

Single Electricity Market

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| Final REcommendation ReportMod\_01\_13: enduring provisions for interconnector point of connection28 february 2013 |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 22 February2013 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 28 February 2013 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

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| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.doc)  |
| [T&SC Glossary](http://semopub/MarketDevelopment/MarketRules/Glossary.docx) |
| [Mod\_01\_13 Enduring Provisions for Interconnector Point of Connection](http://semopub/MarketDevelopment/ModificationDocuments/Mod_01_13_IC%20Point%20of%20Connection.docx) |

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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for Approval– unanimous Vote

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| **Recommended for Approval by Unanimous Vote** |
| Brian Mongan | Generator Alternate | Approved |
| Julie-Anne Hannon | Supplier Alternate  | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| Kevin Hannafin | Generator Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Patrick Liddy | DSU Member | Approved |
| Philip Carson | Supplier Alternate | Approved |
| William Carr | Supplier Member | Approved |

# Background

This Modification Proposal was raised by EirGrid Interconnector Limited (EIL) and Mutual Energy and was received by the Secretariat on 29 January 2013. This modification proposes enduring changes to define the submission point of Interconnector related quantities as being at the opposite end of the link to SEM.

The Modification Proposal was presented and discussed at Meeting 47 on 12 February 2013 where it was voted on.

# PURPOSE OF PROPOSED MODIFICATION

## 3A.) justification of Modification

The enduring Code was designed on the basis that Interconnector related quantities would be defined at the Connection to the Transmission System, whereas for Moyle all quantities are defined at the Scottish end, and for EWIC, they are defined at the Welsh end, aligning with the UK BETTA arrangements. There is a difference between these quantities due to losses on the link itself, with subsequent consequences for the calculation and settlement of Interconnector quantities.

To date, interim arrangements have been in place in Section 7 of the Code defining the point of connection of an Interconnector to the SEM as being at the far end of the link.

The interim arrangements were first introduced with Mod\_45\_07 and subsequently extended with Mod\_40\_08 and Mod\_31\_10 while it was determined whether they would be suitable for new interconnectors connected to the SEM. Mod\_11\_11 proposed to put these provisions in the enduring T&SC. The modification was recommended for approval by the Modifications Committee. However it was rejected by the SEM Committee on the basis of then current discussions in the French UK Ireland (FUI) work stream on the application of losses to Interconnectors. Instead the decision stipulated that the interim arrangements be extended for a further year i.e. 60 months after the Market Start Date.

These Section & provisions have now expired as of November 1st 2012.

This modification again proposes enduring changes to define the submission point of Interconnector related quantities as being at the opposite end of the link to SEM. It does so by defining an "Interconnector Data Submission Point" rather than using the Connection Point - which is the Interconnector's physical point of connection to the Transmission System.

## 3B.) Impact of not Implementing a Solution

The Section 7 provisions of the Code relating to the point of connection of the Interconnector have expired and the treatment in the T&SC of Interconnector related quantities now conflicts with that of the CMS. If this modification is not implemented, that situation will remain.

## 3c.) Impact on Code Objectives

This modification aims to further the following objectives of the T&SC:

1.3.2. to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;

1.3.3 to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market

# Assessment of Alternatives

No alternative were assessed over the lifespan of the proposal.

# Working Group and/or Consultation

N/A

# impact on systems and resources

N/A

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting 47 – 12 february 2013

Secretariat advised of urgent status of proposal. Proposer outlined proposal advising that the modification proposes enduring changes to define the submission point of Interconnector related quantities as being at the opposite end of the link to SEM. The current interim provisions in Section 7 have expired as of November 1st 2012, and current practice does not align with the Code.

It has been proposed to move Interconnector Point of Connection provisions into Section 5 of the enduring Code. Proposer advised of the introduction of a new definition for Interconnector Data Submission Point.

Chair drew attention to COMMISSION REGULATION (EU) No 838/2010 which specifies guidelines relating to the inter-transmission system operator compensation mechanism and a common regulatory approach to transmission charging. Discussion ensued regarding the interaction of the proposal with the above Regulation, with RA Member expressing support for a wider discussion in terms of losses related to IC Trades. Mutual Energy Representative advised that it is related to GB transmission losses as opposed to IC losses.

In relation to Mod\_01\_13 specifically, RA Member expressed concern that an anomaly exists within the market and advised of the importance of correcting it.

Supplier Alternate queried as to whether this issue had been discussed within the FUI (France UK Ireland) region work stream as was specified in the decision letter for Mod\_11\_11 Interconnector Data Submission Point.

RA Member advised at the time of rejection of the above proposal, it was decided to extend the interim provisions as work was ongoing within the region making all ICs consistent, therefore the RAs deemed it premature to implement enduring provisions within the Code. RA Member further advised that no progress was made on the issue with regards to the FUI region work stream, reiterating that it is an anomaly within the current market and needs to be rectified.

Chair reiterated two separate issues on the current anomaly in the market and the need for a separate discussion on the wider issue of the treatment of losses. There was Committee support for a separate discussion on the losses issue.

