

APPENDIX C – RESPONSE TEMPLATE

SUMMARY INFORMATION

Respondent's Name	Bord Gáis Energy
Type of Stakeholder	Generator (SEM); Supplier (ROI)
Contact name (for any queries)	Brian Larkin
Contact Email Address	blarkin@bordgais.ie
Contact Telephone Number	01 233 5412

CAPACITY MARKET CODE MODIFICATIONS CONSULTATION COMMENTS:

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ID	Proposed Modification and its Consistency with the Code Objectives	Impacts Not Identified in the Modification Proposal Form	Detailed CMC Drafting Proposed to Deliver the Modification
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<p>CMC_14_18 – LCC MW Limits</p>	<p>While BGE accepts that a change is needed in the CMC to reflect the T-4 Capacity Parameters Decision, we have a number of concerns related to the proposed modification of LCC MW Limits. We list these below in order of priority.</p> <p>1. The RAs recognise in their proposed re-draft F.4.1.8B b) that if they set the Locational Capacity Constraint (LCC) Required Quantity for a Level 1 LCC, that all Level 2 LCCs within that Level 1 LCC are consistent with the chosen Level 1 LCC. However, it is not recognised that if the RAs set the LCC Required Quantity for a Level 2 LCC, that the Level 1 LCC it sits within must also be consistent with the chosen Level 2 LCC, leading to a market inconsistency and potentially market decoupling.</p> <p>For example, if the RAs set a Level 2 LCC to 500MW, the Level 1 LCC that it sits within must be equal to or greater than 500MW. If that Level 1 LCC is less than 500MW, this would potentially decouple the market and</p>	<p>1. As mentioned in our first point in column 2, we believe that if a change to Level 2 LCCs is not reflected in the Level 1 LCC that it sits within, the RAs would potentially decouple the market. The design of the capacity market should ensure that the market is given the opportunity to clear on an unconstrained basis in the first instance. It is only after this unconstrained run that the RAs/TSOs should determine whether a local capacity constraint was met, and only then determine the need for out-of-merit capacity contracts.</p>	<p>1. Based on our first point in column 2, please include a third sub-paragraph to F.4.1.8B as follows:</p> <p><i>F.4.1.8B c) “If the Locational Capacity Constraint is a Level 2 Locational Capacity Constraint, the Level 1 Locational Capacity Constraint that it sits within should have a value that is equal to or greater than the value set for the Level 2 Locational Capacity Constraint.”</i></p>
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undermine the design of the new capacity market. To reflect this, we suggest adding a new paragraph, F.4.1.8B c) stating:

“If the Locational Capacity Constraint is a Level 2 Locational Capacity Constraint, the Level 1 Locational Capacity Constraint that it sits within should have a value that is equal to or greater than the value set for the Level 2 Locational Capacity Constraint.”

2. We are very concerned with the lack of transparency that this proposal presents, particularly around F.4.1.8A which appears to give the RAs full discretion to change (or set) a Locational Capacity Constraint Required Quantity without the need to engage with stakeholders (i.e. industry or the TSOs) before doing so. Paragraph 2.2.10 of the Consultation paper suggests that if the modification is approved, they would consider publishing any necessary information regarding any

2. With regards to our second and third point in column 2, we believe that the level of discretion that F.4.1.8.A appears to make creates a large amount of uncertainty in the market, particularly for capacity market units whose bids are close to the clearing price. It is very important that adequate time and transparency is given to the market to allow all participants to fully understand the parameters to within which

2. Based on our second point in column 2, please redraft the proposed Legal Drafting Change for F.4.1.8A to as follows:

“The Regulatory Authorities may by written notice to the System Operators set the Locational Capacity Constraint Required Quantity for one or more specified Locational Capacity Constraints in one or more Capacity Auctions to a value other than that proposed by the System Operators under

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	<p>amendments to the LCC MW Limits. We believe this needs to be reflected in the RAs’ proposed Modification redrafting to ensure full transparency in the process.</p> <p>We believe F.4.1.8A should be re-drafted as follows to reflect this necessary transparency:</p> <p><i>“The Regulatory Authorities may by written notice to the System Operators set the Locational Capacity Constraint Required Quantity for one or more specified Locational Capacity Constraints in one or more Capacity Auctions to a value other than that proposed by the System Operators under paragraph F.4.1.5, as modified in accordance with paragraph F.4.1.6, and shall in the notice give clear reasons. Prior to said notice to the System Operators, market participants shall be consulted on the rationale for any such changes and related numerical values.”</i></p> <p>BGE recognises that there will be insufficient time to consult market</p>	<p>they are operating as this can have bidding and auction outcome impacts. Please see column 2 (immediately left) for further detail.</p>	<p><i>paragraph F.4.1.5, as modified in accordance with paragraph F.4.1.6, and shall in the notice give clear reasons. Prior to said notice to the System Operators, market participants shall be consulted on the rationale for any such changes and related numerical values.”</i></p>
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participants before T-1 CY2019/20 auction in December 2018, however we request that this consultation requirement is applied in advance of the T-4 CY2022/23 auction in March 2019.

3. Finally, if there is a need for the RAs to set any Locational Capacity Constraint Required Quantity ahead of the upcoming T-4 auction, we request that they consult market participants and publish a Decision sooner than the Final Auction Information Pack publication date, as such decisions would potentially have material impacts on bidding strategies and/ or market outcomes both for new and existing capacity market units.

Code objectives:

We believe the proposed Modification creates an inconsistency with the following Code Objectives stated in section A.1.2.1 of the Capacity Market Code:

3. Please see our comments above.

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	<ul style="list-style-type: none"> • d) to promote competition in the provision of electricity capacity to the SEM; <ul style="list-style-type: none"> ○ We believe that if the capacity market is decoupled between LCC areas, this would undermine the promotion of competition to provide capacity to the island. • e) to provide transparency in the operation of the SEM; <ul style="list-style-type: none"> ○ We believe that any changes made to the market parameters must be consulted upon with market participants to ensure a fully transparent market process. 		

NB please add extra rows as needed.