



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 94

BELFAST

24 OCTOBER 2019

10.30 – 3.00PM

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Document History

Version	Date	Author	Comment
1.0	4 th Nov 2019	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	11 th Nov 2019	Modifications Committee Secretariat	Committee and Observer review complete

Distribution List

Name	Organisation
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_03_18 Autoproducer Credit Cover with DSU v2
Mod_03_19 Amended application of the Market Back Up Price if an imbalance Price(s) fails to circulatev2
Mod_04_19 Running indicative settlement on all days V2
Mod_06_19 Determination of the marginal Energy Action Price where no energy is available in the NET Imbalance Volume v2
Mod_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch
Mod_14_19 Interconnector representation on the Modifications Committee
Mod_15_19 Clarification to the description of the role of the Dispute Resolution Board under the TSC
Mod_16_19 Codification of TSO FNDDS Methodology and System Service Flag for DSU Settlement Mod_16_19 Presentation
Mod_17_19 DSU State Aid Compliance Interim Approach Mod_17_19 Presentation
Mod_18_19 Clarification to apply Recoverable Start Up Costs to DSUs Mod_18_19 Presentation
Mod_19_19 Determining use of Complex Commercial Offer Data in Settlement when required information is not available Mod_19_19 Presentation

[Mod_20_19 Changing Day-Ahead Difference Quantity to Day-Ahead Trade Quantity in Within-day Difference Charge Calculations](#)

[Mod_20_19 Presentation](#)

In Attendance

Name	Company	Position
Modifications Committee (voting members)		
Jim Wynne	Electric Ireland	Supplier Member
Andrew Burke (Vice Chair)	Enerco	Supplier Member
Paraic Higgins (Chair)	ESB	Generator Member
Sinead O'Hare	Power NI PPB	Generator Member
James Long	ESB Networks	MDP Member
Adelle Watson	NIE Networks	MDP Member
Robert McCarthy	Electricity Exchange	DSU Alternate
Christopher Goodman	SEMO	MO Member
Anne Trotter	EirGrid	SO Member
Siobhain O'Neill	ElectroRoute	Assetless Alternate
Marie Therese Campbell	SONI	SO Member
Kevin Hannafin	Energia	Generator Member
Ian Mullins	Bord Gais	Supplier Alternate
Rochelle Broderick	Budget Energy	Supplier Alternate
Cormac Daly	Tynagh Energy	Generator Member
Modifications Committee (Non-Voting Members)		
Katia Compagnoni	SEMO	MO Alternate
Keith Plunkett	ESB Networks	MDP Alternate
Sean McParland	Energia	Generator Alternate
Barry Hussey	CRU	RA Member
David Gascon	BNM	Generator Alternate
Karen Shiels	Utility Regulator	RA Alternate

Secretariat		
Sandra Linnane	SEMO	Secretariat
Esther Touhey	SEMO	Secretariat
Observers		
Joseph Devlin	PPB	
Thomas O’Sullivan	Aughinish	
Lauren Skillen Baine	SEMO	
Paul McGuckin	Mutual Energy	
Julie Ann Mitchell	EP Kilroot	
Jagtar Basi	ESB GT	
Stacy Feldmann	SSE	
Martin Kerin	SEMO	
Vivienne Price	SONI	
Simon Grimes	SEMO	

1. SEMO UPDATE

The secretariat welcomed all to Modifications Committee Meeting 94. Special thanks were given to our previous Chair Julie Anne Murray and Vice Chair William Steele. Elections for 2019 are complete with Paraic Higgins appointed as Chair and Andrew Burke as Vice Chair for a year. There were also changes to committee members and alternates for Bord Gais, EirGrid and SONI. These are all now updated on the website

The minutes for Meeting 93 were approved and published. The secretariat went through the Programme of Work confirming that we will aim to have version 22 of the Trading and Settlement Code issued by the end of the year and if not by the beginning of 2020 in line with system release D.

The RA Member provided an update on the three Modifications Proposals currently awaiting an RA decision. It was confirmed that the decisions for MOD_38_18 and MOD_12_19 had been drafted and needed to be approved in line with the Committee recommendations. MOD_10_19 will take more time as the SEMC are minded to take a decision contrary to the recommendation of the committee. The decision letter will explain the reasons and will also include the implementation date which will align with the system implementation in order to avoid extensive repricing.

