

Single Electricity Market

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| Final REcommendation ReportMod\_17\_12: Report on Offered Capacity in Implicit Auctions |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 0.2 | 09 November 2012 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 1.0 | 21 November 2012 | Modifications Committee Secretariat | Issued to Regulatory Authorities for review and approval |

Reference Documents

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| --- |
| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.doc)  |
| [Mod\_17\_12](http://semopub/MarketDevelopment/ModificationDocuments/Mod_17_12_IC%20Offered%20Capacity.docx): Report on Offered Capacity in Implicit Auctions |
| Modifications Committee Meeting 44 [slides](http://semopub/MarketDevelopment/ModificationDocuments/Mod_17_12%2C%2018_12.pptx) |
| Extraordinary Modifications Committee Meeting 45 [slides](http://semopub/MarketDevelopment/ModificationDocuments/Mod_17_12_Slides.ppt) |

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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for Approval – Majority Vote

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| **Recommended for Approval by Majority Vote (subject to legal drafting)** |
| Patrick Liddy | DSU Member | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |
| Gill Bradley | Generator Alternate | Reject |
| Ian Luney | Generator Member | Approved |

# Background

This Modification Proposal was raised by the TSO and received by the Secretariat on 17 September 2012. The proposal seeks to introduce a new report detailing the amount of Offered Capacity on each Interconnector in each direction in Implicit Auctions after each Gate Closure. The proposal was presented by the TSO at Meeting 43 on 21 July 2012 where it was deferred with a number of actions requiring additional information placed on the TSO, SEMO and IC users. The proposal was again presented at Meeting 44 on 25 September 2012 where two options for implementation on the MO side were presented, both of which would incur a similar cost. The Committee again deferred the proposal requesting SEMO to check with vendors which option delivers the most time efficient solution in terms of availability of the relevant information to IC Users. An update was provided at Extraordinary Meeting 45 on 24 October 2012 where SEMO informed the Committee that the CMs implementation (Option 1), would provide publication via both the MPI and SEMO website and would deliver the most efficient timely solution. The proposal was voted on at Meeting 45 with the Committee favouring implementation of Option 1.

# PURPOSE OF PROPOSED MODIFICATION

## 3A.) justification of Modification

The data is required under Transparency in the Congestion Management Guidelines (Regulation (EC) no. 714/2009 Annex I.5 Transparency).

This is essential information for Interconnector Users in determining if and where trading opportunities are available in EA2 and WD1.

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

The data is required under Transparency in the Congestion Management Guidelines (Regulation (EC) no. 714/2009 Annex I.5 Transparency), so there would be non-compliance issues to deal with.

Interconnector users would not have clear knowledge of trading opportunities on Interconnectors in EA2 and WD1.

## 3c.) Impact on Code Objectives

* to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
* 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;
* to promote competition in the single electricity wholesale market on the island of Ireland;
* to provide transparency in the operation of the Single Electricity Market;
* to ensure no undue discrimination between persons who are parties to the Code; and
* to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.

# Assessment of Alternatives

Three implementation options were assessed for this proposal:

Option 1: CMS implementation: publication via the MPI and SEMO website

SEMO Member advised that the change to the Central Market Systems (CMS) could be delivered at a cost of €32,560 plus testing. This was the preferred option of the Committee at Meeting 45 following advice by SEMO that this option would deliver the most efficient solution in terms of publication, as it utilises the existing system architecture of the CMS. SEMO Member advised that if approved soon, the vendor has indicated that the proposal could be included in the April ’13 CMS Release.

Option 2: MIUN Calculator Software and SEMO website publication

Implementing the change with a report generated by the MIUN software and published to the Market Operator website was assessed to incur a cost in the region of €34k. This option was dismissed at Meeting 45 based on advice from SEMO that Option 1 delivers the information in a more timely manner.

Option 3: Auction Management Platform

Implementation of the change through the Auction Management Platform (AMP) could be delivered at a cost in the region of €75k to €95k. This option was dismissed by the TSO as it would not be able to reliably generate the report in the required publication timescale in AMP (“All relevant information shall be available for the market in due time for the negotiation of all transactions”) between EA and EA2.

# Working Group and/or Consultation

N/A

# impact on systems and resources

The proposal involves a change to the CMS at a cost of €32,560, should the preferred implementation option be pursued.

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting 43 – 31 July 2012

TSO representative presented slides outlining the proposal. Proposer advised that the data is required under Transparency in the Congestion Management Guidelines (Regulation (EC) no. 714/2009 Annex I.5 Transparency). Proposer further advised that this is essential information for Interconnector Users in determining if and where trading opportunities are available in EA2 and WD1.

Chair queried as to what the cost incurred by implementation of the proposal will be. Proposer advised that this has not yet been assessed.

