

## APPENDIX D – RESPONSE TEMPLATE

### SUMMARY INFORMATION

<b>Respondent's Name</b>	Bord Gáis Energy
<b>Type of Stakeholder</b>	Generator in the all-island single electricity market; supplier in the Irish retail market
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<b>Contact Telephone Number</b>	
<b>Confidential Response</b>	N

### Summary of Main Messages

Bord Gáis Energy (**BGE**) welcomes the opportunity to respond to this SEM-21-066 consultation on the modification proposals from the Capacity Market Code ('Code') Working Group 20:

- **CMC\_03\_21 v3:** Modification to the provisions for Substantial Financial Completion.
- **CMC\_12\_21:** Modification to the methodology for calculating the De-Rated Grid Code Commissioned Capacity.

We address each of these modification proposals in turn.

#### **CMC\_03\_21 v3: Modification to the provisions for Substantial Financial Completion**

BGE remains supportive in principle of this proposal to enable DSUs/AGUs with contracts of 1-year to prove delivery of Awarded New Capacity closer to the start of the relevant Capacity Year than that currently set out in the capacity market code. We are supportive of the proposal for these unit types to use a voluntary alternative to achieving Substantial Financial Completion (**SFC**) by way of an additional Proof of Contract milestone to be evidenced not less than 4 months before the start of the Capacity Year in exchange for increased Termination Charges payable at the established performance dates. We further support clarity being provided in the Initial Auction Information Packs (IAIPs) as to the dates and rates for both Termination Charges and Performance

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Security Rates of units electing to use this alternation route either by adding to the current tables or having separate tables in the IAIP and again in the Final Auction Information Pack (FAIP).

BGE believes however that additional reporting should apply to ensure a balance is maintained between the flexibility this alternative route offers the DSU/AGU participants and the delivery of the contracted capacity. Participants electing to use this route should be obliged to follow an enhanced Implementation Progress reporting schedule to provide the System Operators (SOs) and the Regulatory Authorities (RAs) with increased transparency on the demand sites involved and the progress being made to secure the necessary contracts with the asset owners. We see this enhanced reporting requirement will inform:

- the risk outlined by the RAs in the consultation of the early identification of the situation where the same Demand Site is planned to be included in more than one DSU, and
- the base risk of delayed or non-delivery of part/ all of the contracted capacity.

We expect the Implementation Progress reporting schedule to follow the schedule as laid out under Section J.4 of the Code but with additional requirements to report on achieving the Proof of Contract milestone, and an extra Implementation Progress report by units following the alternative route up to 8 months (for example) before delivery. The RAs should replicate their existing option to terminate before delivery that awarded capacity using this alternative route if the RAs' opinion from this extra Implementation Progress report is that the DSU/AGU will not meet the delivery milestones.

We believe that an Implementation Progress reporting template should be provided to participants availing of this alternative so that the information requirements specific to DSUs / AGUs reporting is more focused and appropriate for these units in order to support insights on contracts progressing.

Lastly, we ask the SOs or RAs to begin publishing a monthly/ bi-monthly report to market participants from Q1 2022 on the status of negotiations with Demand Sites delivering new capacity against milestones for those capacity contracts following the alternative route up to 4 months before delivery (i.e. at the Proof of Contract milestone) to increase transparency on the process for the rest of the market.

### **CMC\_12\_21: Modification to the methodology for calculating the De-Rated Grid Code Commissioned Capacity**

BGE supports the proposed modification to clarify the calculation of the Proportion of Delivered Capacity which should be measured against the Awarded New Capacity secured in the auction, and not measure it against the Initial Capacity (New) qualified for the auction. We agree with the amendment of the algebra and inconsistencies within the Code to fully implement the changes agreed in modification CMC\_06\_19.

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We further agree the Gross De-Rating Factor from qualification is not used in the calculation of the Proportion of Delivered Capacity when determining Substantial Completion. We support the retention of limb (b) of G.3.1.4A to ensure the Code is robust enough in specific circumstances such as to utilise INCTOL in the future where that variable may be given a non-zero value.

### **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
<p><b>CMC_03_21 v3</b></p> <ul style="list-style-type: none"> <li>- Modification to the provisions for Substantial Financial Completion</li> </ul>	<p>BGE believes that this modification proposal seeks to facilitate achievement of the Capacity Market Code Objectives (CMC A.1.2.1 (b), (d) and (f)) by providing a route for DSUs/AGUs to achieve the Code milestones in a manner that reflects more the practical arrangements for these units in the market.</p>	<p>BGE sees that an enhanced Implementation Progress reporting process is required for units that elect to take this alternative route to achieve the milestones under the Code to support the early identification of different DSUs that may be including the same demand site, and the earliest possible risk of delayed or non-delivery.</p> <p>The RAs should outline an option to terminate capacity ahead of delivery where there is an informed opinion that the awarded capacity will not delivery against the required milestones in the Code.</p> <p>A specific Implementation Progress template needs to be provided for DSUs / AGUs that is more focused and appropriate for these units.</p> <p>The SOs or RAs should publish a monthly/bi-monthly to the industry a report on the status of delivery against milestones for those capacity contracts following the alternative route.</p>	<p>J.4.2.4 (c) (iv) Proof of Contract for DSU/ AGU using the Alternative route set out in J.3.2.8</p> <p>J.6.1.6A The System Operators shall terminate all or part of the Awarded New Capacity in respect of New Capacity using the Alternative route set out in J.3.2.8 if requested to do so by the Regulatory Authorities if it is determined by the Regulatory Authorities (based on an independently verified report) that all or part of the Awarded Capacity is not likely to be delivered by the start of the Capacity Year.</p>

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<p><b>CMC_12_21</b></p> <ul style="list-style-type: none"> <li>- Modification to the methodology for calculating the De-Rated Grid Code Commissioned Capacity</li> </ul>	<p>BGE believes that this modification proposal seeks to facilitate achievement of the Capacity Market Code Objectives (CMC A.1.2.1 (b) and (f)) by providing clarity on the calculation of the Proportion of Delivery Capacity by new capacity in order to achieve the Substantial Completion milestone.</p>	<p>Retain limb (b) of G.3.1.4A to ensure the Code is robust enough to utilise INCTOL in the future where that variable may be given a non-zero value.</p>	<p>G.3.1.4A (b) otherwise the Gross De-Rating Factor, as specified in item 3 (b) of Appendix E “Qualification Capacity Register Data” in the circumstances as set out.....[to be completed by RAs];</p>

NB please add extra rows as needed.