2. REVIEW OF ACTIONS

MOD_03_18 Autoproducer Credit Cover	<ul style="list-style-type: none"> SEMO to provide vendor impact assessment for existing proposal – Open
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	<ul style="list-style-type: none"> • Proposer to draft version 3 to provide for the interim provisions to endure for New and Adjusted Participants after the Standard Participant treatment is implemented and until an enduring solution for New and Adjusted Participants can be implemented SEMO also agreed to include details of the current interim solution for New and Adjusted participants as enduring - Open
<p>MOD_24_18 Use of Technical Offer Data in Instruction Profiling / QBOA</p>	<ul style="list-style-type: none"> • Proposer to explore the proposition for VTOD sets changing at other times during the day as part of the options for implementing the enduring text – SEMO provided vendor updates on the difficulties of implementing this and invited PTs to provide numbers on the frequency of this occurring. SEMO will endeavor to provide further details with regards to the vendor assessment at meeting 93 – Closed • SEMO to get more information on system change with multiple VTOD sets for a single Settlement Days for August meeting – Closed • Participants to provide figures on the frequency of the issue and potentially the MW volume impacted - Closed
<p>MOD_30_18 Market Back Up Price Amendment</p>	<ul style="list-style-type: none"> • SEMO to investigate what is involved in including the Intraday Market trades in the manual Market Backup Price calculation and to present this analysis at a future modifications panel meeting once real data is available so that consideration can be given as to whether there would be merit in proposing a further change – Frozen until review in Dec 2019 • Approach that is currently in operation to be re-assessed in approximately 12 months to determine whether there has been a material increase in intraday traded volumes and if such an increase justifies their inclusion in the PMBU calculation at that point – Frozen until review in Dec 2019
<p>MOD_03_19 Amended Application of the Market Back Up Price if an Imbalance Price (s) fails to circulate</p>	<ul style="list-style-type: none"> • SEMO to further escalate the need for an impact assessment - Closed
<p>MOD_04_19 Running indicative settlement on all days</p>	<ul style="list-style-type: none"> • Secretariat to produce a Terms of Reference to begin process of Working Group 1 - Closed

	<ul style="list-style-type: none"> • Secretariat to organise and convene a date for Working Group 1 – Closed • SEMO to provide an analysis of Credit default examples after weekends or bank holidays - Closed
MOD_06_19 Determination of the Marginal Energy Action Price Where No Energy is available in the Net Imbalance Volume	<ul style="list-style-type: none"> • Proposer to provide additional data, ie more than one week and show how DBC costs would be impacted - Closed
MOD_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch	<ul style="list-style-type: none"> • SEMO and the proposer to investigate feasible ways to implement a solution in the market - Ongoing
MOD_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch	<ul style="list-style-type: none"> • Participants to consider the issue and provide suggestions to the Modification mailbox - Closed
MOD_14_19 Interconnector representation on the Modifications Committee	<ul style="list-style-type: none"> • Secretariat to circulate a Terms of Reference and convene a Working Group - Closed

3. DEFERRED MODIFICATION PROPOSALS

MOD_03_18 AUTOPRODUCER CREDIT COVER WITH DSU V2

SEMO provided an update on this proposal. Version 3 is currently being drafted with updates for system implications needed for the drafting of the Modification Proposal. The system design has been developed.

There was a discussion around the interim treatment of Autoproducers and DSUs and the need to have a separate treatment compared to the standard process. This would need to be seamless in terms of taking standard participants out of the interim treatment and retaining it for New and Adjusted. A DSU member asked to include in the Code details now available on the interim treatment and SEMO will elaborate on this within the drafting of version 3. SEMO confirmed they are happy to put this together. The committee agreed to defer the proposal pending follow up actions.

Decision

This Proposal was deferred.

Actions:

- SEMO agreed to work with the proposer on the legal drafting of Version 3 to incorporate more detail around the treatment under the interim solution for New and Adjusted Participants and any additional changes on foot of the system design development work – **Open**

MOD_03_19 AMENDED APPLICATION OF THE MARKET BACK UP PRICE IF AN IMBALANCE PRICE(S) FAILS TO CIRCULATE V2

SEMO provided an update on this proposal confirming that the impact assessment was complete showing medium impact and cost. There were 3 assumptions provided by the vendor one of which related to implications for the timing of reports.

This would only manifest when there is a back-up price calculation. The proposer advised that by their understanding this implication should not be a necessary. SEMO have been back to the vendor to find alternatives but confirmed that communications are challenging. There has not been a clear response on changing such assumption or why it was made. In the interest of moving the Modification Proposal forward the proposer agreed it is sensible to vote whilst the vendor continues to be pressed on the basis that SEMO will aim to enhance the solution if possible but that whether the cited implication remain or not the legal drafting of the proposed change is unaffected.

A question was raised by a Generator member around timelines for implementation. SEMO confirmed that once the approach was finalised, if the proposal is approved it will go through the usual prioritisation process as with delivery all system changes. SEMO noted that they could not pre-empt the outcome of this process. Clarification on the timelines for upcoming releases was discussed with Release F being the next release for which the scope has not been finalised. SEMO confirmed that they could not state with certainty that this change would necessarily be delivered in release F. The committee agreed to move to a vote.

Decision

This proposal was Recommended for Approval.

