

# Consultation Report

## Revised Balancing Market Principles Statement

14 June 2019



## Introduction

The objective of the BMPS and associated documents is to provide a clear and comprehensible description of the scheduling and dispatch process. This consultation report has been prepared for the Regulatory Authorities following consultation with industry on revisions to the Balancing Market Principles Statement (BMPS).

We published Version 1.0 of the BMPS in September 2017 following a consultation on the format, style and content of the document. Version 2.0 was published in April 2018 following a consultation on revisions which reflected further development of the revised SEM arrangements and relevant developments external to the I-SEM project.

On 10 January 2019 we published for consultation Version 2.1 of the BMPS which included numerous proposed revisions.

The consultation closed on 7 February 2019. We received representations from:

- Aughinish Alumina
- Bord Na Móna Powergen
- Energia
- ESB Generation and Trading
- Power NI – Power Procurement Business.

This consultation report sets out a summary of the consultation representations we received. We have sought to address representations at an aggregated level in this document and, where appropriate, in the updated BMPS – Version 3.0.

The evolution of the BMPS is set out in an appendix.

## Scope of Revisions

As per Condition 10B and 22B of EirGrid and SONI's Transmission System Operator Licences respectively we are required to ensure that the BMPS is accurate and up-to-date, to propose revisions as necessary and to consult market participants on the changes. The majority of the revisions on this occasion were necessary to reflect the implementation of the revised market arrangements on 1 October 2018. The more significant revisions in the document are tabulated below.

Table 1 lists the revisions which were proposed in the consultation.

**Table 1: Proposed Revisions to the BMPS (Consultation Version 2.1)**

Section	Update / Reason for Update
Important Information	New versions of SONI and EirGrid Grid Codes published. Introductory text updated.
Terms and Definitions	Clarification of definitions and terms used in the document. The term 'System Services' revised as a result throughout the document.
3.1.1 Priority Dispatch	Footnote removed as solar and tidal generation is included in the diagram and text.
3.2.5 Unit Under Test Notification	Added reference to Unit Under Test Guidelines.
3.4.5 Interconnector Technical Data and 3.4.6 Prices and Volumes for Cross-Zonal Actions	Updated link to SEM-GB Joint Implementation Group paper.
3.4.6 Prices and Volumes for Cross-Zonal Actions	Text updated.
4.2 Input Data Processing	Added text on application of decremental prices to priority dispatch units.
4.3.1 Unit Commitment and Economic Dispatch	Clarification text added as a result of previous consultation.
4.3.2 Scheduling Run Types	Clarification text on horizon of LTS, RTC and RTD.
4.4.3 Timeframes	Clarification text informed by queries received.
4.5.3.2 Cost Minimisation	Clarification text added as a result of previous consultation.
5.3 Audit	Information on first audit included.
6 Publications	Numerous updates to include reference and links to new website and information published since Version 2.0.
Appendix 1.3	Reference to SEM-13-012 on Constraint Groups added.
Appendix 1.4	Reference to European Union (Energy Efficiency) Regulations 2014 added as a result of previous consultation. Reference to Energy Efficiency Regulations (Northern Ireland) 2014 added.

Appendix 2.1 Input Data Processing	Reference to further information on costs curves added. Reference to processes and Unit Under Test guidelines added. Information on cross-zonal actions added.
Appendix 2.2 Scheduling	LTS information added. Additional references included.
Appendix 2.3 Dispatch and Control Actions	Additional process references included. Information on cross-zonal actions added.

The following table summarises revisions which are in addition to revisions proposed in Version 2.1 and are a result of the consultation process with industry and the Regulatory Authorities. These have been included in Version 3.0.

**Table 2: Additional Revisions to the BMPS (Revised Version 3.0)**

<b>Section</b>	<b>Update / Reason for Update</b>
Important Information	Edited to capture revision dates.
Terms and Definitions	'System Services' has been re-instated in place of 'System Support Services' as it was in Version 2.0 for clarity in response to consultation feedback.
3.1.2.2 System Imbalance Flattening Factors / System Shortfall Imbalance Index	Line added to state that as the parameters are currently zero they have no impact on the scheduling and dispatch process.
3.2 Participant and System Support Service Provider Inputs	Clarification in response to consultation feedback.
3.2.4 Availability and System Services Capability Declarations	Reference to Wind and Solar Forecasting Methodology clarified and location added.
3.4.6 Prices and Volumes for Cross-Zonal Actions	Insertion of "CTPT and CBB will only be used to facilitate priority dispatch and / or system security. Each proposed trade must be agreed with the GB TSO. The GB TSO will have the right to reject the proposed trade where it is deemed to have a negative impact on secure, efficient, and economical system operation." This additional text was added in response to a number of representations made during the consultation.  Information on CBB and CTPT volumes added.  References to operational process documents added.
4.1 Process Overview	Text on maintenance of the BMPS updated.
4.2 Input Data Processing	Text on the creation of composite cost curves added to with 'in the required timeframes'.
4.3.2 Scheduling Run Types: LTS, RTC and RTD	Additional information added on the timing of LTS runs.

4.5 Meeting Our Obligations	Clarification in response to consultation feedback.
5.2 Exceptions	Clarification in response to consultation feedback. Emergency Instruction reporting mechanism clarified. Relevant Department updated to Department for the Economy, Northern Ireland.
6.1 Publication Sources	Clarification in response to consultation feedback.
6.2 Operational Data	References to published information notes which support the BMPS were added: <ul style="list-style-type: none"> <li>• The Indicative Operations Schedules and Dispatch</li> <li>• Inter-Area Flow Constraints</li> </ul>
6.4 Methodologies	Clarification in response to consultation feedback.
6.5 Reports	Timing of the first audit report inserted (2020).
Appendix 2.1 Input Data Processing	'Ad-hoc' section: Reference to published BP_SO_11.2 CBB Trading Between EirGrid / SONI and NGET added. Additional text added for clarification in response to consultation feedback.
Appendix 2.3 Dispatch and Control Actions	'Ad-hoc' section: Reference to published BP_SO_11.2 CBB Trading Between EirGrid / SONI and NGET added. Additional text added for clarification in response to consultation feedback.

## Industry Representations

This section summarises the representations we received during the consultation. Where consent was given, complete representations are published. Where a representation which is out of scope points out an error or a lack of clarity we have sought to address them in the revised BMPS.

**Table 3: Summary of Representations Received**

Topic	Summary of Representation(s) Received	TSO Response
CBB and CTPT Cross-Zonal Actions - Transparency	Some respondents requested more information and transparency on CBB and CTPT processes and pricing.	<p>We have reviewed and updated the content on Cross-Zonal Actions in Section 3.4.6 and Appendices 2.1 and 2.3 including the addition of references to published processes. We have also now published BP_SO_11.2 CBB Trading between EirGrid/SONI and NGET and BP_SO_11.4 Coordinated Third-Party Trading and included reference to it in the BMPS.</p> <p>While pricing is outside of the scope of the BMPS, further to the above, National Grid provide prices for Cross-Border Balancing trading which are then used should CBB trading be employed by EirGrid / SONI.</p>

CBB and CTPT Cross-Zonal Actions - Use	Representations included expectations that CBB and CTPT may be tools employed to influence price outcomes.	<p>Co-ordinated Third Party Trading and Cross-Border Balancing will only be employed to facilitate priority dispatch generation and for system security reasons. Both measures require co-ordination and agreement with National Grid in every instance. While the action may impact on pricing, they will not be employed with the intention of influencing market pricing.</p> <p>The 'SEM-GB Joint Implementation Group Interim Cross Zonal TSO Arrangements for GB-ISEM go-live' referenced in the BMPS sets out how cross-zonal trading can be used.</p> <p>The limitations on trading have been given greater prominence in number of passages in the BMPS including Section 3.4.6 and Appendix 2.1.</p>
CBB and CTPT Cross-Zonal Actions – Price Affect	Representations included an expectation that CBB and CTPT would not impact on market pricing.	<p>While CTPT and CBB actions are taken for non-energy reasons (priority dispatch and system security), they may be price affecting as a result of the flagging and tagging process identifying that they are in-merit to be considered meeting the Net Imbalance Volume.</p> <p>This is similar to the case for actions on conventional units which can be initially System Operator Flagged but then have a resulting non-zero Net Imbalance Volume (NIV) and Price Average Reference (PAR) tag value, thereby being included in setting the price.</p> <p>They may also implicitly affect the price as a result of amending scheduled IC flows because changes to flows could amend the scheduled and dispatched position of units which in turn is a factor in the imbalance price calculation.</p>
Publication of CBB Trading Process	One respondent enquired about the availability of 'BP_SO_11.2 CBB Trading between EirGrid/SONI and NGET'.	This process has since been published on the <a href="#">TSO Responsibilities page of SEM-O.com</a> .
Priority Dispatch Policy Pricing	One respondent commented that there was a lack of transparency in relation to the	These are internal parameters to the scheduling and dispatch process aimed at giving effect to the priority dispatch policy that we are required to

