

Demand Response Association of Ireland

CMC_07_22

Joint Market Registration - Variation in Mix



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Background

CMC_10_21: Modification to the provisions for Market Registration of Demand Side Units

- Two proposals were put forward, both intended to improve the registration process for DSUs and subsequently improve the level of service delivery from these types of market participants. Both proposals looked at how a DSU aggregators awarded Reliability Obligations are delivered.
- Proposal 1 sought to move the Reliability Obligation to the portfolio level by allowing DSU Aggregators to create combined candidate units of their portfolio of DSUs.
 - Now re-submitted as CMC_06_22
- Proposal 2 sought to move the physical backing of the Reliability Obligation to the portfolio level by allowing all IDs within a DSU aggregator's portfolio to assist in the delivery of the Reliability Obligation regardless of the DSU they are assigned to through the Operational Certificate process.
 - Now re-submitted as CMC_07_22

SEM-21-077 Decision

SEM-21-077

- SEM-21-077 (21/09/21) recommended further working group consideration
- “7.3.9 Given the above, the SEM Committee are of the view that there is value in the Modification, taking account of all the comments and responses received to date, undergoing further Working Group discussion with the intention of identifying a clear way forward which can deliver against the Code Objectives for DSUs while avoiding undue discrimination.”

Proposal

- This proposal seeks to modify section I1.3.2 Variation in mix. All market providers have a physical backing to deliver on their Reliability Obligation including DSU aggregators. Provision I1.3.2 in the code allows for DSU aggregators to vary the mix of IDSs within their DSU providing the physical backing that is delivering on their Reliability Obligation.
- This modification proposes that DSU aggregators be allowed to vary the mix of IDSs within their portfolio providing the physical backing that is delivering on their Reliability Obligation.

Legal Drafting Change

I.1.3.2 The Participant in respect of a Demand Side Unit may vary the mix of Demand Sites providing the load reduction capability that gives rise to the Awarded Capacity provided by that Unit provided that:

(a) each individual Demand Site comprising the load reduction capability meets all requirements of this Code to be included as part of the Demand Side Unit;

(b) at all times during the Capacity Year the cumulative de-rated capacity provided by the Participant's Demand Site or Demand Sites providing the load reduction capability (howsoever aggregated or grouped into individual Demand Side Units within its portfolio) equals or exceeds the Awarded Capacity provided by that Participant's portfolio of Demand Side Unit applicable to that Capacity Year (except to the extent the System Operators agree otherwise in writing);

(c) where the Awarded Capacity provided by that Demand Side Unit contributes to satisfying a Locational Capacity Constraint, it continues to do so to the same extent after the variation (except to the extent the System Operators agree otherwise in writing); and

(d) where the Demand Side Unit is or forms part of a Capacity Market Unit that is Clean, the Capacity Market Unit continues to be Clean after the variation.

Justification

- The SEM Committee view under SEM-21-077 was that “there is value in the Modification” proposed by CMC_10_21. This Modification Proposal seeks to progress the second option presented in CMC_10_21 so the full flexibility capability of the IDS’ that make up a DSU aggregators portfolio to be realised.
- The current rules mean there are administrative barriers to delivering flexibility to the grid. The power system of the future requires flexible assets, especially assets that can respond to the changing needs of the system. IDSs can do this once they can be set up appropriately within DSUs.
- As the demand response market evolves to include residential as well as industrial and commercial customers, the simpler the registration process the better for both the system, market, and end consumer.
- The current administratively burdensome process will not lend itself to residential demand response participation when larger individual demand sites are already struggling to participate to their full potential.
- If the process for market registration is simplified, we believe that there will be more flexibility available to market and system operators. This could result in less volumes being procured in the Capacity Market and System Services market as existing providers are maximising their delivery and type of delivery. This will ultimately result in less cost to consumers.

Implication of not implementing the Proposal

- The current administrative limitations mean that an IDS within one DSU aggregator's portfolio is limited to participation in the unit they initially registered with and for at least for four years and only then moving if a DSU provider can post substantial performance securities for this existing capacity to move.
- The implication of this is that:
 - potential improved response or type of delivery could be lost to system operators, and
 - market operators may be procuring locational capacity from more expensive plant.
 - Ultimately impacting the cost to the end consumer.
- We believe that administrative barriers especially those that are unintended, limit the attractiveness of market participation. There is the potential that capability and capacity is being lost because of these administrative barriers.