Recommended for Approval		
Recommended for Approval by Unanimous Vote		
Rochelle Broderick	Supplier Alternate	Approve
Kevin Hannafin	Generator Member	Approve
Siobhain O'Neill	Assetless Alternate	Approve
Ian Mullins	Supplier Alternate	Approve
Sinead O'Hare	Generator Member	Approve
Jim Wynne	Supplier Member	Approve
Robert McCarthy	DSU Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew Burke	Supplier Member	Approve
Paraic Higgins (Chair)	Generator Member	Approve

Actions:

- SEMO to follow up with the vendor regarding potential enhancements to implementation such that publication timings of the Pricing reports are not affected if possible – **Open**

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

MOD_04_19 RUNNING INDICATIVE SETTLEMENT ON ALL DAYS V2

The proposer gave a brief overview of the proposal stating the main aim was to reduce collateral requirements resulting from approximation of Traded Not Delivered exposure relating to Non-Working Days. The Modification Proposal was raised in February with a number of options available to discuss in a Working Group which took place on Thursday, 19th September 2019. Version 2 of the proposal was developed which aims to reduce credit assessments to one per day at 3.30pm, on days following Non-Working Days to reduce collateral requirements for generators.

The Chair looked for assurance that the mechanism of this was clear. The proposer confirmed that there were no changes to calculations with only the latest of the three reports run. This would not change any other obligations, timelines or remedies.

SEMO reiterated that the assumption from the Working Group is that this would be a collective effort between SEMO and data providers. Final Credit Assessments and reports on the first Working Day would be delayed as much as possible while still meeting publication timelines with Meter Data files submitted as early as possible on the first Working Day to facilitate the completion of Indicative Settlement runs ahead of Credit Assessment.

The RA Member raised a concern that the drafting seemed a bit unclear of what the solution was and which days it covered. The proposer confirmed that it was intended to cover both Bank holidays and Weekends by implementing the new timings for the first subsequent Working Day and agreed to amended wording in the legal drafting to address the clarity issue.. The RA Member cited reservations about removing 104 credit assessments and referenced the process whereby they can intervene in the approval of Agreed Procedure Modifications via veto provisions. The Committee agreed to move to a vote subject to legal drafting changes to be captured in the Agreed Procedure Notification clarifying the targeting of the changes to the first Working Day following a Non-Working Day. The committee agreed to move to a vote.

Decision

This proposal was Recommended for Approval subject to legal drafting changes.

Recommended for Approval

Recommended for Approval by Unanimous Vote		
Rochelle Broderick	Supplier Alternate	Approve
Kevin Hannafin	Generator Member	Approve
Siobhain O'Neill	Assetless Alternate	Approve
Ian Mullins	Supplier Alternate	Approve
Sinead O'Hare	Generator Member	Approve
Jim Wynne	Supplier Member	Approve
Robert McCarthy	DSU Alternate	Approve

Cormac Daly	Generator Member	Approve
Andrew Burke	Supplier Member	Approve
Paraic Higgins (Chair)	Generator Member	Approve
Christopher Goodman	MO Member	Approve
Anne Trotter	SO Member	Approve
Marie Therese Campbell	SO Member	Approve
James Long	MDP Member	Approve
Adelle Watson	MDP Member	Approve

Actions:

- Secretariat to draft AP Notification capturing legal drafting update as agreed – **Open**

MOD_06_19 DETERMINATION OF THE MARGINAL ENERGY ACTION PRICE WHERE NO ENERGY IS AVAILABLE IN THE NET IMBALANCE VOLUME V2

The Secretariat provided an update on this proposal confirming that SSE had sent a request to have this proposal withdrawn.

Decision

This proposal was withdrawn.

Actions:

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

MOD_13_19 PAYMENT FOR ENERGY CONSUMPTION IN SEM FOR NON-ENERGY SERVICES DISPATCH

The proposer was not in attendance at the meeting. SEMO provided an update confirming that some progress had been made on version 2 of this proposal. SO Member confirmed that some metering issues were identified and a meeting will be set up with Meter Data Providers and SEMO to discuss this. The committee agreed to defer the proposal pending follow up actions.

Decision

This proposal was deferred.

MOD_14_19 INTERCONNECTOR REPRESENTATION ON THE MODIFICATIONS COMMITTEE

A Working Group was agreed at Modifications Meeting 93 on Thursday, 22nd August 2019. The Terms of Reference was developed and an invitation was circulated to the committee and wider distribution list. The committee agreed to defer the proposal pending a Working Group being convened.

Decision

This proposal was deferred.

4. NEW MODIFICATION PROPOSALS

MOD_15_19 CLARIFICATION TO THE DESCRIPTION OF THE ROLE OF THE DISPUTE RESOLUTION BOARD UNDER THE TSC

The background of this modification was provided stating that a payment was made from the socialisation fund to a Participant following a decision from the Dispute Resolution Board. Details could not be provided as to why this payment was directed due to confidentiality. The proposer noted that this had been discussed by the SEM Committee. The RAs were notified of this Dispute and subsequent decision and the SEM Committee have requested that a modification should be raised as a matter of urgency to resolve concerns that were highlighted due to this decision. The proposer indicated that the modification should be considered as a standard proposal with a sense of urgency, as opposed to formally as an Urgent Proposal, with no emergency meeting or committee specified timeline therefore required.

There is a concern within the SEM Committee that there are areas where the Code is not clear and provides more leeway for the Dispute Resolution Board to make decisions than that which might be considered appropriate. The RA Member stated that this is a rules-based system in which Market Participants operate and that all parties including the DRB should operate within the rules of the TSC. The proposer indicated their view that if SEMO follow the rules in the Code then the Dispute Resolution Board should not take a decision requiring actions outside the Code, which might stray into policy making. The RAs, have a role set out in legislation to determine policy, and cannot allow this authority to be considered as delegated to a third party such as the Dispute Resolution Board or otherwise.

The proposer listed the changes set out in the proposal confirming that one of the key Code Objectives furthered relate to non-discrimination against parties. The proposer observed that the Dispute Resolution Board is a human exercise and that it is therefore important that the process should be designed so that it works regardless of which member of the board is reviewing the facts before them.

A number of Supplier Members and Generator Members voiced concern that this was a significant change to the Code and a very high bar was being introduced to the Dispute Resolution process. The view was expressed by a number of Members that there is a need for more transparency on the Dispute Resolution Board decision which prompted the Modification Proposal and that this change merits further investigation so that there is no 'knee jerk' reaction. Concern was also stated by an observer who noted that they felt that the proposer should share their legal advice and/or the Modifications Committee should seek their own legal advice given what they saw as the significant ramifications of the proposal. They expressed the view that the changes being proposed were inappropriate and would damage the Dispute Resolution provisions by inappropriately limiting the ability of the Dispute Resolution Board to make its determination and prescribe remedial action. These concerns were shared by some Committee Members. The Observer reiterated calls for more detail on the Dispute that appeared to have prompted the proposal. Some

Members expressed particular concern in relation to the new section under B.19.6.1A due to the view that it narrowed the Dispute Resolution Board function inappropriately.

Concerns were also raised about the removing references to the Code objectives and about unintended consequences of such radical changes as a lot of effort had been put in the original Terms of Reference for the DRB and they have proved satisfactory to date. Why was a Modification only raised now? It was replied that removing the Code Objectives will not limit the DRB but highlight the fact that they have to consider the Code in its entirety not just individual objectives. Also, the rules regarding DRB had never been questioned before as there has never been a decision with impact of this nature. SEMO alternate also re-iterated that previous DRB had identified issues as part of the Dispute where no remedial action could be prescribed under the Code and in that case a review of affected section of the Code was suggested with a view of raising appropriate Modifications. By removing the open interpretation it is guaranteed a more equal approach as it removes a lot of the subjectivity to the decision making process while leaving the DRB free to provide their own interpretation of sections of the Code.

The MO Member noted their view that it would be inappropriate for the Modifications Committee to discuss a particular Dispute, particularly given the confidential nature of the information. Further, that they did not feel that this was necessary in order to consider the proposal since they felt it should be possible to consider it in the context of the broader concepts and principles to which it relates. They also noted that a large part of the role of the Dispute Resolution Board is to help Parties resolve issues when they don't agree and avoid such issues going to court as part of a broader set of Dispute Resolution provisions within the Code which commences with attempts at amicable resolution prior to arbitration via the Dispute Resolution Board.

The MO Member noted their concern that the Dispute Resolution process currently could be seen to allow for the Dispute Resolution Board to reach a decision that requires remedy outside of that allowed under the Code and where by a Party which has acted in accordance with the provisions of the Code. In this case a decision could be taken where the Code has not been breached such that a Dispute Resolution Board may direct a Party to the Code to undertake a remedial action, as part of its decision that contradicts their obligations either under the Code or elsewhere. The MO Member indicated that in their view this was inappropriate and could increase the likelihood of Disputes ending up in court, contrary to the aim of the Dispute Resolution process. They indicated that they therefore could see merit in a Modification Proposal which requires the Dispute Resolution Board to be bound by a requirement limit their decisions to being on the basis of whether or not Parties have acted in accordance with the Code and to limit their directions to actions which remedy a breach of the Code similar to what is being proposed

The RA Member gave assurance that a full legal review was carried out before this modification was raised and acknowledged that it was the right of the Committee to raise their own separate legal review. The proposer confirmed that they did not wish to inappropriately reduce the role of the Dispute Resolution Board but rather that they should seek a resolution to issues of compliance with the Code rather than indirectly making policy decisions. Where remedial action was not available under the Code they should potentially advise a Modification to the Code which would come back to the Panel and the SEMC for consultation.

Discussion moved to the most appropriate way to move forward in considering the proposal. Some Members indicated that, while it may be necessary for the Committee to formally seek legal advice, they felt that it was worth attempting to find agreement on some form of proposal within the Committee first noting the call from the SEM Committee to progress a change as a matter of urgency and that past experience indicated that requesting and discussing formal legal advice could be a time consuming exercise and that Members may be able to avail of their own internal legal advice in a more timely fashion and that this may suffice. A number of possibilities were discussed in relation to next steps.