CER Alternate queried as to whether the possibility of implementing the change through the Auction Management Platform (AMP) had been explored. Proposer advised that it is the SO’s preference to implement the change on the general public website, as the Market Participant Interface (MPI) is a more robust platform than the AMP for delivering the information. Proposer further noted that there may be a publication time lag if it were to be published via the AMP. Proposer stated that the requirement was to publish this an hour in advance of the implicit auction [This is actually a future proposal. The current requirement was advised subsequent to the meeting as per 5.6 of Annex I of the Regulation: “All relevant information shall be available for the market in due time for the negotiation of all transactions (such as the time of negotiation of annual supply contracts for industrial customers or the time when bids have to be sent into organised markets).”]

Generator Alternate queried as to whether this information is required for a Participant to be bidding for Interconnector (IC) usage under EA2? Proposer clarified that if in-merit bids are in excess of Offered Capacity it would be a congested auction. Proposer further clarified that the data gives an indication of any potential for congestion for example, in EA2 if in-merit bids are in excess of Offered Capacity the auction will be congested.

Chair commented that the publication of this data is an obligation under European Legislation.

Generator Alternate queried as to why the proposal has been drafted to utilise SEMO systems, when the data is a TSO obligation. Proposer clarified that it is regarding timeliness of the information; as if the TSO published the data, there would be a time delay on the information.

DSU Member queried as to whether the IC usage appears on the Market Schedule that’s published, and whether it would be possible to discern whether there’s availability from the amount of MW used.

SEMO Member advised that the publication of MIUNs was discussed during the design of Intra-Day Trading and the preference was to leave the publication at D+1.

DSU Member stated that if the IC exporting 100 MW that does that not appear in the Market Schedule. SEMO Member reiterated that the MIUNs are only published on D+1; therefore Participants will see their own MIUNs, but not those of other Participants before that.

CER Alternate raised issue of transparency and queried as to whether the report should be published in advance of the Trading Windows. Proposer stated that the report will be completed after closure of the EA1 gate.

Generator Member deemed the proposal useful, however further stated that it is important to have full detail of cost before approving it.

Chair questioned why this particular change is being pursued while other changes may be required in line with European legislation for ICs. Chair also questioned if the information should be published in advance of Trading Windows to ensure transparency. Cost of implementation was identified as an issue bearing in mind that 2013 is the earliest date the change could be implemented in the SEM systems.

MO Member noted that implementing a change outside of the SEM systems would require an Impact Assessment.

Chair commented that it would be useful to examine the level of bidding and level of market activity. Chair expressed concern that it implementation of proposal would incur a cost that may not be utilised by Participants given that the information would only be of use for half an hour before Gate Closure and noted that Participants may be more concerned with submitting bids rather than assessing the information published during that timeframe.

Chair also questioned the cost of non-compliance. Generator Alternate expressed the view that feedback on the cost of implementation, result of an impact assessment and the cost of non-compliance need to be ascertained prior to voting on the proposal. Proposer confirmed that no discussion on lack of compliance had taken place to date.

SO Alternate and Supplier Alternate both expressed the view that the report would be beneficial.

## Meeting 44 – 25 September 2012

Secretariat noted the absence of any response from Interconnector Users regarding the importance of the proposed change. TSO Member presented an update on the actions from Meeting 43 noting that non-compliance would result in an infringement letter sent to the relevant Government Department. Implementation of the change through the Auction Management Platform (AMP) could be delivered at a cost in the region of €75k to €95k. Proposer noted that the TSO would not be able to reliably generate the report in the required publication timescale in AMP (“All relevant information shall be available for the market in due time for the negotiation of all transactions”) between EA and EA2 and hence proposed the modification to the SEM systems which can meet this timescale.

SEMO Member advised that the change to the Central Market Systems (CMS) could be delivered at a cost of €32,560. The alternative option for implementing the change with a report generated by the MIUN software and made on the Market Operator website is estimated to incur a cost in the region of €34k. SEMO Member drew attention to the timeline for delivery of a solution with a CMS change not achievable until October 2013 at the earliest while a website change is likely to be implemented in advance of that date.

Generator Alternate questioned if it would be possible to send an email to Interconnector (IC) Users with publication of the information at a later stage. The capacity information for trade is required for IC Users who may wish to trade in EA2 or WD1 and only affects IC Users.

SEMO Member advised that the intention is to produce the report as quickly as possible after an MSP Software Run. Supplier Member queried which solution would deliver the required information quicker, noting the minor difference in cost of both solutions. SEMO Member agreed to take back the question regarding timing of delivery of information to the vendors as the original requirements specification did not specify a timescale.

Observer questioned if one option conforms to the target model changes better than the other. SEMO Member confirmed that one option is implemented in CMS Systems while the alternative is implemented in the MIUN calculator, which is also part of the CMS and while there is no apparent difference in terms of compliance with the target model, SEMO will take that on board.

