



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 116
CONFERENCE CALL
20th April 2023
10.30AM – 2.00PM

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Document History

Version	Date	Author	Comment
1.0	27 th April 2023	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	4 th May 2023	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_18_22 Mitigating risks of settlement of units running on secondary fuel in security of supply scenarios
Mod_01_23 Remuneration of Commissioning Unit v3
Mod_03_23 Modify SEMO timing sending Settlement Query to external Data Provider
Mod_04_23 Modification Proposal to implement SEMC Decision SEM-23-029
Mod_05_23 Market Compensation for Firm Curtailment

In Attendance

Name	Company	Position
Modifications Committee (voting members)		
James Long	ESB Networks	MDP Member
Therese Murphy	ESB	Generator Member
Nick Heyward	Energy Storage IRE	Flexible Participant Alternate
Deirdre Hughes	EirGrid	SO Alternate
Sean McParland	Energia	Generator Alternate
Robert McCarthy	Captured Carbon	DSU Member
Adelle Watson	NIE Networks	MDP Member

Eoghan Cudmore	Bord Gais Energy	Supplier Alternate
Andrew Burke (Chair)	WEI	Renewable Generator Member
Bryan Hennessy	Flogas Enterprise	Supplier Member
Eoin Murphy	ElectroRoute	Assetless Alternate
Colm MacOireachtaigh	PrePaypower	Supplier Member
Cormac Daly	Tynagh	Generator Member
Katia Compagnoni	SEMO	MO Member
Andrew McCorrison	SSE	Generator Alternate
David Caldwell	Power NI	Supplier Alternate
Modifications Committee (non-voting members)		
Kevin Hagan	CRU	RA Member
Guneet Kaur	CRU	RA Alternate
Mary Farrelly	Uregni	RA Alternate
Martin McCarthy	SEMO	MO Alternate
Richard Crowley	BNM	Generator Alternate
Secretariat		
Esther Touhey	SEMO	Secretariat
Sandra Linnane	SEMO	Secretariat
Observers		
Grainne Black	CRU	Observer
Andrew Waghorn	Deloitte	Observer
Michael Barrett	CRU	Observer
Yongkang An	CRU	Observer
Sinead O'Hare	Power NI	Observer
Thomas O'Sullivan	Aughinish	Observer
Kristy Rhades	EirGrid	Observer
Lenka Peskova	ESB	Observer
David Morrow	Energia	Observer

Elaine Corcoran	EirGrid	Observer
Harry Molloy	Tynagh	Observer
Patrick O'Hagan	SSE	Observer
Mike Harrington	EirGrid	Observer

1. SEMO UPDATE

Secretariat welcomed all to Modifications Committee Meeting 116 and confirmed that Deloitte would deliver the Audit Report for 2021 before the meeting would commence.

Audit Update

Deloitte delivered a presentation on the recent Market Audit Report for 2021. The result of the audit was an unqualified assurance opinion. The Presenter discussed two significant issues which had already been addressed by SEMO and gave an overview of the other matters identified. It was confirmed that the items that were still open would be included in a follow up section for Audit 2022. The Chair asked if the scope of this audit was on par with audits of other markets and it was responded that this was the case.

SEMO Update

The minutes for Modifications Committee Meeting 115 were read and approved. Secretariat confirmed that the Programme of Work had been circulated and the status of all Proposals had remained unchanged. Secretariat advised that Eoin Murphy of Electrорoute is replacing Cormac Fagan as the Assetless Alternate. Secretariat asked for Members cooperation in advising of any changes such as contact details, organization changes etc. All changes are to be advised to balancingmodifications@sem-o.com as soon as possible.

Market Development Update

An update was provided on Market Releases, and it was confirmed that Release K and Release L would be combined with a joint release date of 15th August 2023. This is to facilitate changes necessary for the dispatch of Temporary Emergency Generation (TEG) units that would be effective from September.

It was queried when there would be more information on Release M. MO Member confirmed that the scope for Release M had not been finalized but would be shortly and would include Greenlink changes as first priority.

Actions Update

MO Member confirmed that the change request for Mod_17_22 was with the vendors. It was noted that the other action for the TSO process for the under-test scenario in an emergency is also still open, but the TSO was working on closing it in due course.

DSU Member asked whether SEMO had completed the required impact assessment for Mod_02_23 'Energy Payments for DSUs'. MO Member assured that all details requested to date had been provided and would be working with the RAs if any other analysis was required.