	<p>application of negative decremental prices.</p>	<p>implement – they are not used outside of the scheduling and dispatch systems.</p> <p>We do not publish the prices which are applied because they are subject to change to give effect to priority dispatch policy. Publishing the prices may also influence participant behaviours and may be counter-productive for the measure which is purely to give effect to priority dispatch policy.</p>
<p>Scheduling and Dispatch Policy Parameters</p>	<p>One respondent commented that they see no need to revise LNAF or introduce SIFF.</p> <p>One respondent proposed that a date for the delivery of the policy parameter performance report should be specified.</p>	<p>SEMC-17-046 requires us to re-evaluate the determination of these factors in time for application from 1 January 2020. We intend to report on these parameters during 2019. The Regulatory Authorities determine if the parameters should change and the consultation required during any review process.</p> <p>In order to minimise built-in obsolescence in the BMPS we do not intend to include this update within the document.</p>
<p>Timing of LTS Schedule Runs</p>	<p>Representations included comments on the revisions to the information on the LTS including a query on why the timing information changed and requests that the LTS schedule be automated at four hour intervals.</p>	<p>It is not practical to automate the timing of the LTS to run every four hours. In practice the timing of the LTS schedule run is determined by the availability of significant inputs to the optimisation including market outcomes and updated forecasts.</p>
<p>SO and Non-Marginal Flagging Methodology</p>	<p>One respondent requested clarity on whether the “Methodology for System Operator and Non-Marginal Flagging” is indicative or binding. They also requested more information on the application of constraints.</p>	<p>Appendix N of the Trading and Settlement Code requires EirGrid and SONI to publish and maintain this methodology which should be an accurate description of the determination of flags.</p> <p>EirGrid and SONI intend to revise this document during 2019 to provide more information on the methodology.</p>
<p>Differences between actual dispatch and RTD schedules</p>	<p>Representations included comments on the variation between actual dispatch and the Indicative Operating Schedules.</p>	<p>We endeavour to dispatch to the Indicative Operations Schedules. Reasons for variation between the indicative RTD schedule and actual dispatch are explained in an information note on the <a href="#">Indicative Operations Schedules and Dispatch</a>.</p>

<p>Amber Alert</p>	<p>One respondent enquired about the timing of the publication of amber alerts and believes that more information on the process timing and publishing of amber alerts would be useful for market participants.</p>	<p>Amber Alerts are not published per se but are issued to receiving locations.</p> <p>The primary concern when issuing a system alert is to communicate with key stations, distribution control centres and generators when a single event would give rise to a reasonable possibility of a failure to meet system demand.</p> <p>EirGrid and SONI will consider what broader communication of alerts may be appropriate and if the published process BP_SO_9.2 can practically include timing.</p>
<p>Audit of the Scheduling and Dispatch Process</p>	<p>Representations included respondents' positions on the timing and terms of reference of the audit.</p>	<p>The obligation to undertake an audit in line with a regulatory direction is set out in our TSO licences. EirGrid and SONI have been engaging with the Regulatory Authorities who direct us on matters including the appointment of an auditor, the timing, period and terms of reference for the audit. We have forwarded all responses to the Regulatory Authorities.</p> <p>The audit will be an external audit and the findings will be published.</p> <p>The timing of the first audit is to align with the expected period of the first audit of the revised market, per Part C of the Trading and Settlement Code.</p>
<p>Publication of weekly and ad-hoc constraint reports</p>	<p>One respondent stated it was not clear how weekly and ad-hoc constraint reports were published and how participants were notified of updated, ad-hoc reports.</p>	<p>The weekly constraint reports are published in the 'TSO Responsibilities' page of <a href="http://www.SEM-O.com">www.SEM-O.com</a>. The report is uploaded before the start of the calendar week covered by the report, typically on Friday afternoon. Ad-hoc updates are published as required during normal office hours. EirGrid and SONI will consider what notification may be appropriate for ad-hoc reports.</p>
<p>Reflecting processes in the BMPS</p>	<p>Two respondents commented on how the BMPS should reflect processes which are subject to change.</p>	<p>The BMPS is a relatively high-level document by design following consultation with industry and informed by the SEMC's terms of reference.</p> <p>The detail of individual processes is set out in documents which are published alongside the BMPS. The BMPS will be subject to ongoing</p>

