



EPEDL

Mod_07_22 – Introduction of New Remedial Action in the Event of Third-Party Delays

Rationale for Modification

Mod Rationale

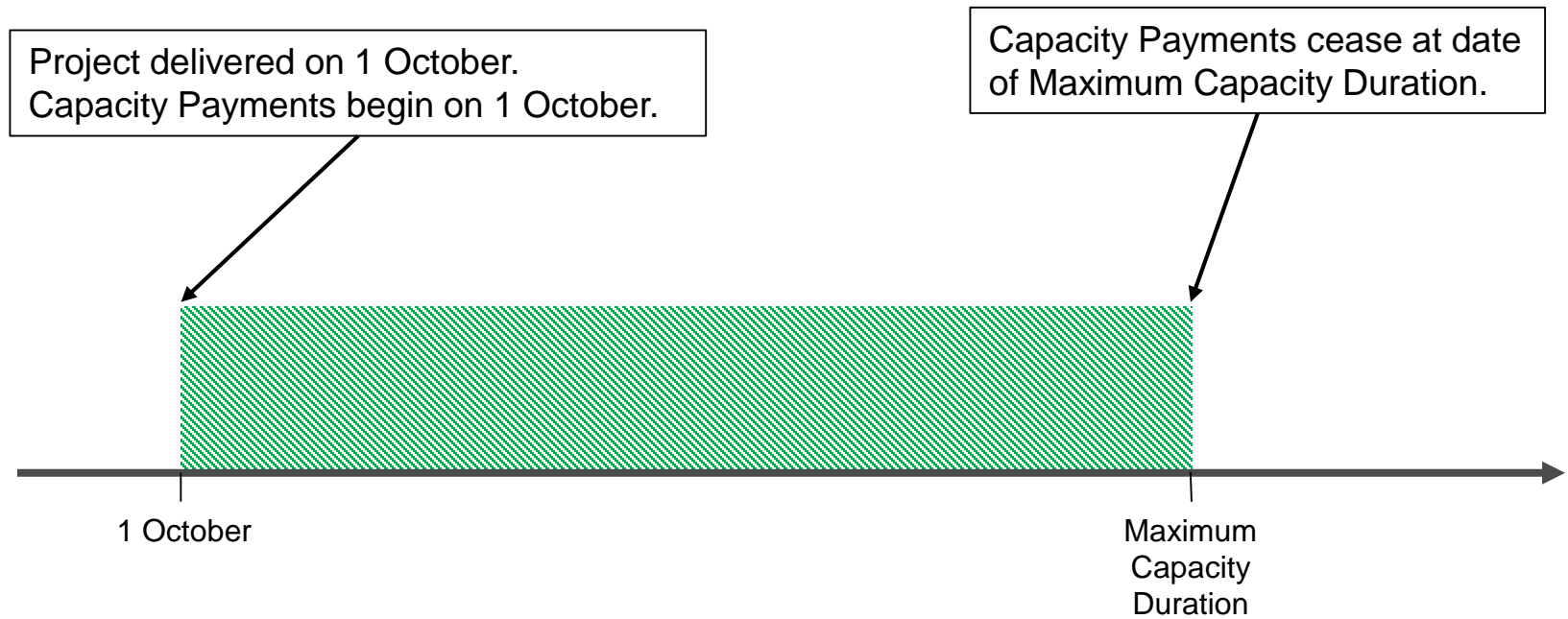
The delivery of New Capacity is dependent on a number of third-party actions over which Participants have no control. Currently, if the delivery of New Capacity is delayed as a result of a third-party delay, participants have no means of recovering lost revenue for the period in which the project was delayed.

This issue represents a significant risk to the delivery of New Capacity, particularly in how it ties in to investment decisions taken by Participants. If New Capacity projects are faced with third-party delays, resulting in reduced return for the developers of such projects, they may decide not to build as a result of delays. This represents a significant Security of Supply risk in the short and medium-term, and a continued reliance on temporary emergency generation to bridge the gap between supply and demand.

