



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 110

CONFERENCE CALL

14th April 2022

10.30AM – 12.00PM

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Document History

Version	Date	Author	Comment
1.0	14 th April 2022	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	26th April 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_21_21 Undo Instruction Scenario 4
Mod_02_22 Cost Recovery when Under Test

In Attendance

Name	Company	Position
Modifications Committee (voting members)		
Rochelle Broderick	Budget Energy Ireland	Supplier Member
Lisa Fahy	Bord na Mona	Generator Alternate
Robert McCarthy	Electricity Exchange	DSU Member
Paraic Higgins (Chair)	ESB	Generator Member
Stacy Feldmann	SSE	Generator Member
Ian Mullins	Bord Gais	Supplier Member
Cormac Daly	Tynagh Energy Limited	Generator Member
Bryan Hennessy	Flogas Enterprise Solutions Ltd	Supplier Member
Eamon Boland	Wind Energy Ireland	Renewable Generator Alternate
Brigid Reilly	PrePayPower	Supplier Alternate
David Caldwell	Power NI	Supplier Alternate

Andrew Burke	Wind Energy Ireland	Renewable Generator Member
Patrick Larkin	ElectroRoute	Assetless Alternate
Sean McParland	Energia	Generator Member
Paul McGuckin	Moyle Interconnector Limited	Flexible Participant Member
Modifications Committee (non-voting members)		
Leigh Greer	UR	RA Member
Karen Shiels	UR	RA Alternate
Grainne Black	CRU	RA Member
Stephen McClure	SONI	SO Member
Conall Heussaff	CRU	RA Alternate
James Long	ESB Networks	MDP Member
Adelle Watson	NIE Networks	MDP Member
Aoife Mills	EirGrid	SO Alternate
Martin McCarthy	SEMO	MO Alternate
Katia Compagnoni	SEMO	MO Member
Anne Trotter	EirGrid	SO Member
Secretariat		
Sandra Linnane	SEMO	Secretariat
Esther Touhey	SEMO	Secretariat
Observers		
Sinead O'Hare	Power NI	Observer
Mairead Cousins	Enel X	Observer
Eamon Garrigan	EirGrid	Observer
Thomas O'Sullivan	Aughinish	Observer
Edel Leddin	EirGrid	Observer

1. SEMO UPDATE

Secretariat welcomed all to Modifications Committee Meeting 110. The Programme of Work was discussed, and it was highlighted that the Final Recommendation Report for Mod_01_22 would be issued to the Committee for review later this week. Secretariat confirmed that the Code Update was in its final review stages and would be published in line with the next release provisionally scheduled for 26th April 2022.

Market Development Update

An update was given on Release I noting that it was on track for the 26th of April. It was mentioned that lot of design notes were received for Release J and they were almost at the end of the defect scoping stage.

MOD_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch	<ul style="list-style-type: none"> Market Operations to progress request for Impact Assessment – Open
MOD_17_19 DSU State Aid Compliance Interim Approach	<ul style="list-style-type: none"> 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 - Long Term Action
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"> Market Operations to progress request for Impact Assessment - Open
Mod_20_21 Undo Instruction Scenario 2	<ul style="list-style-type: none"> Proposer to review an option to produce remedial out of market system invoices based on MO materiality assessments – Closed Proposer to provide more detail on how Generators were over paid - Closed
Mod_01_22 Balance Surety_Demand Guarantee	<ul style="list-style-type: none"> Legal drafting to be received from Proposer - Closed

SEMO provided an update on the outstanding actions and provided assurance that although the decision had not yet been published for Mod_13_19, the System Changes on the Settlement System were included in the scope for release J. There is a portion of changes related to that Modification, that do not affect the Market System for which the Impact Assessment is still outstanding but is not expected to be greater in scale than the Settlement risk and cost assessment.

It was noted that Mod_14_21 was still targeted for Release K, however the relevant Impact Assessment has not yet been received. Assurance was given that the manual workaround had been progressed and it was in final sign off stages. A question was raised on the timelines for a decision. The MO representative replied that for a final decision the RA would need the full impact assessment.

SEMO also provided an update on Mod_21_21 noting that the Change Request was with the vendor and an impact assessment was pending.

Secretariat closed the SEMO Update by thanking Eamon Garrigan for his work for the Modifications Committee and welcomed Lisa Fahy of Bord na Mona to the Committee.

2. DEFERRED MODIFICATION PROPOSALS

MOD_21_22 UNDO INSTRUCTION SCENARIO 4

The Proposer provided an update on this Modification Proposal noting that it would be deferred until the Impact Assessment for the change request was received. The Proposer provided assurance to the Committee that they were working towards having something back by Modifications Committee Meeting 111 in June.

Decision

This Proposal was deferred pending an impact assessment.

Actions:

- Proposer to progress impact assessment from vendor - **Open**

MOD_02_22 COST RECOVERY WHEN UNDER TEST

The Proposer provided an update on this Modification noting that an Industry Call was held on Friday, 11th March 2022 and summary notes had been circulated. The Proposer provided a brief summary of the Modification and Industry Call noting that when a unit goes under test the rules are not satisfactory and a solution must be found for the risk associated with it. It was claimed that a Generator cannot manage this risk and options must be looked at to mitigate this. The Proposer gave assurance that the principle of the amended solution would be to stop losses and not to provide any financial gain. It was noted that there would be a lot of technical changes necessary to systems to implement the proposal and the amendments that would be needed to the code were currently being reviewed.

Renewable Generator Alternate stated that there should be an understanding of the impact of a Generator under test on the rest of the Market, in particular on the imbalance price and price-takers, but it was noted that it would be sensible to make units have an incentive to come back quickly and this proposal removed that incentive. The Proposer appreciated the point that was made but gave assurance that the simple recovery of costs would not make it attractive for a Generator to prolong an outage. The Chair also added that Generators are subject to testing tariffs which would be greater if the period of testing was to be unduly increased.

TSO provided a presentation giving the TSO's perspective on this Modification. TSO went through the slides noting that the Modification's proposal of setting Physical Notifications (PNs) to greater of QEX and zero for each imbalance period in settlement for all units under test does not take into account the difference in granularity of the variables affected and it could not be implemented. Concerns were raised about the overall complexity of the Modification, its intent and the terminology within the detail of it. Going through the presentation it was advised that this Modification was a permanent design change which would not be ideal for all testing scenarios. It was noted that testing times can be constrained on the Generator side as well as the TSO and not enough evidence had been provided to establish the frequency of the issue of non-recovery. There was a concern that if the risk would be fully removed from Generators, there would be no incentive to minimise costs and to manage the testing effectively. TSO advised that this could lead to spurious testing and the TSO were not in a position to manage the risk associated with the testing because the potential for optimization was with Generators. It was advised that this Modification would increase Imperfection costs and

any costs associated with testing should be borne by Generators and if the Modification were to be implemented then an increase in testing tariffs could follow.

TSO also discussed the Settlement issues with the Modification and noted that the comments in the slides were relayed back to the Proposer. TSO summarized that the Modification does not target the problem and would not be implemented in the system until at least October 2023, and at that, only if it was deemed a priority among other system changes. It was advised that a more real time approach could be possible.

TSO offered an option where they would agree following discussions with the unit under test, that in certain scenarios, zero PNs would be submitted for the period of an agreed test profile. It was noted that this was not an ideal solution for TSO but from a cost perspective it was more appropriate than a blanket approach of the Modification for units under test in all scenarios. It was advised that the risk and decision on the timing of the test would stay with the Generator unless the TSO was calling for the unit to bring forward testing. The request to bring forward testing, the test profile and the submission of zero PNs would be discussed and agreed with the TSO control centres. With the TSO's proposal there would be potential for the unit to gain financially by being incremented in the balancing market. It would not cap the compensation and it could also be implemented within a number of months.

The Proposer agreed that their own proposal was very complex and stated that relevant colleagues were considering the settlement complexities. Feedback would be provided after considering further the TSO proposal. The Proposer believed that the TSO proposal still did not address the risk which needed to be mitigated for all unit under test scenarios. It was explained that the unit going under test would generally not be aware in advance if it would experience losses during a test and the TSO proposal does not deal with this risk, except for specific scenarios. The Proposer stated that the generator would therefore seek to mitigate the risk through other means which would be ultimately borne by the consumer. The Proposer also stated that the unit is obliged under Grid Code requirements not to delay a return to service if available.

TSO agreed that the proposal did not remove all the risk for Generators but if the other option was selected a generator could be available and not testing for a long time. The TSO stated that the Grid Code obligations have been given initial consideration, but the indications so far are that a unit cannot be deemed available until testing is complete therefore this does not impact the obligation to return to service. It was queried whether it would make a big difference to Generators if the testing didn't happen immediately and if there was a day or two delay, if it would have a big impact. SO Member advised that their aim was to come up with a solution that would make the process run through normal Settlement. MO Member confirmed that, with the TSO proposal, the PN would be submitted as zero and the unit would be incremented in line with an agreed test profile. MO Member noted that the risk of a unit making a loss in the balancing market was a characteristic of the market and, in scheduling tests, the generator should be assessing risk factors such as the timing for scheduling a test across the year. MO Member also stated that the Proposer's solution removes the incentive for this optimization.

The Proposer noted that their initial solution was similar, in that the unit would have zero PNs and be incremented to the test profile. SEMO clarified that in the TSO proposal the unit under test would only be advised to submit zero PNs in the event this was agreed with the TSO control centres and no change would be required to the PNs in Settlement.

A Generator Member queried how this proposal would relate to REMIT transparency obligations and was not comfortable with the idea that there would be a mechanism for units to remain unavailable until a high price period. It was advised that the principle of a TSO and the unit agreeing to withholding a unit from the market if potentially available would need careful consideration. Along with the potential impact on the consumer from that MW capacity not participating in the market. They stated that generators would need some comfort from the Regulatory Authorities that the TSO proposal would be acceptable practice. MO Member advised that REMIT obligations are being considered and stated that consideration is being given to a form of communication such as a market message to provide transparency on instances where the TSO proposal would be called upon, the format and timing of which need to be considered in the context of existing reporting and market gate closure. Gate Closure 2 seems to be in line with the current publication of PNs to the market so this would seem a likely timeframe for a market message, but this was open to discussion with the industry.

MO Member understood that Generators would still be on outage until testing was complete, therefore unavailable, the testing profile would still be controlled by the Unit and that this was not a case of encouraging the withholding of a unit's availability but rather to facilitate an earlier come back.

SO Member gave assurance that the TSO proposal would mitigate the impact of MW missing from the market by putting in place a mechanism by which a unit could return if needed without the risk of under-recovery. And with the TSO proposal, if there was no pressing need for the unit to return it would be left at the discretion of the generator to test when conditions were favourable. A concern was raised by a Supplier Member that whatever proposal was to be put in place it would increase imperfections charges and the customer would pay for testing regardless of where the cost arises. It was suggested that the Modification seemed to be a cleaner way to deal with the issue.

The Chair summarized the 3 potential outcomes to finding a solution as below:

1. 'As is': Submit profile with all risk borne by the Generators;
2. Generators agree with TSO whether to defer or not. cost to the consumer occur only when TSO agrees to PNs set to zero.
3. PN set to zero in all scenario – unit could get inframarginal rent with no risk and the customer cost will pay in all scenarios.

MO Member acknowledged that some costs are going to be incurred by the consumer with any of the options however views differ on the best means to control and minimize them. It was noted that if the Generator retains the incentive to optimize the recovery of costs then eventually the consumer will have to recover the costs only when needed.

Another Generator Member agreed with the concerns raised in relation to the potential for withholding a unit from the market noting that in a normal situation Generators are under no pressure from TSOs to rush back. It was believed that the TSO solution would reduce availability by delaying a return to service. This Generator Member confirmed that the Proposer's solution was preferred by them in part due to transparency concerns. The Proposer was asked to provide data on the frequency of these occurrences. Assurance was given that a version 2 of this Modification Proposal will have more data. An Assetless Member advised that they would not be comfortable voting on either the Proposer's solution or the TSO's proposal due to the lack of an impact assessment on Imperfections. The TSO stated that providing an impact assessment is difficult due to uncertainty on key variables such as frequency, timing, duration, price etc. The Assetless Member also queried if a documented procedure would be published for the TSO proposal. TSO responded that this would be done if the modifications panel were interested in pursuing the proposal.

