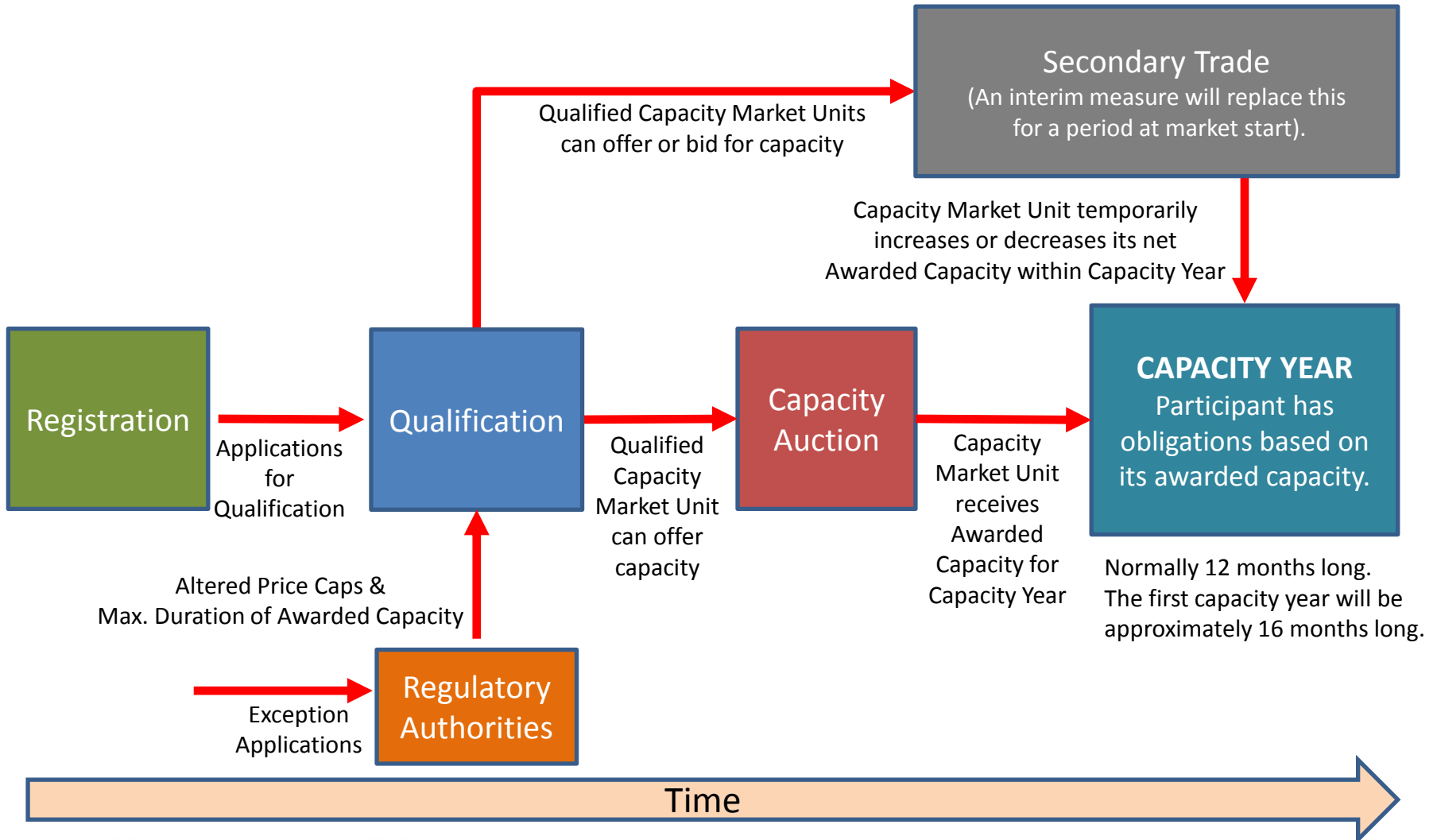


Chapter 3: Qualification

The Context of Qualification (and Exception Applications)



Qualification and Opt Out Notifications

- Qualification is a System Operator run process which establishes:
 - The eligibility of Candidate Units, being Generating Units or Interconnectors, to be qualified as a Capacity Market Unit (or part of a Capacity Market Unit).
 - How much can be offered into a Capacity Auction and determines limits on what can be traded in Secondary Trade.
- A participant may submit an opt-out notification to the SOs in respect of a Candidate Unit that would otherwise be required to Qualify for a Capacity Year, if:
 - The Candidate Unit will close down by the end of the Capacity Year; or
 - If the RAs determine it does not need to Qualify due to Planned Outages exceeding 3 months, or mothballing of the unit, during the Capacity Year.
- Participants should not submit opt out notifications in respect of Candidate Units that are not required to Qualify.