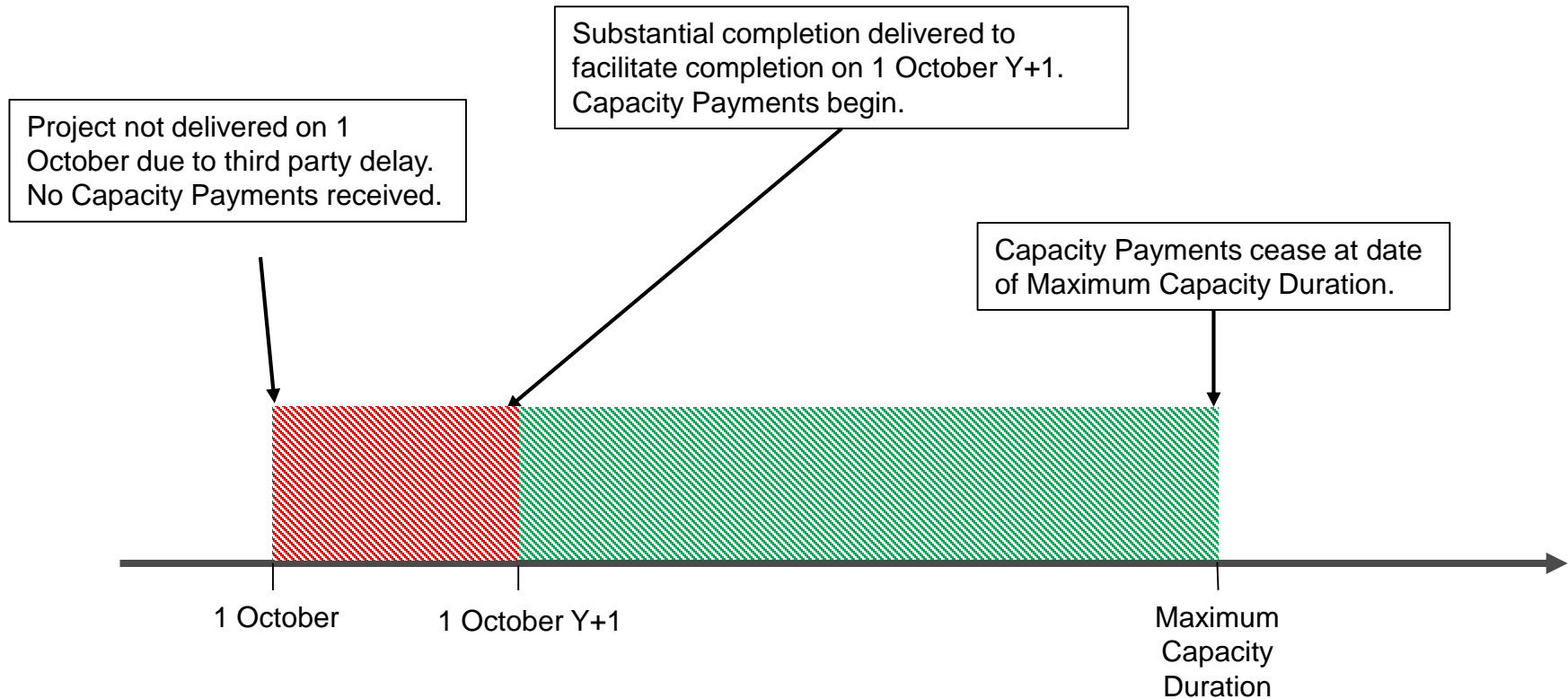
The solution proposed by this modification, is to introduce a new Remedial Action, which will trigger a day-for-day extension to the Maximum Capacity Duration and Long Stop Date for projects, where a delay has occurred solely as a result of a failure of a third-party to complete a milestone when required to do so in line with the initial Implementation Plan. This would mean that a project's revenue will not be reduced as a result of actions outside the control of the Participant.

This mechanism will only apply to third-party activities beyond the control of Participants (i.e., electricity connection, gas connection, planning permission), and should not take effect in relation to third-party delays in the context of private contracts which can be managed to an extent by Participants.