The proposer noted the importance to progress this efficiently and suggested a Working Group in the hope of agreeing an approach which makes the necessary changes while recognising that Market Participants were concerned about the decision making ability of the Dispute Resolution Board being unreasonably narrowed. The proposer agreed that more discussion was required on the modification and a version 2 of the proposal could be developed in the Working Group. This step could prevent a formal Urgent Modification being required such that the Committee would have to determine a strict timetable. It was

agreed that Committee Members should document their concerns ahead of a Working Group being convened to progress the proposal. The committee agreed to defer the proposal pending follow up actions including convening a Working Group.

Decision

This proposal was deferred.

Actions:

- Secretariat to circulate a Terms of Reference and convene a Working Group as soon as possible–**Open**
- Committee Members to document their specific concerns prior to the Working Group to facilitate efficient progression of the proposal with a sense of urgency - **Open**

MOD_16_19 CODIFICATION OF TSO FNDDS METHODOLOGY AND SYSTEM SERVICE FLAG FOR DSU SETTLEMENT

The proposer delivered a [presentation](#) detailing their proposal on Codification of the Demand Side Non-Delivery Percentage (FNDDS) calculation including a change to introduce the inclusion of System Service Flags within the calculation and also a change to make the calculation a Market Operator as opposed to System Operator obligation. They explained that FNDDS is a variable which is only related to Demand Side Units (DSUs) and is a key component in the calculation of their Capacity Settlement. This proposal will codify governance for the calculation and potential submission of Formal Queries or Dispute to trigger resettlement of the same if required.

The proposer explained that this is a non-delivery factor that is used in calculating Difference Charges for non-delivery and these are currently the only Difference Charges which apply to DSUs which are treated differently to conventional units in this regard. FNDDS is a percentage of the Obligated Capacity Quantity that was not delivered. During the development of the Trading & Settlement Code Part B the approach to the calculation was not finalised so that this was taken outside the Code. This was implemented a System Operator obligation rather than Market Operator obligation. The document detailing the calculation methodology has been on the SEMO website since December last year but it is in a governance grey area since this methodology is not governed by the Code.

It was noted that the impact of not implementing the proposed Modification is that the methodology would not be governed by the Trading & Settlement Code. Another deficiency which would remain is that it would remain a System Operator obligation to calculate the parameter which uses variables the System Operator technically doesn't have access to.

For the impact assessment there have been discussions with SEMO and it was confirmed that it is a manual process outside the Market Operator systems so that this Modification can be implemented without affecting Market Operator systems. The proposer noted that they had included details in the drafting so that where Strike Price is not reached the FNDDS is set to zero since it is not needed which limits the impact on the Market Operator in that it will only have to be calculated where the Imbalance Price exceeds the Strike Price.

The proposer noted that required State Aid Compliance changes would mean that FNDDS is no longer used but also that the State Aid compliance change won't happen immediately so that there is still merit in this proposal as it can be implemented virtually immediately if approved. This process would be needed for

roughly the next 12 months. SEMO Member noted agreement with the points made in relation to the Market Operator calculating the variable if the proposal is implemented.

The proposer noted that there were some drafting changes that were identified following submission of the proposal. Under the proposed algebra the calculation uses a variable QAA and this is not listed in plain English under algebra and should be added.

There was also a glossary change which used text from an old version of Code which has since been amended which should also be captured in the Final Recommendation Report. The committee agreed to move to a vote subject to the amended legal drafting discussed.

Decision

This proposal was Recommended for Approval subject to legal drafting changes.

Recommended for Approval

Recommended for Approval by Unanimous Vote		
Rochelle Broderick	Supplier Alternate	Approve
Kevin Hannafin	Generator Member	Approve
Siobhain O'Neill	Assetless Alternate	Approve
Ian Mullins	Supplier Alternate	Approve
Sinead O'Hare	Generator Member	Approve
Jim Wynne	Supplier Member	Approve
Robert McCarthy	DSU Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew Burke	Supplier Member	Approve
Paraic Higgins (Chair)	Generator Member	Approve

Actions:

- Secretariat to draft Final Recommendation Report including changes to legal drafting - **Open**

MOD_17_19 DSU STATE AID COMPLIANCE INTERIM APPROACH

The proposer delivered a [presentation](#) giving an overview of this provisional proposal which was raised following the SEM Committee Decision on Demand Side Unit State Aid compliance. The Proposer went through the principles of the modification and the high level points on what options were available and what guidance was included in the decision. It was advised that the final proposal must be able to be implemented by 1st October 2020.

SEMO went through the two options for making energy payments and identified some potential considerations the Committee might wish to bear in mind when indicating their preferred options, including which would be the easiest to refine towards an enduring solution, which is the most robust to cover the most likely scenarios, and which is the best in terms of meeting requirements of SEMC decision.

SEMO had drafted the algebra, which contained the two options for making energy payments to DSUs when Difference Payments are triggered, and confirmed there were still a few more scenarios to test against those options. The proposer then went through three options for recovery charging, again considering which best meets the guidance in the SEMC decision, this time in terms of allocating the cost in line with the equity assessment criteria, charging against the most appropriate cost base, which is the easiest to implement and the most robust. The proposer noted that a high level review of the options indicated that they were comparable in terms of ease of implementation in systems.

SEMO discussed a spreadsheet that was developed with algebra from the payment options set out across various Demand Side Unit trading scenarios noting that there was a small error in some of the calculations for that only occurred in very specific trading scenarios which were not included in the original spreadsheet but assessed whilst carrying out materiality assessment based on historic data. SEMO indicated that they would circulate a corrected spread sheet with this issue addressed There are currently 33 scenarios on the published spreadsheet assuming different ways of Participants trading. Option 1 didn't work for one scenario which option 2 did address, and SEMO indicated that they had been testing other more fringe scenarios, with both options having examples of these scenarios which worked and which didn't work, with spreadsheets they hope to publish shortly. The proposer confirmed the option 1 failure was on a fringe scenario. A request was made to draw out in plain English the failed scenario from option 1 for review and to indicate how frequently this might occur based on existing trading patterns.

Option 1 was preferred by some members as it better isolates the changes to a revenue adjustment variable and limits the changes for setting of Metered Quantity for the Trading Site Supplier Unit, which may avoid the need for further changes to other charges which utilise that variable. Option 1, in keeping the changes isolated, may also be easier to implement in the Code, and easier to adjust towards an enduring solution than Option 2.

The three options for recovery charging were also discussed. A Supplier Member questioned if we had been informed of the risks posed by the change in general and asked what the risk exposure to the market was. It was confirmed that this was not possible to know precisely due to the dependence on what price events occur and what volume of Demand Side Unit trade is affected. SEMO noted that analysis of the increased energy cost based on price events in the first year of I-SEM would have been circa €70k with the logic of the modification applied to those periods, but noted that this was indicative only and the actual cost would depend on the market dynamics going forward. SEMO indicated that the risk of under recovery in Difference Charges to fund Difference Payments could actually be diminished due to the additional Difference Charges from Demand Side Units.

A Supplier alternate stressed that an increased cost to suppliers had to be accepted and it was noted that this was effectively 'baked in' to the SEMC decision on the interim approach. There was discussion on the need to investigate whether Demand Side Units were being paid correctly and a need to make sure that whatever modification is chosen doesn't result in over or under recovery. It was reiterated that this is a state aid decision and needs to be implemented by October 2020 to ensure compliance.

A supplier member made a point that the socialisation fund needs to be protected and indicated that they did not feel that it was the appropriate approach to recovery charging as it is for a particular purpose. They stated that the interim solution would endure until the permanent one is introduced and it is not yet clear how long that could be. They recommended modification should be reviewed again in the future after implementation. SEMO agreed with this point and confirmed it should be given a status of a long term action to track the commitment. The discussion regarding recovery charging via the Residual Error Charge indicated that this was not preferred due to difficulty in meeting the equity assessment criteria. This is

because it is currently only charged against non-interval demand and making a proposal on changes to the Residual Meter Volume Interval proportion which would charge the appropriate share to interval demand to account for this recovery correctly would be challenging. A Supplier Member indicated that intuitively the Imperfections Charge appeared to be the most appropriate approach to recovery charging due to being the most appropriate cost base and the one which lends itself most readily to meeting the equity assessment criteria due to being charged evenly to all demand. An RA Member suggested that with this approach it may be appropriate to review the potential impact in the middle of the tariff year to ensure that Suppliers are advised of potential impacts on the Imperfections Tariff in advance.

It was noted that once a decision is taken this will have to be in the systems by October 2020. SEMO noted that this was challenging and indicated that they would seek to progress the system change in tandem with the Modification Proposal in an effort to ensure timely delivery. They also indicated that they hoped to have a clear indication of the preferred approach with a view to returning with a final proposal at meeting 95 in December to ensure a decision is taken as soon as possible. The proposer requested that the Committee confirm their preferences to facilitate this and stated that it seemed that Option 1 for making energy payments appeared to be the preferred approach along with recovery charging via the Imperfections Charge. The Committee indicated their agreement with this approach. The committee agreed to defer the proposal pending follow up actions.

Decision

This proposal was deferred.