In relation to the Proposer's solution, RAs voiced concerns on removing the incentive to minimize costs and ~~stated that there should be an incentive to manage the risk~~ to optimize the timing of the testing. Clarification was sought on what capabilities a Generator has in this regard and if a Generator wanted to delay, what a reasonable time for a cut off would be or for the TSO to step in to avoid long delays. The RAs interpretation of the TSO's solution was that it enabled a unit to return to service earlier than intended by the generator. MO Member confirmed that these are the circumstances where it envisaged the alternative TSO proposal to occur. The testing profile is left to the Generators as they are best placed to advise on the status of the outage, only in critical conditions would the TSO reject the testing profile submitted but if it is known that the unit capability to return from outage is affected by Market conditions then the alternative process allows the TSO to step in without causing losses to the Generator. Questions were raised on whether this allows Participants to change PNs based on Market conditions. MO Member replied PNs are changed regularly particularly when a unit is under test. The reasons for the change are left to the Participant and not investigated. Changes driven by Market conditions are likely to have occurred already. SO Member also queried how long unfavourable market conditions could persist before a potential 'step in' by a TSO, to which the Proposer advised they will consider this question.

The Proposer queried why the TSO proposal could not be adopted for all testing, negating the need for code modification and system changes. MO Member advised that the TSO proposal may not require a code update, but this is yet to be confirmed.

A Generator Alternate advised that they would welcome greater clarity on the impact to Imperfections with the proposals and that a cost estimate on the potential system changes to accommodate the Proposer's solution would also be welcome.

The Chair summarized that there were several points for discussion here and that these should be addressed in version 2. The Proposer agreed to address these queries and provide some settlement drafting in version 2 which would address the risk. TSO asked for feedback on whether there was a maximum time the TSO should wait before stepping in.

Decision

This Proposal was deferred.

Actions:

- Proposer to submit a version 2 addressing all queries raised by Members - **Open**

4. AOB/UPCOMING MODIFICATIONS

Secretariat thanked all for attending Meeting 110 and noted the Meeting 111 would take place on Thursday, 16th June 2022 and asked the Panel to provide comments to the Secretariat for availability in August in order to proceed with a timely re-scheduling of the meeting to September if required.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 110		
Status as at 7 April 2022		
Modification Proposals ‘Recommended for Approval’ without System impacts		
Title	Sections Modified	Sent
Mod_01_22 Balance Surety Demand Guarantee	Section G 9.1.2 & 9.1.3 of T&SC, Appendix A, various paragraphs throughout the affected APs and new definitions in the Glossary	N/A
Modification Proposals ‘Recommended for Approval’ with System impacts		
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
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_02_21 Setting a flag for Interconnector Actions above 500/Mwh	Appendix 2, F.2	26 January 2022
Mod_19_21 Modification re Publication of Information by SEMO	B.13	9 February 2022
RA Decision Approved Modifications with no System Impacts		
Title	Sections Modified	Effective Date
Mod_04_22 Alternatives to LIBOR	Glossary, AP15	11 March 2022
Mod_03_22 Collection of Monies	G2	14 March 2022
Mod_20_21 Undo Instruction Scenario 2	Appendix O	14 March 2022
Mod_01_20 PMEA No Energy Action Same Direction as NIV	E.3.4.2	Trading day after system changes take place
RA Decision Rejected		
Mod_01_21 Removal of Difference Charges where operational constraints are binding	Appendices Part B	13 August 2021
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		
N/A	N/A	N/A
Withdrawal Notifications		
Mod_15_21 Alter CDIFF Section F.18.7.2	F	16 th December 2021
Modification Proposal Extensions		
N/A	N/A	N/A
<ul style="list-style-type: none"> • Meeting 111 – 16 June 2022 – Conference Call 		