Scenario 1 – Project Delivered On-Time

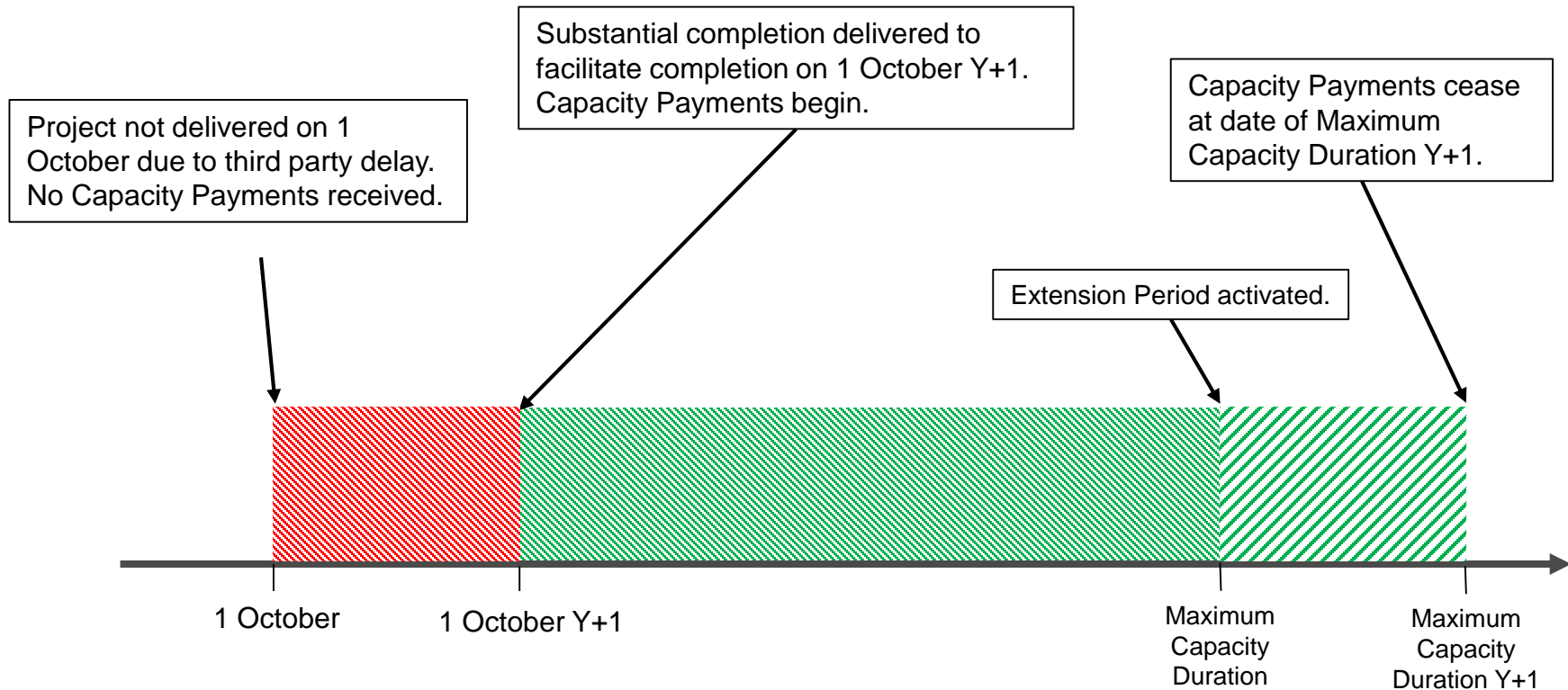


Scenario 2 – Project Delayed, no Modification



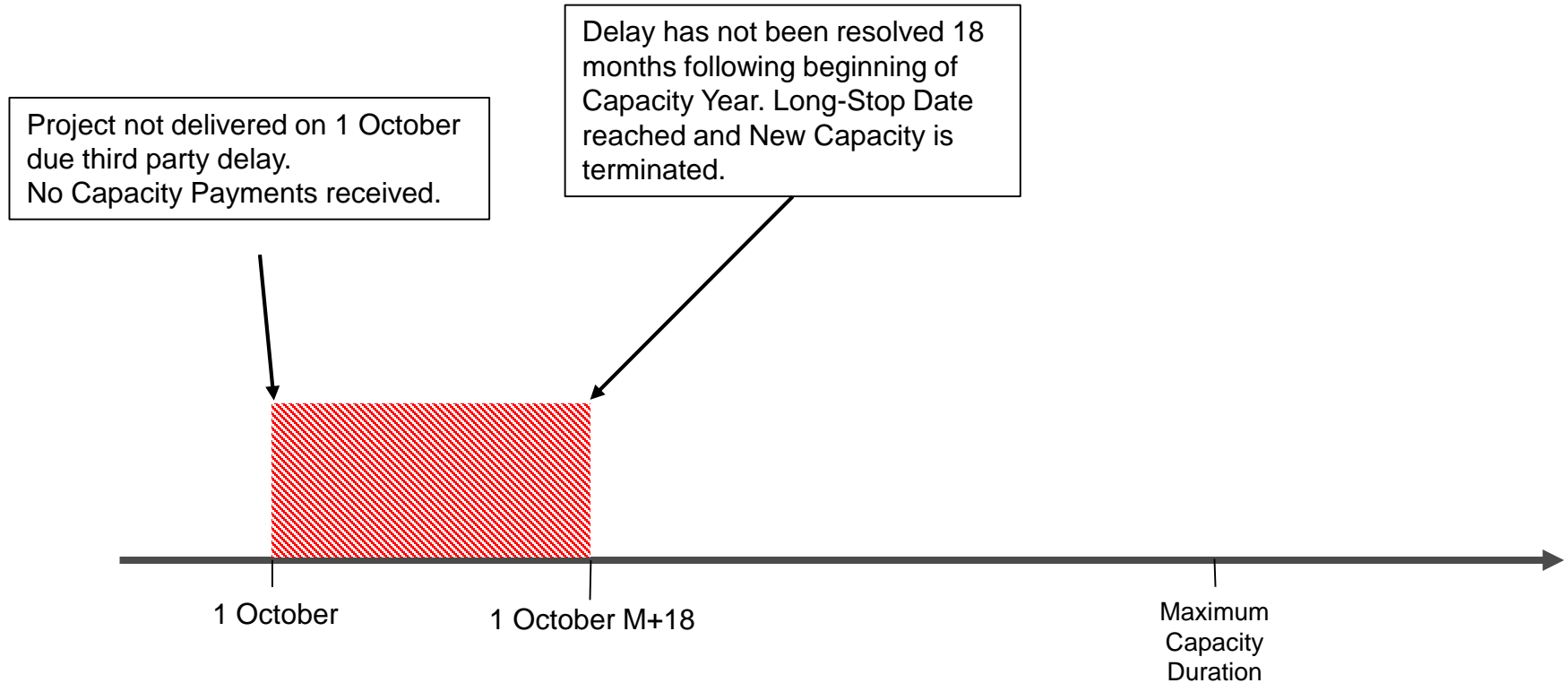
- In the above example, the New Capacity project is delayed by 12 months, through no fault of the Participant. This delay results in the Participant losing 12 months of Capacity Revenue.
- If the Participant has early sight of a third-party delay, they may opt not to build given that their expected revenue will be reduced with no means to avoid or remedy this.

