

Response to SEM-21-066
Capacity Market Code WG20 Consultation Paper
CMC_03_21

EirGrid and SONI Response
15/09/2021



1 Introduction

1.1 EirGrid and SONI

EirGrid holds licences as independent electricity Transmission System Operator (TSO) and Market Operator (MO) in the wholesale trading system in Ireland, and is the owner of the System Operator Northern Ireland (SONI Ltd), the licensed TSO and MO in Northern Ireland. The Single Electricity Market Operator (SEMO) is part of the EirGrid Group, and operates the Single Electricity Market on the island of Ireland.

Both EirGrid, and its subsidiary SONI, have been certified by the European Commission as independent TSOs, and are licenced as the transmission system and market operators, for Ireland and Northern Ireland respectively. EirGrid also owns and operates the East West Interconnector, while SONI acts as Interconnector Administrator for both of the interconnectors that connect the island of Ireland and GB.

EirGrid and SONI, both as TSOs and MOs, are committed to delivering high quality services to all customers, including generators, suppliers and consumers across the high voltage electricity system and via the efficient operation of the wholesale power market. EirGrid and SONI therefore have a keen interest in ensuring that the market design is workable, will facilitate security of supply and compliance with the duties mandated to us and will provide the optimum outcome for customers.

EirGrid and SONI have duties under licence to advise the CRU and UR respectively on matters relating to the current and expected future reliability of the electricity supply. We have also been allocated responsibility for administering the Capacity Market Code through our TSO licences. This response is on behalf of EirGrid and SONI in their roles as TSOs for Ireland and Northern Ireland.

2 EirGrid and SONI views on the Consultation Topic

EirGrid and SONI in our role as System Operators have considered the points raised during the Capacity Market Workshops 18 and 20¹ and in the SEM-21-023 and SEM-21-066 consultation papers², in relation to CMC_03_21v3 'Modification to the provisions for Substantial Financial Completion'³.

EirGrid and SONI acknowledge the changes made by DRAI in the V3 submitted and the additional requirements the RAs set out in the consultation paper.

EirGrid and SONI also accept the points raised by DRAI that the intent for Awarded New Capacity being required to achieve Substantial Financial Completion within the Substantial Financial Completion Period 18 months from the Capacity Auction Results Date, is to identify failing projects early to minimise costs to consumers for replacement capacity or as a result of decreased security standards.

EirGrid and SONI furthermore acknowledge that new demand sites being brought into a DSU/AGU typically only require the installation of communications and control equipment to enable remote dispatch. DRAI are proposing an alternative route for DSUs/AGUs to achieve Substantial Financial Completion by amending J.2.1.3 for DSUs / AGUs delivering Awarded New Capacity with a capacity duration of one year by voluntarily increasing the Termination Charge payable (and associated Performance Security) based on the next upcoming termination charge rate (€/MW).

With due consideration of the above, the TSOs would still have concerns on any reduction in certainty on delivering new capacity by the Participants involved. It is essential that there is an appropriate commitment model in place for capacity delivery given the importance of it for operating a safe, secure and reliable power system. This is increasingly the case as margins tighten in the coming years.

This Modification, even in the latest version, does not provide any detail beyond organisational commitment that capacity can be delivered. The market requires reasonable certainty around the delivery of capacity and an early commitment puts a responsibility on the provider to make sure targeted deadline are reached. It also allows for better modelling to inform mitigant measures that may be needed including interim Capacity Auctions.

It remains unclear how this modification would support delivery of awarded capacity and therefore the TSOs are still minded not to support the proposed Modification.

¹ <https://www.sem-o.com/events/capacity-market-modificat-28/Capacity-Modifications-Committee-Workshop-18-Report-2.0.pdf> and <https://www.sem-o.com/events/capacity-market-modificat-26/Capacity-Modifications-Committee-Workshop-20-Report-v2.0.pdf>

² <https://www.semcommittee.com/publications/sem-21-023-capacity-market-code-wg18-consultation-paper-and-accompanying-documents> and <https://semcommittee.us13.list-manage.com/track/click?u=35760ee9da0c8ccdadbbaa4c8&id=86e6e58db3&e=5e5c00bd16>

³ [https://www.sem-o.com/documents/market-modifications/CMC_03_21/CMC_03_21SubstantialFinancialCompletionModProposal\(v3\).pdf](https://www.sem-o.com/documents/market-modifications/CMC_03_21/CMC_03_21SubstantialFinancialCompletionModProposal(v3).pdf)