MO Member clarified that the reason that it was not proposed to put the original Section 7 provisions into the enduring Code was because point of connection refers to the physical connection of the Interconnector to the Transmission System, which in the case of both Interconnectors is on the Irish side, while Interconnector related data is submitted relative to the remote side of the Interconnector. Therefore the notional Interconnector Data Submission Point was created for the proposed enduring provisions.

# Proposed Legal Drafting

As set out in Appendix 1.

#  LEGAL REVIEW

Complete

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification is implemented on a Trading Day basis with effect from one Working Day after an RA Decision.

# Appendix 1: Mod\_01\_13

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| **MODIFICATION PROPOSAL FORM** |
| **Proposer** | **Date of receipt** | **Type of Proposal** | **Modification Proposal ID** |
| EIL and Mutual Energy | 29 January 2013 | Urgent | Mod\_01\_13 |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| Peter Lantry  | +353 1 237 0461 | peter.lantry@eirgrid.com |
| Paul McGuckin | +44 28 90 437 589 | paul.mcguckin@mutual-energy.com |
| **Modification Proposal Title** |
| **Enduring Provisions for Interconnector point of Connection** |
| **Documents affected** | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC** | 5.32: 5.42; 5.43 ;5.51; Glossary | **V12.0** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| This modification proposes enduring changes to define the submission point of Interconnector related quantities as being at the opposite end of the link to SEM. The current interim provisions in Section 7 have expired as of November 1st 2012.  |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| Interconnectors* 1. All values expressed in MW or MWh that relate to imports into the Pool in relation to an Interconnector, Interconnector Units, Interconnector Residual Capacity Units or Interconnector Error Units shall be positive (including zero).

5.32A All values that are expressed in MW, MW/min or MWh and which are not Loss-Adjusted in relation to an Interconnector, Interconnector Units, Interconnector Residual Capacity Units or Interconnector Error Units shall be applicable at the Interconnector Data Submission Point.* 1. Maximum Import Available Transfer Capacity shall relate to the physical capability of the Interconnector to deliver energy to the Interconnector Data Submission Point, and shall take account of any further restrictions placed by any relevant agreement or the provisions of any Licence in respect of the Interconnector, but shall not otherwise take account of any expected transmission constraints or other aspects of the operation of the Transmission System.
	2. Maximum Export Available Transfer Capacity shall relate to the physical capability of the Interconnector to off-take energy from the Interconnector Data Submission Point, and shall take account of any further restrictions placed by any relevant agreement or the provisions of any Licence in respect of the Interconnector, but shall not otherwise take account of any expected transmission constraints or other aspects of the operation of the Transmission System.

**Commercial and Technical Offer Data** * 1. An Interconnector User may submit Commercial Offer Data, applicable at the Interconnector Data Submission Point, to the Market Operator during a Gate Window for a Trading Window in respect of its Interconnector Units for the corresponding Trading Day.

GlossaryDefinitions

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| **Interconnector Data Submission Point** | The notional point at which Interconnector Units, Interconnector Residual Capacity Units and Interconnector Error Units are deemed to be joined to the SEM and at which relevant metered values are collected, prior to Loss-Adjustment and in respect of the transmission of electricity across an Interconnector into SEM. |
| **Currency Zone** | Currency Zone means the Jurisdiction in which a Unit is Connected. For the purpose of Interconnector Units, Interconnector Residual Capacity Units and Interconnector Error Units only, the Jurisdiction is the SEM Jurisdiction to which the relevant Interconnector is linked. |

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| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| **Background/History**The enduring Code was designed on the basis that Interconnector related quantities would be defined at the Connection to the Transmission System, whereas for Moyle all quantities are defined at the Scottish end, and for EWIC, they are defined at the Welsh end, aligning with the UK BETTA arrangements. There is a difference between these quantities due to losses on the link itself, with subsequent consequences for the calculation and settlement of Interconnector quantities. To date, interim arrangements have been in place in Section 7 of the Code defining the point of connection of an Interconnector to the SEM as being at the far end of the link. The interim arrangements were first introduced with Mod\_45\_07 and subsequently extended with Mod\_40\_08 and Mod\_31\_10 while it was determined whether they would be suitable for new interconnectors connected to the SEM. Mod\_11\_11 proposed to put these provisions in the enduring T&SC. The modification was recommended for approval by the Modifications Committee. However it was rejected by the SEM Committee on the basis of then current discussions in the French UK Ireland (FUI) work stream on the application of losses to Interconnectors. Instead the decision stipulated that the interim arrangements be extended for a further year i.e. 60 months after the Market Start Date. These Section & provisions have now expired as of November 1st 2012. This modification again proposes enduring changes to define the submission point of Interconnector related quantities as being at the opposite end of the link to SEM. It does so by defining an "Interconnector Data Submission Point" rather than using the Connection Point - which is the Interconnector's physical point of connection to the Transmission System.  |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| This modification aims to further the following objectives of the T&SC:1.3.2. to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;1.3.3 to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the Single Electricity Market |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| The Section 7 provisions of the Code relating to the point of connection of the Interconnector have expired and the treatment in the T&SC of Interconnector related quantities now conflicts with that of the CMS. If this modification is not implemented, that situation will remain.  |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | No systems impacts. |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |