



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 114

MS Teams

1st December 2022

10.30AM – 2.00PM

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Version	Date	Author	Comment
1.0	8 th Dec 2022	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	15 th Dec 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
Balancing Market Rules – Trading and Settlement Code & Agreed Procedures
Mod_10_22 Strike Price Volatility Modifier
Mod_15_22 Timelines for processing Letters of Credit v2
Mod_17_22 System Action Repricing
Mod_18_22 Mitigating risks of settlement of units running on secondary fuel in security of supply scenarios

In Attendance

Name	Company	Position
Modifications Committee (voting members)		
Cormac Fagan	ElectroRoute	Assetless Alternate
Sean McParland	Energia	Generator Alternate
Therese Murphy	ESB	Generator Alternate
David Caldwell	Power NI	Supplier Alternate
Andrew Burke	WEI	Renewable Generator Alternate
Martin McCarthy	EirGrid	MO Alternate
Robert McCarthy	Electricity Exchange	DSU Member
Eoghan Cudmore	Bord Gais Energy	Supplier Alternate
Deirdre Hughes	EirGrid	SO Alternate
Ian Mullins	Bord Gais Energy	Supplier Member

Nick Heyward	Energy Storage Ireland	Flexible Participant Alternate
Paraic Higgins	ESB	Generator Member
Adelle Watson	NIE Networks	MDP Member
James Long	ESB Networks	MDP Member
Stacy Feldmann (Chair)	SSE	Generator Member
Paul McGuckin	Moyle Interconnector	Flexible Participant Member
Katia Compagnoni	SEMO	MO Member
Cormac Daly	Tynagh	Generator Member
Modifications Committee (non-voting members)		
Grainne Black	CRU	RA Member
Karen Shiels	UR	RA Alternate
Guneet Kaur	CRU	RA Alternate
Leigh Greer	UR	RA Member
Secretariat		
Esther Touhey	SEMO	Secretariat
Sandra Linnane	SEMO	Secretariat
Observers		
Therese Lannon Crean	SSE	Observer
Lenka Peskova	ESB	Observer
Patrick O'Hagan	SSE	Observer
Mary Farrelly	UR	Observer
Gill Nolan	EirGrid	Observer
David Morrow	Energia	Observer
Chris Goodman	SEMO	Observer

1. SEMO UPDATE

Secretariat welcomed all to Modifications Committee Meeting 114. It was noted that the Proposer of Mod_07_22 had reached out to request the following update be given in relation to minutes approval -

Proposer of Mod_07_22 stated that they had received legal advice that the Modification was legally robust and would share the advice with the RA's. The minutes were then read and approved.

Secretariat noted that there had been two elections to select a Chair and Vice Chair and welcomed both Stacy Feldmann and Andrew Burke as Chair and Vice-Chair. Thanks, were given to Paraic Higgins for the support given to the Modifications Committee and Secretariat during his time as Chair.

The Programme of Work was highlighted, and it was advised that there were 5 proposals that would be included in the upcoming Code Update version 27.0. Finally, it was advised that annual schedules were being finalized and would be issued shortly.

Market Development Update

A brief update was provided on Market releases noting that Release J was progressing as per schedule and Mod_13_19 would be included in the release. It was advised that there were also additional changes and defects from the Known Issues Report. Release K would be scheduled for May/June 2023.

Actions Update

SEMO advised that the impact assessments for all Modifications were progressing and all change requests had been passed on the vendors except for Mod_07_22. It was advised that the issues with progressing Mod_07_22 had been discussed promptly with the Proposer and the reasons for its rejection were discussed. The Proposer advised that they were waiting for feedback from the RAs and the issues highlighted seemed to be manageable. RA Member commented that from a procedural point of view this modification will need to be rejected based on the current legal drafting in the FRR but they are currently reviewing the issues in light of the 'Call for Evidence' responses and that they will be publishing a document on it when the review completes noting that it has been recognized as an issue that needs consideration.

Generator Member queried why these issues were only coming to light now and how an impact assessment had not been generated yet. SEMO advised that these issues were discovered as part of the Change request details drafting and the Proposer had discussed this with the Ras and awaiting their next steps.

<p>Mod_06_22 Housekeeping Alignment Modification</p>	<ul style="list-style-type: none"> • Proposer to provide an assessment of compliance with EBGL – Closed • Proposer to provide more assessments showing scenarios of how both modifications interact - Closed • SEMO to discuss with SSE the changes to the proposal and if a new proposal / withdrawal will be needed or a V3 is adequate- Closed
<p>Mod_07_22 Indexation to Calculation of Capacity Payments for New Capacity</p>	<ul style="list-style-type: none"> • SEMO to seek impact assessment of system changes - Open
<p>Mod_09_22 Exclusion of Difference Charges During Non-Ro events</p>	<ul style="list-style-type: none"> • SEMO to seek impact assessment of system changes - Open
<p>Mod_10_22 Strike Price Volatility Modifier</p>	<ul style="list-style-type: none"> • Proposer to liaise with SEMO to discuss points raised in more detail and to work out a revised version - Closed
<p>Mod_14_22 Removal of the requirement to post De-registration consent orders</p>	<ul style="list-style-type: none"> • Proposer to send revised drafting to include additional step to acknowledge receipt of e-mail in the AP Notification - Closed

2. DEFERRED MODIFICATION PROPOSALS

MOD_10_22 STRIKE PRICE VOLATILITY MODIFIER

The Proposer provided an update Mod_10_22 requesting that this Modification Proposal would be deferred in order to allow completion of the decision process on other related Modifications, namely Mod_07_22 and Mod_09_22. Depending on the decision on those Modifications the Proposer will decide whether to progress or withdraw the Mod.