DSU Member commented that based on the absence of response to the final action recorded at Meeting 43, do the relevant parties receive information or is the information issued solely to the Modifications Committee. Secretariat advised that Meeting Minutes and reminders are issued to both the Modifications Committee and a wider interested parties distribution list.

Supplier Member suggested that a vote be taken at this Meeting. Secretariat advised that it is difficult to vote on an option without full details of timing. Attention was drawn by the DSU Member to the fact that whichever solution is pursued is a SEMO IT solution and a vote should be cast with SEMO IT determining the optimal implementation method. Supplier Member advised that the concern is around timing of delivery of information rather than a cost issue. SEMO Member noted that further discussion will need to be had with the vendors; therefore, the timeline for implementation of either option will not be significantly delayed if a vote is not cast until the next Meeting.

Generator Alternate suggested that the proposer discuss the impacts of non-compliance with the RAs. Vice-chair agreed that it may be useful to ensure that the options put forward satisfy the RAs and relevant department in terms of compliance.

Vice-chair suggested that SEMO revert with more detail on the timing of both options at the next Meeting to allow the Committee to be in a position to vote on implementation of a preferred option.

## Extraordinary Meeting 45 - 24 October 2012

MO Member presented slides. MO Member advised that Option 1 is the most efficient in terms of publishing as it utilises existing system architecture from the CMS. MO Member further advised that Option 1 publishes the report on both the MPI and website, whereas Option 2 publishes on the website only. MO Member advised that if approved soon, the vendor has indicated that the proposal could be included in the April ’13 CMS Release. The cost incurred for Option 1 if implemented would be €32,560 + testing.

Observer raised a query regarding the compliance of Option 1. TSO Member advised that the only likely issue which could arise in this respect would be the time frame between EA1 and EA2. MO Member advised that the MO have 90 minutes after GC of EA1 to deliver the schedule and that the publication timing of the required report is the same as the SMP publication

Chair expressed the view that Option 1 is more efficient and robust than Option 2. Generator Alternate drew attention to action placed on TSO at Meeting 44 sought clarification as to whether Option 1 is compliant. MO Member advised that both options deliver what was specified in the modification. The Committee were in agreement that Option 1 should be progressed. Generator Alternate rejected the proposal based on cost and the need for the change.

## DisSenting View – ESBI

The proposal was recommended for rejection by Generator Alternate based on cost of implementation and the change is deemed unnecessary.

# Proposed Legal Drafting

N/A

# LEGAL REVIEW

Complete

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification Proposal as set out in Appendix 1 is implemented as per Option 1 outlined above on a Trading Day basis with effect from the Scheduled Release Deployment Date that contains the relevant Central Market System changes.

# Appendix 1: Mod\_17\_12

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| --- |
| **MODIFICATION PROPOSAL FORM** |
| **Proposer** | **Date of receipt** | **Type of Proposal** | **Modification Proposal ID** |
| **EirGrid** | **17 July 2012** | **Standard** | **Mod\_17\_12** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Michael Carrington** | **+353-123-70306** | **michael.carrington@eirgrid.com** |
| **Modification Proposal Title** |
| **Report on Offered Capacity in Implicit Auctions** |
| **Documents affected** | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC** **AP06** | **Glossary and Appendices****Appendix 2: Data Reports** | **10.0 with MOD\_18\_10 V2** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| A new report is required to publish the amount of Offered Capacity on each interconnector in each direction in Implicit Auctions after each gate process has completed. The requirement comes from the Congestion Management Guidelines (Regulation (EC) no. 714/2009 Annex I.5 Transparency).The Offered Capacity values will give an indication of the minimum IUN allocation available in any Trading Period in the next SEM Gate. The total of IUNs may exceed the Offered Capacity if superpositioning occurs. The published values will not be recalculated for Available Transfer Capacity changes. (A note should appear with the report reflecting this paragraph for information).The information will be used by Interconnector Users in determining if and where trading opportunities are available in EA2 and WD1.The definition of Offered Capacity is consistent with the SEM Committee decision on the Intra Day Congestion Charging Methodology (SEM-12-054).Given that implicit auctions start with IDT on 21st July, a workaround may be required to publish this information to the MO website initially with publication to the MPI in the future. |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| ***T&SC Appendices [MOD\_18\_10 V2]******Table E.5 –Data publication list part 5: updated daily following the EA1 Gate Window Closure and prior to the post EA2 Gate Window Closure***

|  |  |  |  |
| --- | --- | --- | --- |
| **Time** | **Item / Data Record** | **Term** | **Subscript** |
| Daily, following the EA1 Gate Window Closure and prior to the EA2 Gate Window Closure |  |  |  |
| By 11:00 on the day prior to the Trading Day | Ex-Ante Two Implicit Auction Offered Interconnector Capacity Export | OICE | Ih |
| By 11:00 on the day prior to the Trading Day | Ex-Ante Two Implicit Auction Offered Interconnector Capacity Import | OICI | Ih |

