



## Single Electricity Market

### MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 111  
CONFERENCE CALL  
16<sup>th</sup> June 2022  
10.30AM – 12.00PM

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Version	Date	Author	Comment
1.0	23 <sup>rd</sup> June 2022	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	8 <sup>th</sup> July 2022	Modifications Committee Secretariat	Committee and Observer review complete

#### Distribution List

Name	Organization
Modifications Committee Members	SEM Modifications Committee
Modification Committee Observers	Attendees other than Modifications Panel in attendance at Meeting
Interested Parties	Modifications & Market Rules registered contacts

#### Reference Documents

Document Name
<a href="#">Balancing Market Rules – Trading and Settlement Code &amp; Agreed Procedures</a>
<a href="#">Mod_21_21 Undo Instruction Scenario 4</a>
<a href="#">Mod_02_22 Cost Recovery when Under Test</a>
<a href="#">Mod_05_22 SEMO Performance Reporting Frequency</a>
<a href="#">Mod_06_22 Housekeeping Alignment Modification</a>
<a href="#">Mod_07_22 Indexation to Calculation of Capacity Payments for New Capacity</a>
<a href="#">Mod_08_22 Weekly Strike Price Calculation</a>
<a href="#">Mod_09_22 Exclusion of Difference Charges During Non-Ro Events</a>

#### In Attendance

Name	Company	Position
<b>Modifications Committee (voting members)</b>		
David Caldwell	Power NI	Supplier Alternate
Nick Heyward	Energy Storage Ireland	Flexible Participant Alternate
Paraic Higgins (Chair)	ESB	Generator Member
Robert McCarthy	Electricity Exchange	DSU Member
Colm MacOireachtaigh	PrePayPower	Supplier Member
Ian Mullins	Bord Gais Energy	Supplier Member
Cormac Daly	Tynagh Energy Limited	Generator Member

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Andrew Burke	Wind, Energy Ireland	Renewable Generator Member
Rochelle Broderick	Budget Energy	Supplier Member
Lisa Fahy	Bord na Mona	Generator Alternate
Sean McParland	Energia	Generator Alternate
Stacy Feldmann	SSE	Generator Member
Patrick Larkin	ElectroRoute	Assetless Alternate
Paul McGuckin	Moyle Interconnector Ltd	Flexible Participant Member
<b>Modifications Committee (non-voting members)</b>		
Adelle Watson	NIE Networks	MDP Member
Anne Trotter	EirGrid	SO Member
Katia Compagnoni	SEMO	MO Member
Conall Heussaff	CRU	RA Alternate
Leigh Greer	UREGNI	RA Member
Grainne Black	CRU	RA Member
Karen Shiels	UREGNI	RA Alternate
James Long	ESB Networks	MDP Member
Aoife Mills	EirGrid	SO Alternate
Stephen McClure	SONI	SO Member
<b>Secretariat</b>		
Sandra Linnane	SEMO	Secretariat
Esther Touhey	SEMO	Secretariat
<b>Observers</b>		
Sinead O'Hare	Power NI	Observer
Thomas O'Sullivan	Aughinish	Observer
Edel Leddin	EirGrid	Observer
Harry Molloy	Tynagh Energy	Observer
Paul Bell	Uregni	Observer
Kevin Lenaghan	Uregni	Observer

Peter Grogan	SSE	Observer
Ameya Dalal	EirGrid	Observer
Christopher Goodman	SEMO	Observer
Gill Nolan	EirGrid	Observer
Guneet Kaur	CRU	Observer

## 1. SEMO UPDATE

Secretariat welcomed all to Modifications Committee Meeting 111. Secretariat noted the minutes for Modifications Meeting 110 were read and approved. It was confirmed that V26.0 of the Trading and Settlement Code was recently published and following on from Meeting 111, Members will receive communication regarding upcoming elections.

Secretariat gave thanks to Julie Ann Hannon of Bord Gais for her support during her time on the Committee and welcomed Eoghan Cudmore to the new role of alternate. Finally, it was noted that Modifications Committee Meeting 112 would be rescheduled to Tuesday, 6<sup>th</sup> September 2022.

### Market Development Update

An update was provided on Release I which went through on 17<sup>th</sup> May 2022. Mod\_01\_20 was made effective and a total of 4 defects from the Known Issues Report were fixed. It was confirmed that Release J would be delivered for testing at the end of June and this includes 8 CRs to be deployed in November. Requests were made by Members to attempt to bring this release back to mid-October to avoid the bank holiday with the clock change. Assurance was provided that this would be investigated.

### Actions

MO Member gave an update on the below open actions noting that the final piece of Impact Assessment for Mod\_13\_19 had just been sent to the RAs and gave assurance that there was no deviation from the expected costs for this modification and this action can now be closed.

MO Member noted that the impact assessment for Mod\_14\_21 was yet to be received but the manual workaround was functioning and could be put in place as needed. A Generator Member expressed concern at the delay in this Modification being progressed and questioned if the Ras could look at them both in parallel.

RA Member replied that they would need to have the full picture to make a decision and would not be appropriate to look at the two processes separately.

MO Member noted the difficulties with this Modification were due to the fact that it fell across a number of different systems and the drafting of the Change request had to take into account the most efficient way to implement it which caused some delay but assurances were given that an Impact Assessment would be in place for a decision to be taken before the Autumn.

It was advised that a positive update was received in relation to the undo scenarios. The impact assessment, although high in cost for both Scenario 1&2, stated that the risk had been mitigated by the vendors. It was noted that an additional risk of performance deterioration could only be assessed during deployment and measures would be put in place then to further mitigate it. MO Member confirmed that SEMO favored the implementation of both CRs and advised that, as per vendor's direction, they would probably go into separate releases.

Supplier Member queried the reporting on the Long-Term Action for MOD\_17\_19. MO Member advised that resources had been reassigned to deal with DSU issues and the action, depending on the resolution of a defect in Release H (Nov 2021), had not yet been prioritized. They advised that there would be an update to the Committee on this action by Meeting 112 or 113.

In relation to Mod\_21\_21, MO Member stated that the vendor is not in agreement that it could be considered as a subset of Scenario 1 but discussions on this point are still ongoing. As a result, this Modification would need to be deferred again to understand if this could still be negotiated. Also minor changes to the text might be needed if the two scenarios have any interactions.

MOD_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch	<ul style="list-style-type: none"> <li>Market Operations to progress request for Impact Assessment - <b>Closed</b></li> </ul>
MOD_17_19 DSU State Aid Compliance Interim Approach	SEMO take a long-term action to undertake mid tariff year (summer 2020) review of the cost of the change on Imperfections Charges post implementation to track any substantial increase in costs- <b>Long Term Action</b>
Mod_14_21 Extension of System Service Flag to include units providing Replacement Reserve in line with the detailed design	<ul style="list-style-type: none"> <li>Market Operations to progress request for Impact Assessment - <b>Open</b></li> </ul>
Mod_21_21 Undo Instruction Scenario 4	<ul style="list-style-type: none"> <li>Proposer to submit a more detailed Impact Assessment – <b>Open</b></li> </ul>
Mod_01_22 Balance Surety_Demand Guarantee	<ul style="list-style-type: none"> <li>Legal drafting to be received from Proposer – <b>Closed</b></li> </ul>
Mod_02_22 Cost Recovery when Under Test	<ul style="list-style-type: none"> <li>Proposer to submit a V2 addressing all queries raised by members - <b>Closed</b></li> </ul>

## 2. DEFERRED MODIFICATION PROPOSALS

#### MOD\_21\_21 UNDO INSTRUCTION SCENARIO 4

The Proposer provided an update on this Modification Proposal as per above action review noting that the Modification proposal would still need to be deferred.

#### *Decision*

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This proposal was deferred.

#### **Actions:**

- Proposer to further discuss options with the vendor - **Open**

#### MOD\_02\_22 COST RECOVERY WHEN UNDER TEST

The Proposer provided an update on this Modification noting that further work would be needed to liaise with SEMO and other affected Participants. Secretariat requested if more time could be given as there was a clear progression of this proposal in the background. The Proposer advised that last minute comments and queries were raised and as a result further development was required.

#### *Decision*

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This Proposal was deferred.

#### **Actions:**

- Proposer to liaise with SEMO and other affected Participants to resolve drafting issues – **Open**

#### MOD\_05\_22 SEMO PERFORMANCE REPORTING FREQUENCY

The Proposer provided an update on this Modification noting that its purpose was to change the frequency of publication from monthly to quarterly but advised that the data would continue to be broken down on a monthly basis and this would provide SEMO with more time to gather a full set of data.

The Proposer advised that before submitting this Modification Proposal it was raised with Participants at the MOUG and there was no feedback received. SEMO have already published that monthly performance report for March, and at the request of the RAs, they paused the report in April or May to await the outcome of this Modification. If the Modification is approved, the first quarterly report would be issued in late July / August.

A Supplier Member queried the timelines for publication to take place one month after the end of the quarter and voiced concerns that any delays could cause it to move into the following month. MO Member advised that a month is appropriate to allow SEMO enough time to gather a finalized set of data for the quarter considering timelines for queries etc. The Proposer provided assurance that there would be an allowance on

the first report, to account to some re-design and formatting but this would not be allowed to happen on a regular basis.

**Decision**

This Proposal was Recommended for Approval.

Recommended for Approval by Majority Vote		
Paraic Higgins (Chair)	Generator Member	Approve
Nick Heyward	Flexible Participant Alternate	Approve
David Caldwell	Supplier Alternate	Approve
Robert McCarthy	DSU Member	Approve
Colm Oireachtaigh	Supplier Member	Approve
Ian Mullins	Supplier Member	Approve
Cormac Daly	Generator Member	Approve
Andrew Burke	Renewable Generator Member	Approve
Rochelle Broderick	Supplier Member	Approve
Sean McParland	Generator Alternate	Approve
Stacy Feldmann	Generator Member	Approve
Patrick Larkin	Assetless Alternate	Approve

**Actions:**

- Secretariat to draft a Final Recommendation Report - **Open**

**MOD\_06\_22 HOUSEKEEPING ALIGNMENT MODIFICATION**

The Proposer provided a presentation on this Modification noting that some interactions had been discovered between Mod\_01\_20 'PMEA No Energy Action Same Direction as NIV' and Mod\_02\_21 'Setting up a flag for Interconnector Actions above 500/Mwh'. It was advised that this Modification Proposal addressed an unexpected consequence of having both these necessary Modifications deployed.

The Proposer advised that the benefit of this Modification was that it used the same legal drafting as Mod\_01\_20 but would change one variable only replacing the Price Cap with Price Strike and that this change would only apply to times of System actions. Assurance was given that neither Mod\_01\_20 and Mod\_02\_21 needed to be switched off as the change in this Modification Proposal would align them.

An Assetless Alternate queried where the misalignment was as both Modifications appeared to be operating correctly; this Modification would have a significant impact if approved and could not be considered a simple housekeeping. A DSU Member echoed this concern and noted there was a Code change request with no assessment of how often these scenarios could happen and no clarity on the intention of this proposal. Generator's offers have been submitted greater than the Price Strike and this modification appears to artificially pull down the price. The Chair also raised concerns that if price were to be capped to the Price strike, the market might not be compliant to EBGL regulations.

A Supplier Member also voiced their difficulty in seeing how these two Modifications interact and requested that more assessments showing scenarios should be completed. The Proposer agreed to take an action to show how the two Modifications interact and what happens in scenarios where the offer price is greater than the Price Strike.

The Proposer agreed that more explanation could be provided on this Modification and agreed to defer it to address the queries and concerns raised by the Committee.

### **Decision**

This Proposal was deferred.

### **Actions:**

- Proposer to provide examples of what happens in cases where Offer Prices are greater than Price Strike – **Open**
- Proposer to provide an assessment of compliance with EBGL – **Open**
- Proposer to provide more assessments showing scenarios of how both Modifications interact – **Open**

### **MOD\_07\_22 INDEXATION TO CALCULATION OF CAPACITY PAYMENTS FOR NEW CAPACITY**

The Proposer provided a presentation on this Modification advising that it focus on indexation where an exceptional level of inflation had occurred. The Proposer advised that a decision was not sought at this time, but further discussion and an Industry Call would be preferred followed by a Capacity Workshop in recognition of the impact of this Modification on both the Balancing and the Capacity Markets.

The Proposer noted that this was a very significant Modification that aimed to look at the current levels of inflation and capacity that was not being rewarded. It was advised that it would be difficult to build emergency generation as costs will be so high and unpredictable.