Requirements to Qualify

- Qualification for a Capacity Year is mandatory for a Candidate Unit that is:
 - a Dispatchable Generator Unit with a Registered Capacity \geq the De Minimis Threshold (DMT) which is 10 MW (or is a DSU with a DSU MW Capacity \geq DMT);
 - a proposed Dispatchable Generator Unit (other than a DSU) or an existing Dispatchable Generator Unit proposing to increase capacity, and expected to have a Registered Capacity \geq DMT prior to the start of the Capacity Year;
 - an existing or proposed Interconnector expected to be operational prior to the start of the Capacity Year;
 - contributing to a Capacity Market Unit that holds Awarded Capacity for the Capacity Year.

Unless an opt-out notification has been accepted by the System Operators.

- Qualification for a Capacity Year is voluntary for a Candidate Unit that is:
 - a proposed DSU.
 - an existing or proposed Variable Unit, non-dispatchable Generator Unit, or dispatchable Generator Unit with an (expected) registered capacity $<$ DMT.

Qualification Data Required to be Submitted – (1/3)

- General information required includes:
 - The identity of the Participant Applying.
 - The identify of the Candidate Unit*.
 - Details of the (proposed) CMU and its mapping to the proposed Candidate Units.
- For each Candidate Unit:
 - The unit type.
 - The technology of the Candidate Unit*.
 - Whether or not the Candidate Unit is above the De Minimis Threshold (10 MW).
 - Whether it is existing or new capacity or a combination.
 - The Initial Capacity – for existing and total (existing + new) capacity*.
 - The Gross De-Rated Capacity – for existing and new capacity*.
 - Its Firm Network Access and a de-rated value of that (except for DSU)*.
 - Its Firm Offer Requirement.
 - Where applicable, whether it is Clean (used in auction tie-breaking)*.
- For a Candidate Unit that is an Aggregated Generator Unit:
 - Evidence it has permission to include capacity in New Capacity if offered.
 - The * information above in respect of each Generator in the AGU.

Qualification Data Required to be Submitted – (2/3)

- For Candidate Unit that is an Autoproducer:
 - Its demand reduction volume and evidence to support any value above 0 MW.
- In respect of New Capacity:
 - Detail of the nature of the project, the total spend and who is undertaking the work.
 - The dates for Implementation Plan milestones (as required by the CMC):
 - Substantial Financial Completion;
 - Commencement of Construction Works;
 - Mechanical Completion;
 - Completion of Network Connection;
 - First Energy to Network;
 - Start of Performance/ Acceptance Testing;
 - Provisional acceptance or Completion of Performance Testing; and
 - Substantial Completion.
 - Whether it is applying for an Exception Application from the RAs.
 - For DSU further detail on how the response will be secured and delivered and to allow DSU to be identified relative to Locational Capacity Constraints.
 - Statements that the data is accurate and based on reasonable assumptions, accurately summarises works or how demand response will be secured & is not deceptive.
 - Evidence of Connection Agreements or Connection Offers.

Qualification Data Required to be Submitted – (3/3)

- A certificate signed by a Participant Director that:
 - Submitted data is not for the purposes of, or connected with, Market Manipulation.
 - The participant is not subject to an Insolvency Event.
 - The participant has good-faith intentions to offer the capacity and none of that offered capacity holds awarded capacity (including via Secondary Trade) for the capacity year.
 - Information provided to the RAs and SOs is true.
 - Neither the participant or its associates will engage in bribery or offering inducements.
 - Confidential information is being appropriately managed.
- In the case of an Intermediary that it has appropriate authority to submit the application.
- Such other information as SOs reasonably require.
- Exception Application details are available from the SEM Committee website.

Implications of Qualification

- Once a Capacity Market Unit is Qualified there are requirements on its participation in the subsequent Capacity Auction.
- Participation in the Capacity Auction is the mechanism for securing an enduring capacity payment in the I-SEM. Arrangements that exist in the SEM will cease.
- Qualified capacity **must** be offered into the Capacity Auction if:
 - The capacity is commissioned at the time of Qualification (it is “Existing Capacity”) and contributes to the capacity of a Capacity Market Unit.
 - But only to the extent that it has firm access to the Transmission or Distribution network as at the time of Qualification.
- Qualified capacity not subject to these requirements **may** be offered into a Capacity Auction.
- It is important that participants understand that features of Qualification that can determine whether or not, and the extent to which, they must participate in the Capacity Auction.