Actions:

- SEMO to draft a version 2 of this proposal based on option 1 as the best approach for making energy payments (including refinement to address the failed test scenario if possible) and recovery charging via the Imperfections Charge - **Open**
- SEMO to complete assessment of the frequency with which the failed scenario under Option 1 occurs based on existing behaviors and to describe the scenario in plain English– **Open**
- SEMO to circulate updated scenario analysis Spread Sheet with identified error corrected – **Open**
- 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- **Open**

MOD_18_19 CLARIFICATION TO APPLY RECOVERABLE START UP COSTS TO DSUS

SEMO delivered a [presentation](#) giving an overview of this proposal which was raised on foot of a query by a Demand Side Unit Participant stemming from uncertainty as to whether Recoverable Start Up Costs applied to them given that from defect in the system was present which obscured the data on the variable.

There are 2 very clear typos in paragraphs F.11.2.2 and F.11.2.4 addressed in the proposal by changing reference to Start Cost to the Codified term Start Up Cost. The other change proposed is a straightforward addition to the paragraph which the equivalence of Start Up Costs with Shut Down Costs for Demand Side Units. This change seeks to explicitly emphasize that this also extends to Recoverable Start Up Costs. This is currently the case in the Systems and so is not a material change but this proposal seeks to further highlight the fact to avoid any uncertainty. The proposer made a note that the Shut Down Cost (CSD) variable name is also removed from the paragraph on equivalence with Start Up Cost as part of the proposal. Since this is not used anywhere else the proposal also removes it from the list of variables and

acronyms in the Code Glossary. Since the variable definition contains some helpful explanatory text which is not in the Glossary definition for Shut Down Cost the proposal also seeks to add this text in to the glossary definition so that it is not lost. The committee agreed to move to a vote.

Decision

This proposal was Recommended for Approval.

Recommended for Approval

Recommended for Approval by Unanimous Vote		
Rochelle Broderick	Supplier Alternate	Approve
Kevin Hannafin	Generator Member	Approve
Siobhain O'Neill	Assetless Alternate	Approve
Ian Mullins	Supplier Alternate	Approve
Sinead O'Hare	Generator Member	Approve
Jim Wynne	Supplier Member	Approve
Robert McCarthy	DSU Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew Burke	Supplier Member	Approve
Paraic Higgins (Chair)	Generator Member	Approve

Actions:

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

MOD_19_19 DETERMINING USE OF COMPLEX COMMERCIAL OFFER DATA IN SETTLEMENT WHEN REQUIRED INFORMATION IS NOT AVAILABLE

The proposer delivered a [presentation](#) giving an overview of how the logic for flagging for 30 minute periods based on 5 minute data works currently and how it would change based on the proposed approach where 5 minute data is either all available, all unavailable or available for part of a given 30 minute period. The proposal looks to change the logic if SO flags and NIV flags are not available for an entire 30 minute period so that Complex Commercial Offer Data would apply where this would currently result in Simple Commercial Offer Data applying. It was noted that where some or all five minute data is available there is no change proposed and also that this change is targeted to the data used for Settlement and does not impact Imbalance Pricing.

Suggested wording was then summarised by the proposer who noted that they were proposing amended wording from that in the original proposal. This is because the originally proposed wording could be interpreted as impacting half hour periods where there is some 5 minute Flagging and Tagging data

available which is not the intention. The alternative wording presented is considered to more precisely reflect that the change only impacts where there is no data available for any Unit or for any part of a 30 minute period.

A Generator Alternate suggested using data from a previous Settlement period as a proxy for determining which offer data to use where information is not available as opposed to the proposal to use Complex Commercial Offer Data. SEMO noted that this would be complex to implement and that it wasn't immediately clear as to what data would be used if the Unit in question did not have an action in the immediately preceding period and also that if the period where there was data available was far removed from that which it was being used as a proxy for it would be difficult to make a case for it being representative of the whether that action was energy or non-energy in line with the market power mitigation decision.

It was confirmed that there had been 4 occasions so far where an issue had arisen with a value of approximately 1 million across these depending on prices differential at the time of the event for each units affected. There was not an issue for sporadic unavailability but there was an issue for extended outages and the proposal aims to target those. It was also noted that some outages resulted in smaller impacts and others larger impacts on cost.

The RA Member noted that these system outages need to be rare. It was agreed that there is a significantly material issue for Imperfections costs here and the modification needs to be progressed. The committee agreed to move to a vote.

Decision

This proposal was Recommended for Approval.

Recommended for Approval

Recommended for Approval by Majority Vote		
Rochelle Broderick	Supplier Alternate	Approve
Kevin Hannafin	Generator Member	Approve
Siobhain O'Neill	Assetless Alternate	Approve
Ian Mullins	Supplier Alternate	Approve
Sinead O'Hare	Generator Member	Approve
Jim Wynne	Supplier Member	Approve
Robert McCarthy	DSU Alternate	Approve
Cormac Daly	Generator Member	Reject
Andrew Burke	Supplier Member	Approve
Paraic Higgins (Chair)	Generator Member	Approve

Actions:

- Secretariat to draft Final Recommendation Report including updated legal drafting - **Open**

MOD_20_19 CHANGING DAY-AHEAD DIFFERENCE QUANTITY TO DAY-AHEAD TRADE QUANTITY IN WITHIN-DAY DIFFERENCE CHARGE CALCULATIONS

SEMO delivered a [presentation](#) on this proposal summarising that the proposed Modifications was a correction to the algebra for the calculation of Within-Day Difference Charges..