Scenario 3 – Project Delayed, with Modification



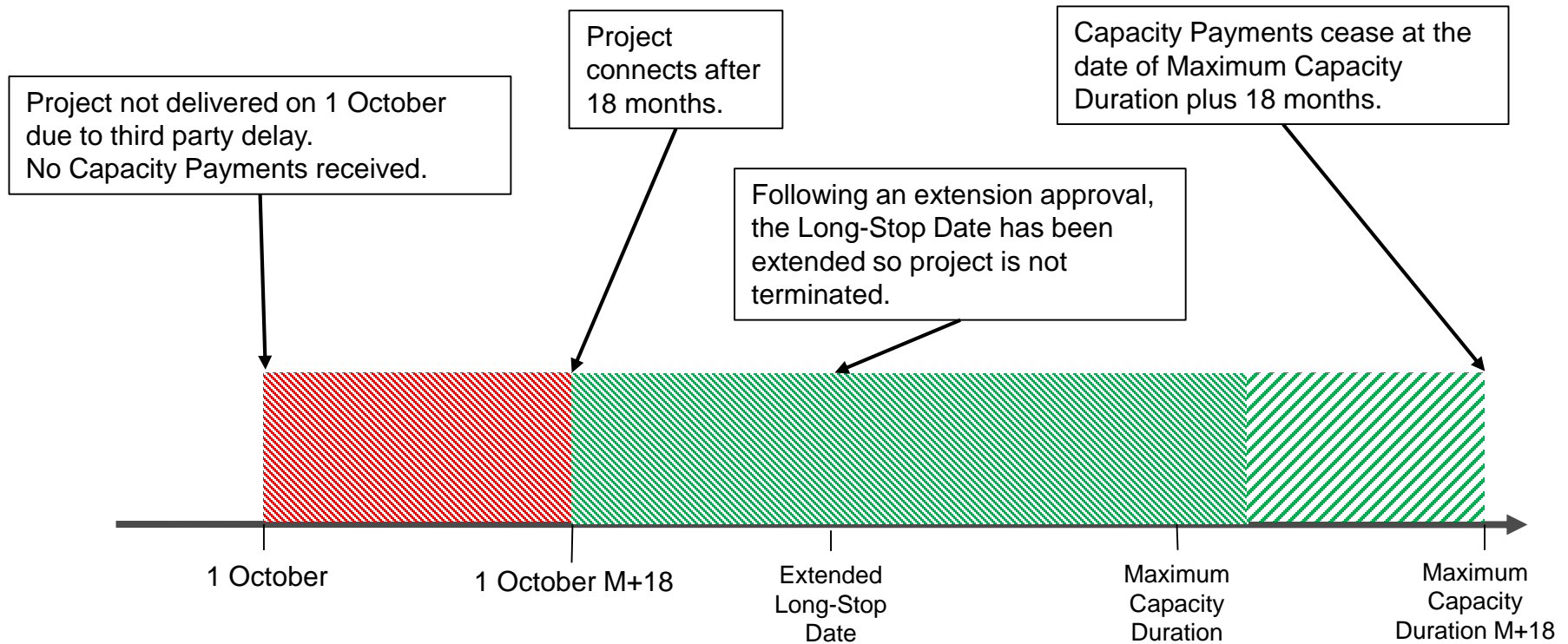
- In the above example, the New Capacity project is delayed by 12 months, through no fault of the Participant. The Participant applies to the RAs for an extension and demonstrates that the delay is a result of third-party activities, over which the Participant has no control.
- The New Capacity is awarded an extension to account for the third-party delays and they continue to receive Capacity Payments 12 months after the original Maximum Capacity Duration.

Scenario 3 – Project Delayed Past Long-Stop Date, no Modification



- In the above example, the New Capacity project is delayed by 18 months, through no fault of the Participant. The Capacity is terminated and the project is not completed.

Scenario 3 – Project Delayed Past Long-Stop Date, with Modification



- In the above example, the New Capacity project is delayed by 18 months, through no fault of the Participant. However, due to the Remedial Action, an extension is awarded to move the Long-Stop Date and increase Maximum Capacity Duration.
- This means that New Capacity is delivered, avoiding a situation where the Participant loses their entire Capacity project based on a delay they had no control over. Consumer is less likely to be exposed to temporary emergency generation to pick up any shortfall in generation.

How will the Mod Work?

- ❑ In order to qualify New Capacity, Participants are required to submit an Implementation Plan in respect to the New Capacity project.
- ❑ This Implementation Plan will be reviewed by the TSO when making their decision on whether to accept or reject an Application for Qualification for New Capacity (E.7.5 of the CMC).
- ❑ Following approval of the Implementation Plan, the Participant is informed that the New Capacity will not be delivered by the 1 October as a result of a third-party delay, over which they have no control.
- ❑ The Participant applies to the RAs for an extension, through a Remedial Action within the CMC. In their submission, the Participant outlines the extent and nature of the delay and provides evidence around same.
- ❑ The RAs accept the application for extension and the Participants' New Capacity Maximum Duration and Long-Stop Date are extended by a duration proportional to the third-party delay.

Necessity for Modification?

- ❑ This mod is intended to increase the likelihood of New Capacity being delivered. This should alleviate Security of Supply concerns and reduce the cost to consumers paying for temporary emergency generation.
- ❑ This mod reduces the exposure of Participants to risks beyond their control, which is a more equitable approach to the delivery of Capacity.
- ❑ This modification will ensure that New Capacity delayed as a result of third-party actions will not be terminated as a result of the Long-Stop Date being reached.