[A Renewable Generator Member expressed support with the principle of the Modification and the proposed path forward, noting that there were details to be worked out. One of these This-Generator Members noted outcomes of previous auctions and the management of risk associated with the delivery of New Capacity.](#)

A Supplier Member provided support for the Modification but found there were issues with specifics and advised that it [should-may need to](#) be technology specific. A DSU Member echoed support [of-for](#) this fundamentally, [noting that a failure to account for indexation reduces the incentive of Capacity Providers to build](#) but advised more discussion with the RAs was needed and more thought required on how the inflation rate is defined. Further support was given for an Industry call and a wider capacity group presence to discuss further the interaction with the ACP which is already being adjusted for inflation.

A Generator Alternate voiced concerns that this might be a retrospective change of the price after the auction is concluded. ~~Other-Another Generator Alternate~~ voiced support for the modification stating that it will help provide relief to the Security of Supply issue.

Flexible Generator Member expressed support for the principle of the Modification but voiced concerns that the two jurisdictions might have different rates and also that the drafting only take into account increases and such adjustments should only be allowed in special circumstances not for any deviation in the inflation rate that could have been foreseen. The long term forecast of inflation would need to be taken into consideration. Supplier Member raised the question of how this would apply to short term contracts and if they could be classed as new capacity. Also, the point was raised on whether 2% was the correct index to apply or if a set value should be specified at all in the Code.

A ~~S~~upplier Member supported the Modification, acknowledging the risk that New Capacity was exposed to but ~~and~~ stated that a balance is needed between ~~considering~~ what is a reasonable cost increase versus the risk of no delivery of much needed capacity. In addition, consideration will need to be given to the timelines for this change, noting that New Capacity which has already been awarded contracts are currently being exposed to increased costs and if it would be too late by the time is put in place in the systems it will be necessary to ensure the change is made in a timely manner.

Assetless Member also voiced concerns that it applies to all units instead of just new capacity.

Secretariat explained that the Industry call was outside T&SC and can continue in tandem with the process. It was also noted that Capacity Market Modification Workshop 26 could be used to discuss this further.

#### Decision

This Proposal was deferred.

#### **Actions:**

- Secretariat to convene an Industry Call – **Open**
- Proposer to take into consideration all the comments raised in the discussion – **Open**
- Proposer to raise this for discussion at the next capacity workshop – **Open**
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#### **MOD\_08\_22 WEEKLY STRIKE PRICE CALCULATION**

The Proposer provided a presentation on this Modification noting that its purpose was to calculate the Strike Price on a weekly basis rather than on a monthly basis. It was noted that the two driving factors for this Modification were commodity price increases and the volatility of commodity prices.

A Supplier Member voiced concerns about liquidity particularly for year end, the reflection of prices and the increased workload for SEMO. MO Member echoed these concerns noting there would be a substantial impact on resources because this multistep process would move from once a month to 4 times a month. Considerations also need to be given to the inputs to be used and the timelines for communicating the new price – at the end of the week would impact invoicing while at the beginning of the week would impact the settlement catch up after the weekend. This change had been informally raised to SEMO previously and initial investigations had been carried out on the system implications. At a high level there are a number of inputs

and calculations that would need to be updated but these updates don't appear to carry major risks or difficulties, so the main issue remains with resourcing. Also, concerns were raised that this has been proposed

out of the volatility experienced at this point in time; should the prices stabilize again, it is not clear if the process should return to monthly or if the onus on resources should be kept without apparent benefit as the price would be repeated week on week in the same way it has happened in the period from go live till recently. The Proposer appreciated the concerns raised.

~~Further concerns were raised that this Modification suggests that~~Members recognized the logic of the ~~Modification that~~ Generators are operating at a loss on ~~Price Strike Price~~ and that is unfair; however, the monthly nature of this process gives certainty and protection to consumers. Questions were raised on the impact on consumer costs and if a retrospective fix could be used instead for specific events similar to what happened in September 2021.

The Proposer provided assurance that this risk was reviewed over a long period of time and would work in both directions. It was advised that the strike price in April was very high but very low in March and with a weekly adjustment these inconsistencies would have been smoothed out.

Supplier Member also added further concerns that the ~~Price Strike Price~~ was seen as a target price and ~~when looked at the data based on his own analysis of the data~~ from last October till May should the ~~Price Strike Price~~ be set on a weekly basis it would have meant a large increase in Imperfections and consumer's costs. The Proposer replied that the prices are being driven by commodity prices not Strike Price.

A DSU Member summarized that this Modification is concerned with adjusting the volatility of the strike price and not changing it and although there seems to be a difference of opinion on what drives prices up the BCOP should ensure that rules are followed correctly.

