated change to the overarching definition of New Capacity would only be narrowly used in the application of Annual Run Hour Limits, nor that its application would not be universal throughout the Code.</p> <p>If there are concerns that this full application causes inconsistencies with other parts of the Code, any modification required to resolve the uncertainty regarding this issue should focus on resolving</p> |  |   |

these inconsistencies, as opposed to attempting to reverse or restrict the application of the definition, as is proposed by CMC\_05\_23, which would – in DRAI’s opinion – be a regressive step.

**Merit of Existing Demand Sites Transferring DSU Being Treated as Existing Capacity**

The inappropriateness of imposing all the delivery requirements for completely unproven New Capacity upon Demand Sites already fully commissioned as part of one DSU has been raised on multiple occasions and discussed at a previous CMC Modifications workshop.

It is logical that the full suite of checks associated with delivering New Capacity are inappropriate for existing Demand Sites solely changing between DSUs – certainly when changing between DSUs within a single Participant’s portfolio. These include Performance Securities which escalate to 50,000 €/MW, and act as an undue burden on DSU Participants while the risk of non-delivery of the associated capacity is actually very low vs. true New Capacity projects.

If an existing Demand Site has completed all Grid Code testing and is deemed Existing Capacity by virtue of being on a DSU Operational Certificate, why should this change if transferred to a different DSU? As Demand Sites are Grid Code tested independently and each explicitly identified on a DSU’s Operational Certificate, all the necessary information already exists to enable this.

This is especially relevant given market changes such as redefined Locational Capacity Constraint Areas for the 2026/27 T-4 auction force the reconfiguration of DSUs by, for example, preventing Demand Sites from both within / outside Dublin being in a single DSU, as was previously the case.

As a result of having raised these issues previously, DRAI assumed that the challenges in differentiating between new and existing Demand Sites when applying Annual Run Hour Limits had finally led to the RAs resolving this issue by removing the punitive treatment of fully reverting existing Demand Sites to being considered New Capacity when transferring between DSUs.

Treating existing sites switching DSUs as New Capacity (and applying Performance Securities, etc.) also represented an indirect ‘switching-related fee’. The resolution of this issue therefore aligns the market design with EU Directive EU/19/944 which requires customers to be able to switch freely between aggregators, and for switching processes to be both proportionate and non-discriminatory. Just as a household is not considered a ‘New’ connection when switching supplier, nor should a Demand Site be considered as New Capacity following a change of DSU.

**Conclusion**

If the RAs are concerned that the full application of [CMC 11 22](#) (as implemented by [SEM-22-063](#)) causes inconsistencies with other parts of the Code, any further modification should focus on resolving inconsistencies, as opposed to reversing or restricting the application of the definition of New Capacity, which would – in DRAI’s opinion – be a regressive step.

**CMC\_06\_23:**  
 Outstanding Aspects of the  
 Implementation of ARHL De-Rating  
 Factors

**Introduction**

The overview of Modification [CMC\\_06\\_23](#) states its intent to complete the initial introduction of Annual Run-Hour Limited (ARHL) De-Rating Factors and to bring the clarification set out in [SEM-23-008](#) into the CMC. It is highlighted that the process was incomplete to implement ARHL De-Rating Factors and [CMC\\_06\\_23](#) intends to address the remaining areas where ARHL De-Rating Factors may need to be applied.

**Omission of key elements of Information Note SEM-23-008 from the scope of CMC\_06\_23**

Modification [CMC\\_11\\_22](#) (approved by [SEM-22-063](#)) makes clear that Annual Run Hour Limits apply to Individual Demand Sites (IDS') comprised within a Demand Side Unit (DSU), and not to a Demand Side Unit itself. This is reiterated in Info. Note [SEM-23-008](#) which recognises that it is not clear how Individual Demand Sites will be aggregated to the DSU level. In Info. Note [SEM-23-008](#) the SEMC made clear that the same principle as is applied for AGUs within CMC E.8.2.7 and E.8.2.8 should be applied for DSUs, so that the de-rated Capacity of a DSU is determined by calculating the de-rated capacity of each component IDS separately, and then summing these for all IDS' within a DSU.

This very important element of applying Annual Run Hour Limits to DSUs without ambiguity was de-scoped from the original Modification [CMC\\_11\\_22](#), and then the subject of Info. Note SEM-23-008 – in which the SEMC requested the RAS to raise any required CMC modification at the next CMC Modifications Working Group. The DRAI is therefore surprised that this issue is not covered by part of [CMC\\_06\\_23](#) which intends to complete the initial introduction of ARHL De-Rating Factors and to bring the clarification set out in [SEM-23-008](#) into the CMC.

As it stands, market Participants are heavily reliant upon Info. Note SEM-23-008 which sets out the SEMC's intent in this regard. DRAI recommends that the scope of [CMC\\_06\\_23](#) should include the clarification and codification into the CMC of this important element. DRAI members do not feel it is appropriate to rely on such an Information Note on a continued basis, for an important clarification that is not covered by the Capacity Market Code, especially when that Information Note explicitly requests the RAs to raise a Modification to reflect the associated clarification into the Code.

A number of the CMC amendments proposed by Modification [CMC\\_06\\_23](#) seem to contradict the intent set out within Info. Note [SEM-23-008](#). For example, the proposed modification to G.3.1.4A(a) sets out that the De-Rated Grid Code Commissioned Capacity is determined at a unit level for a DSU based on “the De-Rating Factor applicable to a unit of the Technology Class and the Annual Run Hours Limit(s) of that ...” unit. This does not seem to implement the clear intent of Info. Note [SEM-23-008](#) that the De-Rated capacity of IDS' should be summed to form the De-Rated capacity of a DSU. If Modification CMC\_06\_23 is implemented as drafted, this therefore risks causing confusion / ambiguity between the CMC and Information Note SEM-23-008.

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|  | <p><b><u>Conclusion</u></b></p> <p>The DRAI recommends that <a href="#">CMC_06_23</a> should not be approved unless and until this issue has been satisfactorily resolved by including the stated intent of Info. note SEM-23-008 that the same principle as is applied for AGUs within CMC E.8.2.7 and E.8.2.8 should be applied for DSUs, so that the de-rated Capacity of a DSU is determined by calculating the de-rated capacity of each component IDS separately, and then summing these for all IDS' within a DSU.</p> |  |  |
| <p><b>CMC_07_23:</b><br/>Special Application of ISTA</p>                             | <p><b>The DRAI has no comment at this time on CMC_07_23.</b></p>  |  |  |
| <p><b>CMC_08_23:</b><br/>Typographical Correction Capacity Aggregation Threshold</p> | <p><b>-- NOT BEING CONSULTED UPON --</b></p>  |  |  |
| <p><b>CMC_09_23:</b><br/>Removal of Section J.6.1.6 of the Capacity Market Code</p>  | <p><b>The DRAI has no comment at this time on CMC_09_23.</b></p>  |  |  |