		review and will continue to be updated in line with our licence obligations.
TSO's obligations with high efficiency CHP	One respondent suggested that the TSO's obligations to take the heat load into account in scheduling and dispatch should be specified in the BMPS.	The obligations set out in the BMPS include the relevant Regulations in this regard and which are cited by the respondent including European Union (Energy Efficiency) Regulations 2014 (S.I. No 426 / 2014) (Regulation 35) and Directive 2012/27/EU of the European Parliament and of the Council on Energy Efficiency. EirGrid and SONI will consider what if any clarification may be required before the next review of the BMPS.
Scope of the BMPS	One respondent proposed the expansion of the scope of the BMPS. Another suggested a workshop to discuss the BMPS.	<p>The Terms of Reference for the BMPS were determined by the SEM Committee in SEM-16-058. Any revision of the Terms of Reference is a matter for the SEM Committee. We will be forwarding all responses to the Regulatory Authorities.</p> <p>We strive to provide transparency for market participants and will consider if a broader workshop would be appropriate as part of the next review of the BMPS.</p> <p>An industry forum was hosted to discuss the BMPS when the document was being established.</p>
Previous Consultation on the BMPS Content	One representation enquired if the content of the BMPS was ever consulted on.	<p>The SEM Committee consulted upon the Terms of Reference which SONI and EirGrid are required (by licence) to comply with when determining the content and structure of this document.</p> <p>The 2017 consultation which led to Version 1.0 of the BMPS did not restrict feedback on the content and detail of the document. The cover note for the consultation included information on an industry forum to discuss the content and it included requests for feedback on the form, the level of detail and the content of the draft version.</p> <p>Subsequent consultations have focused on revisions as per our licence conditions.</p>
Text clarifications and edits.	A number of clarification edits were proposed by respondents.	We have taken all of these comments on board in Version 3.0. Please refer to Table 2.



## Publication of a Revised BMPS

As per Condition 10B and 22B of EirGrid and SONI's Transmission System Operator Licences respectively, we submitted a report on the consultation, the consultation representations received and a revised Balancing Market Principles Statement to the Utility Regulator and the Commission for Regulation of Utilities for their consideration. The Regulatory Authorities requested a number of additional revisions. These revisions are included in the summary Table 2 above.

The BMPS is hosted on the ['TSO Responsibilities' page of www.SEM-O.com](http://www.SEM-O.com). Alongside it are published operational processes and methodologies which provide more information on specific aspects of scheduling and dispatch. These process and methodology documents are subject to change without consultation.

## Appendix: Development and Maintenance of the BMPS

During the I-SEM project the SEM Committee highlighted the need for transparency and predictability of TSO actions in the Balancing Market. The purpose of the BMPS is to provide clarity and certainty to market participants on the timing and nature of TSO actions and to describe how exceptional actions will be reported.

In its 2015 decision on the energy trading arrangements in I-SEM, the SEM Committee (SEMC) supported the development of a Balancing Market Principles Statement (BMPS) by the TSOs to ensure consistency, transparency and comprehensibility of TSO decision making in the Balancing Market. Following an initial consultation with the I-SEM market rules working group, the SEMC consulted publicly on the Terms of Reference for the BMPS before publishing the approved terms in October 2016.

**Table 4: Key milestones in the development and maintenance of the Balancing Market Principles Statement**

Document	Reference / Date
SEM Committee Decision on Energy Trading Arrangements, Detailed Design	SEM-15-065, 11 <sup>th</sup> September 2015
SEM Committee Decision on Balancing Market Principles Statement Terms of Reference	SEM-16-058, 7 <sup>th</sup> October 2016
Revised SONI Transmission System Operator Licence	Condition 22B, March 2017
Revised EirGrid Transmission System Operator Licence	Condition 10B, March 2017
BMPS First Consultation Version	7 <sup>th</sup> April 2017
BMPS First Consultation Responses	8th September 2017
BMPS First Approved Version 1.0	8th September 2017
BMPS Revised Version 1.1 for Consultation	6 <sup>th</sup> March 2018
BMPS Approved Version 2.0	11 <sup>th</sup> April 2018
BMPS Revised Version 2.1 for Consultation	10 <sup>th</sup> January 2019
BMPS Approved Version 3.0	14 <sup>th</sup> June 2019

In December 2016, both Regulatory Authorities consulted on modifications to SONI and EirGrid's TSO Licences to incorporate a requirement on both TSOs (in conjunction) to develop and maintain the BMPS in line with the Terms of Reference determined by the SEMC. The decision on the modifications was published in March 2017.

The obligations of Condition 22B and 10B of our licences requires us to ensure the BMPS is as accurate as possible. The BMPS will be reviewed on an ongoing basis and any revisions that are required will be are consulted on with market participants. We must also engage with the Regulatory Authorities on proposed revisions to the BMPS and submit to them the revised version before publication.