Mod_07_22 Indexation to Calculation of Capacity Payments for New Capacity	<ul style="list-style-type: none"> SEMO to seek impact assessment of system changes - Closed
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Mod_10_22 Strike Price Volatility Modifier	<ul style="list-style-type: none"> Proposer to submit a version 2 of this proposal for Modifications Committee Meeting 116 – Open
Mod_10_22 Strike Price Volatility Modifier	<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
Mod_17_22 System Action Re-Pricing	<ul style="list-style-type: none"> SEMO to provide impact assessment – Open
Mod_17_22 System Action Re-Pricing	<ul style="list-style-type: none"> Proposer to complete analysis on providing the late change over the last 6 months and how frequently it will impact pricing - Closed
Mod_18_22 Mitigating risks of settlement of units running on secondary fuel in security of supply scenarios	Proposer to liaise with CRU on progressing alternative process - Open
Mod_01_23 Remuneration of Commissioning Unit	Secretariat to follow up with Proposer to schedule an Industry Call - Closed
Mod_02_23 DSU Energy Payments	Secretariat to draft a Final Recommendation Report – Closed

2. DEFERRED MODIFICATION PROPOSALS

MOD_10_22 STRIKE PRICE VOLATILITY MODIFIER

The Proposer provided an update on this Modification Proposal confirming it would be withdrawn following approval decision on Mod_08_22 and thanked the Committee for their comments and input during the process.

Decision

This Proposal is to be withdrawn.

Actions:

- Secretariat to draft a Withdrawal Notification - **Open**

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

The Proposer provided an update on this Modification Proposal advising that the original and subsequent proposals were not implementable, and the settlement issues were discussed with the RAs. It was noted that there was a view to expand the existing secondary fuel testing compensation documentation and procedure.

RA Member confirmed that the next step would be to publish a consultation to review secondary fuel test cost recovery with a view to including cost recovery secondary fuel dispatch during, for example, a gas emergency. RA Member advised that this consultation would be published before Meeting 117 on 22nd June 2023.

The Proposer confirmed that, based on this, they were satisfied that this Modification Proposal could be withdrawn.

Decision

This Proposal was withdrawn.

Actions:

- Secretariat to draft a Withdrawal Notification - **Open**

MOD_01_23 REMUNERATION OF COMMISSIONING UNIT

The Proposer provided an overview of a version 3 of their Modification Proposal noting that the legal drafting had been recently updated to reproduce the latest drafting used by Energia for their Mod_02_22. It was advised that concerns relating to this proposal raised at Meeting 115 and at the Industry Call on 23rd March 2023, have all been considered and hopefully resolved to everyone's satisfaction.

There was both support given, and concerns raised regarding this proposal. There was an understanding from a Generator Member on how tight the system is and support to see any barriers for commissioning units to be removed. Flexible Participant Alternate noted that even with no gain made there was potential to double recover if risk had been priced into previous Capacity auctions. The Proposer stated that double recovery should not be an issue because the new Best New Entrant consultation does not refer to these costs as included.

Generator Member raised a concern that this Modification Proposal only focused on new capacity and should also be expanded to testing of existing units. The Proposer appreciated the comments made but noted the previous Modification to include existing units was rejected. Support for the new drafting that addressed the profit potential of the previous version was offered by some Generator Members; however, concerns were also raised in relation to retrospective application to units with existing capacity contracts. The SO Alternate also expressed concerns at the impact of this proposal on the incentive to progress commissioning in a timely manner, the lack of PN submission and additional reserve requirements. Also, the duration of the testing phases as presented by the proposer, was challenged with the SO Alternate stating that the commissioning period could last 3-4 months but the Grid Code testing is normally limited to 5-10 days depending on the success of the testing events, and that the requirements are dictated more by the technology type of the unit rather than its size. The Proposer accepted the clarification on the testing and replied that the main incentive to complete the commissioning as soon as possible is for the unit to receive Capacity Payments. There were mixed views on whether this proposal would facilitate that aim or not. The materiality of the proposal was also questioned and the assumptions that were made to reach the figure quoted by the Proposer. The RA Member enquired about the volume of MWh output used in the Proposers assumptions (Proposer stated they would follow up with the figure) and what output the unit commissioning soon at Kilroot is expected to run at, during testing. The MO Member highlighted minor issues with the Legal drafting that could be corrected in the Final Recommendation Report and queried the value to the Market of a potentially costly system change (from both implementation and increase to Imperfection costs) that could only be deployed from 2024 at the earliest and only applied to a handful of units. It was questioned whether this proposal would speed up the testing period or hinder it as it might lead to less efficient testing. It was decided that a vote should be taken.

Decision

This Proposal was Recommended for Approval by majority vote.

Recommended for Approval by Majority Vote		
Andrew Burke (Chair)	Renewable Generator Member	Approve
Nick Heyward	Flexible Participant Alternate	Reject
Eoghan Cudmore	Supplier Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew McCorrison	Generator Alternate	Reject
Therese Murphy	Generator Alternate	Reject
Sean McParland	Generator Alternate	Reject
Robert McCarthy	DSU Member	Approve
Bryan Hennessy	Supplier Member	Approve
Eoin Murphy	Assetless Alternate	Reject
David Caldwell	Supplier Alternate	Approve

Action:

- Proposer to rectify minor legal drafting changes to be included in the FRR (remove hard obligation on the TSO in paragraph D.7.4.6 and tidy all references to Grid Code if no definition exists already in the Grid Code) - **Open**
- Secretariat to draft a Final Recommendation Report – **Open**
- SEMO to seek Impact Assessment - **Open**

3. NEW MODIFICATION PROPOSALS

MOD_03_23 MODIFY SEMO TIMING SENDING SETTLEMENT QUERY TO EXTERNAL DATA PROVIDER

The Proposer gave a [presentation](#) on this Modification Proposal noting that the changes requested were to Agreed Procedure 13 in relation to a settlement query’s timelines for requesting responses from MDPs and TSOs. Currently there is a 1WD turnaround for sending verification requests to third parties and this Modification Proposal would extend this timeline to 3WDs.

The Proposer advised that there have been occasions where the 1WD service level could not be met due to other priorities. Breaches of this obligation were noted in recent audits. The justification for the Proposal which mitigates such audit observations is the fact that the initial query assessment to check whether third party verification is required, might take more than one day. The Proposer went through the impacts of the proposal

and noted that if it was not implemented the timeline could continue to be breached. It was queried whether this change could result in a disincentive to SEMO to resolve queries as soon as possible. MO Member confirmed this would not be the case because the KPI of 20WD only applies to the final resolution of the query and remained unchanged; the timelines for third parties to verify the data also remain unchanged at 15WD and so there was no external impact due to the implementation of this modification.

Decision

This Proposal was Recommended for Approval.

Recommended for Approval by Unanimous Vote		
Andrew Burke (Chair)	Renewable Generator Member	Approve
Nick Heyward	Flexible Participant Alternate	Approve
Eoghan Cudmore	Supplier Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew McCorrison	Generator Alternate	Approve
Therese Murphy	Generator Alternate	Approve
Sean McParland	Generator Alternate	Approve
Robert McCarthy	DSU Member	Approve
Bryan Hennessy	Supplier Member	Approve
Eoin Murphy	Assetless Alternate	Approve
David Caldwell	Supplier Alternate	Approve
James Long	MDP Member	Approve
Adelle Watson	MDP Member	Approve
Katia Compagnoni	MO Member	Approve
Deirdre Hughes	SO Member	Approve

Action:

- Secretariat to draft an AP Notification - **Open**

MOD_04_23 MODIFICATION PROPOSAL TO IMPLEMENT SEMC DECISION SEM-23-029

The Proposer gave a [presentation](#) on this Modification Proposal noting that it would implement the decision SEM-23-029 that had been made after consultation held in 2022/23. It was advised that there would be a manual workaround implemented using a flag applied by SEMO to identify units in merit.

The Proposer went through the changes to the Code and confirmed there would not be any system changes and the proposal would not remove existing functionality. MO Member confirmed the flag used for this change has been repurposed completely and is no longer linked to system services; however, to avoid changes to both Market and Participant's systems, the name has been left as it was and the change explained in the Glossary definition. A Generator Member asked clarification that units that were exempt under Mod_12_22 were not excluded under this new Modifications. The Proposer confirmed that the previous Modification only covered a subset of the units covered under the new one. This Modification is expanding exemptions to additional units on top of those covered by the previous one.

It was also noted that the Modification Proposal could be implemented within a few days following RA decision.

Decision

This Proposal was Recommended for Approval.

Recommended for Approval by Unanimous Vote		
Andrew Burke (Chair)	Renewable Generator Member	Approve
Nick Heyward	Flexible Participant Alternate	Approve
Eoghan Cudmore	Supplier Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew McCorrison	Generator Alternate	Approve
Therese Murphy	Generator Alternate	Approve
Sean McParland	Generator Alternate	Approve
Robert McCarthy	DSU Member	Approve
Bryan Hennessy	Supplier Member	Approve
Eoin Murphy	Assetless Alternate	Approve
David Caldwell	Supplier Alternate	Approve
Colm Oireachtaigh	Supplier Member	Approve

Actions:

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

MOD_05_23 MARKET COMPENSATION FOR FIRM CURTAILMENT

The Proposer gave an overview of this Modification Proposal noting that it arose following extensive consultation on ART. 13.7 of the Clean Energy Package (CEP). It was advised that this Modification needs to be progressed now and be included in Release M and no later than Release N to fulfil the requirement of making it effective on 1st October 2024.