***Table E.6 – Data publication list part 6: updated daily following the EA2 Gate Window Closure and prior to the WD1 Gate Window Closure***

|  |  |  |  |
| --- | --- | --- | --- |
| **Time** | **Item / Data Record** | **Term** | **Subscript** |
| Daily, following the EA2 Gate Window Closure and prior to the WD1 Gate Window Closure |  |  |  |
| By 13:00 on the day prior to the Trading Day | Within Day One Implicit Auction Offered Interconnector Capacity Export | OICE | Ih |
| By 13:00 on the day prior to the Trading Day | Within Day One Implicit Auction Offered Interconnector Capacity Import | OICI | Ih |

***T&SC Glossary [MOD\_18\_10 V2]***

|  |  |
| --- | --- |
| Allocated Interconnector Capacity | The Allocated Interconnector Capacity is the sum of Modified Interconnector Unit Nominations for all completed Ex-Ante MSP Software Runs, for each Trading Period h and each Interconnector l |
| Implicit Auction Offered Interconnector Capacity for Export | At the completion of the Ex-Ante 1 MSP Software Run this is calculated for the full Trading Day, and after the Ex Ante 2 MSP Software Run this is calculated for the second half of the Trading Day, as the difference between the Maximum Export Available Transfer Capacity and the Allocated Interconnector Capacity, for each Trading Period h and each Interconnector l.Note that this value is not recalculated for Available Transfer Capacity changes. |
| Implicit Auction Offered Interconnector Capacity for Import | At the completion of the Ex-Ante 1 MSP Software Run this is calculated for the full Trading Day, and after the Ex Ante 2 MSP Software Run this is calculated for the second half of the Trading Day, as the difference between the Maximum Import Available Transfer Capacity and the Allocated Interconnector Capacity, for each Trading Period h and each Interconnector l.Note that this value is not recalculated for Available Transfer Capacity changes. |

| **Name** | **Term** | **Subscripts** | **Units** | **Description** |
| --- | --- | --- | --- | --- |
| Allocated Interconnector Capacity | AIC | Ih | MWh | The Allocated Interconnector Capacity is the sum of Modified Interconnector Unit Nominations for all completed Ex-Ante MSP Software Runs, for each Trading Period h and each Interconnector l |
| Implicit Auction Offered Interconnector Capacity for Export | OICE | Ih | MW | At the completion of the Ex-Ante 1 MSP Software Run this is calculated for the full Trading Day, and after the Ex Ante 2 MSP Software Run this is calculated for the the second half of the Trading Day, as the difference between the Maximum Export Available Transfer Capacity and the Allocated Interconnector Capacity, for each Trading Period h and each Interconnector l.Note that this value is not recalculated for Available Transfer Capacity changes. |
| Implicit Auction Offered Interconnector Capacity for Import | OICI | Ih | MW | At the completion of the Ex-Ante 1 MSP Software Run this is calculated for the full Trading Day, and after the Ex Ante 2 MSP Software Run this is calculated for the the second half of the Trading Day, as the difference between the Maximum Import Available Transfer Capacity and the Allocated Interconnector Capacity, for each Trading Period h and each Interconnector l.Note that this value is not recalculated for Available Transfer Capacity changes. |

***AP06: Appendix 2: Data Reports [MOD\_18\_10 V2]***

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Publication / Data Report Name** | **Class** | **Timing** | **Subscript** | **Published via MO Website** | **Published via MPI** | **Confidentiality** | **Validity** |
| Ex-Ante Two Interconnector Implicit Auction Offered Interconnector Capacity | E | By 11:00 on the day prior to the Trading Day | Ih | Y | Y | Public Data |  |
| Within Day One Interconnector Implicit Auction Offered Interconnector Capacity | F | By 13:00 on the day prior to the Trading Day | Ih | Y | Y | Public Data |  |

 |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| The data is required under Transparency in the Congestion Management Guidelines (Regulation (EC) no. 714/2009 Annex I.5 Transparency).This is essential information for Interconnector Users in determining if and where trading opportunities are available in EA2 and WD1. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| * to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
* 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;
* to promote competition in the single electricity wholesale market on the island of Ireland;
* to provide transparency in the operation of the Single Electricity Market;
* to ensure no undue discrimination between persons who are parties to the Code; and
* to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.
 |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| The data is required under Transparency in the Congestion Management Guidelines (Regulation (EC) no. 714/2009 Annex I.5 Transparency), so there would be non-compliance issues to deal with.Interconnector users would not have clear knowledge of trading opportunities on Interconnectors in EA2 and WD1. |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | System impacts to be determined |
| ***Please return this form to Secretariat by email to*** *modifications@sem-o.com* |