[A Supplier Member noted that this Modification could shift the risk from Generators to Suppliers. They noted that the Modification would mean the Sstrike Pprice is more accurate and captures a volatility in gas prices which was not previously there, meaning it would go both ways.](#)

[A Supplier Alternate supported the concept of a weekly calculation from an economic perspective, but questioned how this Modification would be implemented in practice, stating that the methodology would need to be clearly defined and that a weekly calculation wouldn't necessarily capture day-to-day volatility.](#)

Further support was given for the Modification providing SEMO were happy to facilitate it and there was enough liquidity. It was suggested that the process and methodology would need to be looked at further and maybe provide a distinction between different fuels: while this change would make sense for a fuel whose cost changes regularly, such as methane, it wouldn't make sense for distillate which is not traded on an weekly basis.

The Proposer agreed to review the comments raised and work with SEMO directly to discuss the amount of work that would be needed. A request was made to have an assessment done.

### Decision

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This Proposal was deferred.

### **Actions:**

- Proposer to take into consideration all the comments raised in the discussion – **Open**
- SEMO to provide a resource impact assessment – **Open**

#### MOD\_09\_22 EXCLUSION OF DIFFERENCE CHARGES DURING NON-RO EVENTS

The Proposer provided an update on this Modification noting that it was very similar to Mod\_02\_19 which was previously raised by Power NI in 2019. It was advised that the explanation for this Modification was slightly different as in recent times capacity is being exposed to difference charges. The Proposer reminded the Committee that Mod\_02\_19 was rejected on the grounds that there wasn't additional analysis, and, in this case, they would seek an Industry Call to facilitate further discussion.

[A DSU Member stated that some Committee Members would not have been present when the Modification was last brought to the Mods Committee. They supported the Modification noting that the current issues were clear and they would like feedback from the RAs on specific elements of the proposal that required further discussion.](#)

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RA Member advised that following review of the decision letter they could confirm that indeed there was not enough discussion and analysis carried out at the time, but also the interpretation of the proposal was considered not in line with the CRM design and this would have to be fleshed out further for the proposal to progress.

The Proposer also requested assistance from SEMO in providing a materiality assessment for this change.

Secretariat assured that efforts would be made to convene a call before September.

#### Decision

This Proposal was deferred.

#### Actions:

- Proposer to schedule an Industry call to progress this Modification Proposal - **Open**
- Proposer to liaise with SEMO for an initial assessment of Materiality analysis - **Open**

#### 4. AOB/UPCOMING MODIFICATIONS

Secretariat thanked all for attending Meeting 111 and gave a reminder that Modifications Committee Meeting 112 would be held on Tuesday, 6<sup>th</sup> September 2022.

<b>APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 111</b>		
<b>Status as at 16 June 2022</b>		
<b>Modification Proposals 'Recommended for Approval' without System impacts</b>		
<b>Title</b>	<b>Sections Modified</b>	<b>Sent</b>
N/A	N/A	N/A
<b>Modification Proposals 'Recommended for Approval' with System impacts</b>		
Mod_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch	F	Sent for RA Decision 26/03/21
Mod_14_21 Extension of System Service Flag to include units providing Replacement Reserve in line with the detailed design	N.2	Sent for RA Decision 19/01/22
<b>Modification Proposals 'Recommended for Rejection'</b>		
N/A	N/A	N/A
<b>RA Decision 'Further Work Required'</b>		
N/A	N/A	N/A
<b>RA Decision Approved Modifications with System Impacts</b>		
<b>Title</b>	<b>Sections Modified</b>	<b>Effective Date</b>
N/A	N/A	N/A
<b>RA Decision Approved Modifications with no System Impacts</b>		
<b>Title</b>	<b>Sections Modified</b>	<b>Effective Date</b>
N/A	N/A	N/A
<b>RA Decision Rejected</b>		
N/A	N/A	N/A
<b>RA Direction</b>		
Mod_08_20 Imbalance prices to reflect the real-time value of energy	D.4.4.12	Decision letter received – 29/10/20
<b>AP Notifications</b>		
N/A	N/A	N/A
<b>Withdrawal Notifications</b>		
N/A	N/A	N/A
<b>Modification Proposal Extensions</b>		
N/A	N/A	N/A

**Meeting 112 – 6<sup>th</sup> September 2022 – Conference Call**