Decision

This Proposal was deferred.

Actions:

- Proposer to provide an update on how to proceed with Mod_10_22 at meeting 115 - **Open**

MOD_15_22 TIMELINES FOR PROCESSING LETTER OF CREDIT V2

The Proposer provided an update on v2 of this Modification Proposal noting that its objective was to improve timelines for Letters of Credit. It was advised that current timelines don't guarantee CCINs to be addressed by Letters of Credit and following discussions with SEMO, this Modification would improve timelines to amendments on existing Letters of Credit only.

Generator Member requested that some of the wording in the legal drafting could be tightened as it is not clear if it is adding any certainty to the process. MO member replied that this is codifying a practice that is currently informally happening and by adding the new wording will allow greater scrutiny and request for justifications in cases that the timelines are not shortened. The Proposer agreed to see this as the best solution given the dependencies SEMO had indicated but will keep assessing the impact of the Modification in the future.

Decision

This Proposal was Recommended for Approval.

Recommended for Approval by Unanimous Vote		
Nick Heyward	Flexible Participant Alternate	Approve
David Caldwell	Supplier Alternate	Approve
Robert McCarthy	DSU Member	Approve
Stacy Feldmann (Chair)	Generator Member	Approve

Eoghan Cudmore	Supplier Alternate	Approve
Sean McParland	Generator Member	Approve
Andrew Burke	Supplier Member	Approve
Paraic Higgins	Generator Member	Approve
Cormac Fagan	Assetless Alternate	Approve
Cormac Daly	Generator Member	Approve
James Long	MDP Member	Approve
Deirdre Hughes	SO Alternate	Approve
Katia Compagnoni	MO Member	Approve
Adelle Watson	MDP Member	Approve

Actions:

- Secretariat to draft an Agreed Procedure Notification – **Open**

3. NEW MODIFICATION PROPOSALS

MOD_17_22 SYSTEM ACTION REPRICING

The Proposer delivered a presentation on this Modification Proposal noting that the objective was to address the system action on pricing. It was noted that this proposal was similar to Mod_06_22 but it was coming from a more principle-based approach. The Proposer went through examples advising that the 12th and 13th of July were dates where the two previously approved Mod_01_20 and Mod_02_22 interacted creating a risk.

The Proposer thanked the Members for the feedback given and noted that there was an additional change included in the slide pack that should alleviate some of the concerns raised on this Mod. The change highlighted in this Modification Proposal were straightforward and potentially could be implemented easily.

DSU Member raised a few concerns relating to the fact that the Mod was only looking at periods where QNIV was greater than zero while it should applied for both directions; also it is now impacting all periods while before it was only when the PSTR was exceeded and the last minute change included in the presentation requires more analysis.

A supplier alternate stated that the additional last-minute change seemed to alleviate their concerns over the Price formation and the impact that this mod could have.

Assetless Member also echoed the comment but added that although this version would impact less Trading Period than the original version it still reflect the condition at the Ex-Ante stage and would effectively act as a cap similarly to Mod_06_22 because the Ex-Ante prices so rarely exceed the Strike Price.

A Generator Member expressed concerns on the intent to impact So-So trades and given the last-minute additional changes would not feel comfortable voting without further analysis in particular on how often this could be occurring.

A debate followed between the Proposer and the Committee on how frequently the circumstances addressed by the Modification would occur.

It was agreed that more time was needed to review this last-minute change and a request was made for more analysis on pricing the late change over the last 6 months and how frequently it would impact pricing.

Decision

This Proposal was deferred.

Actions:

- Proposer to submit a version 2 of Modification proposal before Modifications Committee 115 to give Members adequate time to review updated legal drafting – **Open**
- Proposer to complete analysis on materiality analysis of the late change over the last 6 months and how frequently it will impact pricing – **Open**

MOD_18_22 MITIGATING RISKS OF SETTLEMENT OF UNITS RUNNING ON SECONDARY FUEL IN SECURITY OF SUPPLY SCENARIOS

The Proposer delivered a presentation on this Provisional Modification Proposal, without legal drafting. It was advised that the aim of this Modification was to kick off discussion on the topic and to get feedback before holding an Industry Call in the new year.

The Proposer went through several gas rationing examples and advised that Generators would be incurring losses should these happen in real time.

It was advised that the Modification gave a high-level proposed solution with one major change to D.6.3.2 but this change had no impact on balance price formation. It was noted that although there was strong justification for this Modification, the proposal was not finished, and an Industry Call was required to discuss further.