As Day Ahead Difference Quantity as opposed to Day Ahead Trade Quantity is used in the calculation there is an issue with potentially getting the wrong answer from these calculations in some niche scenarios, although this has not manifested materially to date. This is because Day Ahead Difference Quantity can be capped by Ex Ante Quantity or Obligated Capacity Quantity which is inappropriate for the use in Within-Day Difference Charge Calculations This issue only affects where there is an RO event and a particular trading pattern. The rules can result in difference charges being understated were this to manifest. The proposal is intended to further the code objectives related to ensure no undue discrimination and efficient, economic and coordinated operation of the SEM.

The Chair questioned whether an alternative implementation was possible which SEMO advised would not be viable. The committee agreed to move to a vote.

Decision

This proposal was Recommended for Approval.

Recommended for Approval

Recommended for Approval by Unanimous Vote		
Rochelle Broderick	Supplier Alternate	Approve
Kevin Hannafin	Generator Member	Approve
Siobhain O'Neill	Assetless Alternate	Approve
Ian Mullins	Supplier Alternate	Approve
Sinead O'Hare	Generator Member	Approve
Jim Wynne	Supplier Member	Approve
Robert McCarthy	DSU Alternate	Approve
Cormac Daly	Generator Member	Approve
Andrew Burke	Supplier Member	Approve
Paraic Higgins (Chair)	Generator Member	Approve

Actions:

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

5. AOB/UPCOMING EVENTS

SEMO confirmed that a new modification proposal related to Unsecured Bad Debt treatment Supplier of Last Resort was in draft.

The RA Member made a request to discuss an upcoming decision on a repricing consultation. They confirmed that there was strong support on option 3 and but they were considering options on how to best introduce the decision. This could happen via a modification that instructs SEMO to not reprice in certain scenarios. They noted that an alternative may be to introduce provisions for Parties to be afforded relief for Code obligations similar to the derogation provisions in the Grid Code, if authorised by the RAs and that they had not yet taken a final decision on the matter.

The Secretariat thanked all for attending and noted that the next Modifications Meeting will take place on Thursday, 12th December 2019.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 94

Status as at 24 October 2019

Modification Proposals ‘Recommended for Approval’ without System impacts

Title	Sections Modified	Sent
N/A	N/A	N/A

Modification Proposals ‘Recommended for Approval’ with System impacts

Mod_12_19 System Service Flag for Demand Site Units	F.18.6	FRR sent for RA decision 13/09/19
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Modification Proposals ‘Recommended for Rejection’

Mod_38_18 Limitation of Capacity Market Difference Payments to Metered Demand	F.20.1.1	FRR sent for RA decision 13/09/19
Mod_10_19 Removal of negative QBOAs related to dispatchable priority dispatch units from the imbalance price	Part B Section D New Paragraph D.4.4.12	FRR sent for RA decision 13/09/19

RA Decision ‘Further Work Required’

N/A	N/A	N/A
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RA Decision Approved Modifications with System Impacts

Mod_05_19 Amendment to Uninstructed Imbalance Charge (CUNIMB) to correct for Negative Price Scenarios	F.9.4.1 Part B Glossary List of Variables and Parameters	5 July 2019
Mod_07_19 Correction to No Load Cost “and” vs “or”	F.11.2.3	3 May 2019
Mod_08_19 Clarification to Intraday Difference Quantity and Payment	F.20.2.3	27 Sept 2019
Mod_09_19 Removal of locational constraints from Imbalance Pricing calculation	Appendix N.1	2 May 2019
Mod_11_19 Correction to the determination of COP and clarification of CNLR	F.11.2.5, F.11.3.1	27 Sept 2019

RA Decision Approved Modifications with no System Impacts

Mod_33_18 Update to Unit Under Test Process	Part B Section D.7.3 Part B Appendices F and J Part B Glossary Definitions related to Under Test status Part B Agreed Procedure 4	2 July 2019
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	Sections 2.4 and 3	
Mod_01_19 Negative Interest in the SEM	Section 6.16-6.19 & 6.35 AP-17 Banking and Participant Payments Section G.1.4.3 to G.1.4.5 & G.1.5.1 AP-17 Banking and Participant Payments	2 May 2019
RA Decision Rejected		
N/A	N/A	N/A
AP Notifications		
N/A	N/A	N/A
Withdrawal Notifications		
Mod_32_18 Removal of exposure for in merit generator units against BOA	Appendix N	05 July 2019
Modification Proposal Extensions		
Mod_03_18 Autoproducer Credit Cover	G4 to G15	Extension approved 04/07/19
<ul style="list-style-type: none"> Meeting 95 – 12 December 2019 – Dublin 		