The main principles of the proposal were discussed, focusing in particular on the changes to the algebra. It was advised that although the SEMC decision underpinning this Modification is currently subject to a Judicial Review, this change can be progressed and paused or re-assessed depending on the outcome of that review. It was also clarified that this proposal only deals with algebra and system changes applicable from 1st October 2024 onwards and, given that the CEP intends for the logic to be applied since January 2020, a separate Modification Proposal would need to be drafted to deal with the period between January 2020 to 30th September 2024.

A number of questions were raised about the proposal and Generator Alternate Member believed stated that the Modification in itself did not go far enough to implement all the obligations of Article 13.7 of the Regulation. A Supplier Alternate asked about the impact of this proposal on Imperfections going forward. The Proposer stated that the impact will depend on a number of factors including the Imbalance Price, the volume of Curtailment and the level of Firm Access granted to new units. A high-level analysis on the years 2020 to date revealed a range that goes from approximately just below €2 million to nearly €10 million per year when the Imbalance Price increased substantially. Therefore, the impact going forward would be expected to be somewhere in that range.

An Observer asked if the materiality on price per MWh was known as the increase could provide a disincentive for consumers to switch from fossil fuels to low carbon electricity. That level of detail was not known; however, it was noted by a Supplier Member that even the highest estimate of €10 million is relatively low compared to the large imperfection budget and that new units are expected not to have firm access therefore they would not benefit from this.

Generator Alternate queried the reasons for proceeding with the change and using resources while there is still uncertainty regarding the direction the implementation should take. MO Member provided assurance that this had been long considered; the Modification, although ready for a number of months, had been delayed as long as possible to allow for a resolution; however, given the timings of the court proceedings SEMO can no longer await their conclusion. Reassurance was also given that initial discussions with the vendor helped to simplify the system changes which have been provisionally considered as low impact pending final detailed assessment.

Decision

This Proposal was Recommended for Approval.

Recommended for Approval by Majority Vote		
Andrew Burke (Chair)	Renewable Generator Member	Approve
Nick Heyward	Flexible Participant Alternate	Approve

Eoghan Cudmore	Supplier Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew McCorrison	Generator Alternate	Approve
Therese Murphy	Generator Alternate	Approve
Sean McParland	Generator Alternate	Abstain
Robert McCarthy	DSU Member	Approve
Bryan Hennessy	Supplier Member	Approve
Eoin Murphy	Assetless Alternate	Approve
David Caldwell	Supplier Alternate	Approve
Colm Oireachtaigh	Supplier Member	Approve

Action:

- Secretariat to draft a Final Recommendation Report – **Open**
- SEMO to seek impact assessment - **Open**

4. AOB/UPCOMING MODIFICATIONS

Upcoming

MO Member noted that there were no Modifications Proposals in the pipeline, but the Scheduling Dispatch Project was ramping up and this will see some Modifications drafted as a result.

Secretariat thanked all for attending Meeting 116 and gave a reminder that Modifications Committee Meeting 117 would be held on Thursday, 22nd June 2023.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 116		
Status as of 20 April 2023		
Modification Proposals ‘Recommended for Approval’ without System impacts		
Title	Sections Modified	Sent
Mod_07_22 Indexation to calculation of Capacity Payments for New Capacity	F.17	Sent for RA Decision 22/11/22
Modification Proposals ‘Recommended for Approval’ with System impacts		
Mod_02_23 DSU Energy Payments	B, F, G, H AP01 Section 2.3 & Appendix 3	Sent for RA Decision 16/03/23
Mod_17_22 System Action Re-pricing	E.3.4.2	Sent for RA Decision 16/03/23
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_08_22 Weekly Strike Price Calculation	F.16.2	Following System Implementation
RA Decision Approved Modifications with no System Impacts		
Title	Sections Modified	Effective Date
Mod_13_22 Bidirectional Imperfections Charge Factor Modification	F.12.1.4	24 th January 2023
Mod_16_22 SEMO Housekeeping 2022	D, F, G, Glossary	14 th December 2022
RA Decision Rejected		
N/A	N/A	N/A
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_15_22 Timelines for processing Letters of Credit	AP9	20 th January 2023
Withdrawal Notifications		
N/A	N/A	N/A

Modification Proposal Extensions		
N/A	N/A	N/A
N/A	N/A	N/A
<ul style="list-style-type: none"> • Meeting 117 – 22nd June 2023 – MS Teams 		