The Chair started the debate questioning the rationale of Simple versus Complex bids and if in terms of exposure, whether the future possible implementation of Mod_08_22 would mitigate the impact by having a PSTR calculated more frequently reflecting the Market conditions but Generators would still not be made whole.

The proposer argued that Simple Cods are not auditable and not subject to BCOP and using them would cause unintended consequences. With regards to Mod_08_22 this was only partially mitigating the risk and it would only apply from the implementation date which is not useful for current emergencies.

Generator Member asked if the inframarginal rent should somewhat cover the costs of units that are not marginal and if this issue is only limited to the day of an unexpected emergency because in any other case there would be enough notice to be able to switch to the appropriate COD set.

Questions were asked with regards to the TSO process in switch over emergencies. It was referred by SO and MO members that the expectation would be to give approximately 5 hours' notice for switching fuel. Currently testing is carried out from time to time to make sure the process is well known by all parties involved and in such cases there are protocol for out of market reimbursement of cost via the ancillary services system.

There was an agreement that the option of expanding the switch over testing practice to a real emergency could be explored and it is not clear if a Mod to the T&SC would be necessary as it seemed that such changes should sit outside the T&SC.

A supplier Member mentioned that a regulatory review of secondary fuel had been planned to go ahead in 2021 and was then paused because of concerns with regards to security of supply and questioned if that was currently being progressed.

ROI and NI RA Members replied that they did not have that information at hand and that they will enquire about it.

Generator Member questioned whether the secondary fuel could cause price events. The Strike Price currently take oil prices into consideration for 15% of its weighted value therefore a sharp increase should be reflected. The Proposer replied that the weighting would not be enough to reflect the use of distillate in a switch over event. Consideration could be given to the fact that the PSTR could be recalculated changing the reference fuels and their prices.

There was agreement that more needed to be understood about the possibility of a temporary solution or an out of market one.

Decision

This Proposal was deferred.

Actions:

- Secretariat to work with Proposer to convene an Industry Call – **Open**
- Ras to advise on the progress of Secondary Fuel review – **Open**
- TSO to review the compensation process for testing of secondary fuel and whether it is suitable for real time events for periods where CODs cannot be updated - **Open**
- Proposer to submit version 2 of Proposal with legal drafting - **Open**

4. AOB/UPCOMING MODIFICATIONS

MO Member advised that a decision was recently published on the DSU energy payments. It was advised that SEMO was working with the RAs to submit a proposal for the February meeting and will have an impact or materiality assessment completed in advance if possible.

Secretariat thanked all for attending Meeting 114 and gave a reminder that Modifications Committee Meeting 115 would be held on Tuesday, 21st February 2023.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 114

Status as at 1 December 2022		
Modification Proposals 'Recommended for Approval' without System impacts		
Title	Sections Modified	Sent
Mod_02_22 Cost Recovery when Under Test	D,F,G, Glossary	Sent for RA Decision 29/09/22
Mod_07_22 Indexation to calculation of Capacity Payments for New Capacity	F.17	Sent for RA Decision 22/11/22
Mod_08_22 Weekly Strike Price Calculation	F.16.2	Sent for RA Decision 22/11/22
Mod_13_22 Bidirectional Imperfections Charge Factor Modification	F.12.1.4	FRR to Committee 29/11/22
Mod_16_22 SEMO Housekeeping 2022	D,F,G, Glossary	Sent for RA Decision 22/11/22
Modification Proposals 'Recommended for Approval' with System impacts		
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
Mod_09_22 Exclusion of Difference Charges During Non-Ro Events	F.18.5.5	Sent for RA Decision 22/11/22
Modification Proposals 'Recommended for Rejection'		
N/A	N/A	N/A
RA Decision 'Further Work Required'		
N/A	N/A	N/A
RA Decision Approved Modifications with System Impacts		
Title	Sections Modified	Effective Date
Mod_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch	F	Following delivery of required system changes
Mod_05_22 SEMO Performance Reporting Publication Frequency	B, Appendix E	2 nd September 2022
RA Decision Approved Modifications with no System Impacts		
Title	Sections Modified	Effective Date
Mod_21_21 Undo Instruction Scenario 4	Appendix 0.23 table 5	4 th November 2022
Mod_11_22 Permitting the use of email to communicate credit cover changes on Demand Guarantees	B, AP09 & Appendix	4 th November 2022
Mod_12_22 Extension of System Service Flag to cover Replacement Reserve Resources	N.2	23 rd November 2022

RA Decision Rejected		
RA Direction		
Mod_08_20 Imbalance prices to reflect the real-time value of energy	D.4.4.12	Decision letter received – 29/10/20
AP Notifications		
Mod_14_22 Removal of the requirement to post De-registration Consent Orders	AP18	28/11/22
Withdrawal Notifications		
Mod_06_22 Housekeeping Alignment Modification	T&SC Part B	N/A
Modification Proposal Extensions		
Mod_21_21 Undo Instructions Scenario 4	N/A	22/07/22
Mod_02_22 Cost Recovery when Under Test	N/A	22/07/22
<ul style="list-style-type: none"> • Meeting 115 – 21st February 2023 		