



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 131B

MS Teams Call

4th November 2025

10.30AM – 12.30PM

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Document History

Version	Date	Author	Comment
1.0	5th Nov 2025	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	7 th Nov 2025	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 03 25 Treatment of Reliability Option Difference Payments for hours exhausted units
Presentation

In Attendance

Name	Company	Position
Modifications Committee		
Cormac Daly	VIOTAS	DSU Member
Javaid Waqas	Energia	Generator Alternate
David Morrow	Energia	Generator Member
Julie-Anne Hannon	Bord Gais	Supplier Alternate
Andrew Kelly	ESB	Generator Member
David Caldwell	Power NI	Supplier Member
Peter Brett	EcoPower	Supplier Member
Lisa Tate	Uregni	RA Member

Harry Molloy	EPUKI	Generator Member
Kevin Goslin	CRU	RA Alternate
Andrew Burke (Chair)	Wind, Energy, Ireland	Renewable Generator Member
Christopher Mullan	Power NI	Supplier Alternate
Colm Oireachtaigh	PrePayPower	Supplier Member
Paraic Kelly	EirGrid	SO Alternate
Katia Compagnoni	SEMO	MO Member
Judith Torbitt	NIE Networks	MDP Alternate
Niamh Trant	Bord Gais Energy	Supplier Member
James Long	ESB Networks	MDP Member
Secretariat		
Esther Touhey	SEMO	Secretariat
Sandra Linnane	SEMO	Secretariat
Observers		
John Tracey	SEMO	Observer
Naomi Lusty	Uregni	Observer
David Conway	SEMO	Observer
Mary Farrelly	Uregni	Observer
James McGrann	SEMO	Observer
Gill Nolan	SEMO	Observer

1. URGENT MODIFICATION PROPOSAL

MOD_03_25 TREATMENT OF RELIABILITY OPTION DIFFERENCE PAYMENTS FOR RISK EXHAUSTED UNITS

The Proposer gave a [presentation](#) on this Modification Proposal noting that the aim was to set Non-Performance Difference Payments Charges to zero for units which have exhausted permissible run-hours under the environmental permit on which the unit relies for operation.

It was advised that this proposal was in relation to the ongoing issue which is live in Northern Ireland. The Proposer noted that current arrangements created a large exposure and could cause insolvency for a unit. It was advised that the impacted units are Peaking Units and were typically not intended to run at base load. The Proposer provided an example of 2 similar units both with run hours limits getting capacity, but one running for significantly less hours and the other relied upon very frequently due to the System conditions and therefore of greater support to the Operation of the System. In this case, the penalty should not apply to the unit that has its hours exhausted as it is being penalized whilst providing benefits to the System Operator.

The Proposer gave an overview of the legal drafting, which include a provision to freeze the payments due to the Market Operator for Non-Performance Difference Charges when the unit has submitted a Settlement Query with regards to run hour limits for the duration of the Query assessment. This is because of the potentially large cost exposure for a Generator. The Proposer also stated that considerations had been given to impacts on the Market and it was his opinion that the proposal required no system changes, no changes to other payment on the unit, and no direct impact to imperfection costs. It could bring a slight reduction to Market income due to the Difference Charges not being paid and would avoid the inclusion of risk adders onto the COD submission.

The Chair started the discussion by referring for comments from the RAs given the unusual topic for discussion and asked whether the Modification Committee was the correct forum for such a discussion. RA Member advised they were keen to hear the views of the Committee on the matter but expressed concern with the introduction of a payment exemption introduced within the Settlement Query process and questioned if the Modification Proposal was implemented, should Capacity Payments be stopped also. The Chair also asked about the likelihood of the scenario occurring and the expected frequency.

The Proposer reiterated that the impact on the market would not be significant in his opinion. It was stated that the immunity from Non-Performance Difference Charges would only be levied on units who were run hour exhausted and the units would not be generating. Therefore, an impact on market payments would not be significant as the same units not being levied Non-Performance Difference Charges may also not be getting Balancing Market payments.

In relation to Capacity Payments, the Proposer referred back to the example of units both with run-hour limits and the consideration that, should Capacity Payments be stopped, the unit that is utilized more would be penalized even though providing a benefit.

With regards to the likelihood of this occurring, it was noted from the Proposer that this was currently a live issue in Northern Ireland with units in Kilroot at 1500 hours each and hitting those limits because they are included into the Constraint Report. Even with an extension to run hours limit being granted, the problem is postponed to following years as the extension would impact their multi-year limits eating into those total figures.

A Generator Member commented that this proposal seemed to be trying to manage multiple legal requirements including the ability, granted by the BCOP, to include these costs into Commercial Offer Data and asked the RAs for comment on the hierarchy of the different legal obligations. RA Member stated there are ongoing legal discussions and it would not be appropriate to comment on it at this time, in this forum.

A number of Members questioned the urgency of this proposal given that the situation for this year has been addressed through an extension of run hours. Due to the current extraordinary circumstances in NI this should not be repeated for the coming years. The issue identified should probably be better considered in the Capacity Market going forward and not TSC to also take into account de-rating factors.

The Proposer advised that they had no means to manage this risk as they understood the SEM Committee's position to be that if they were technically available, they could not declare themselves unavailable to save

their hours for periods of stress on the system. It was explained that a resolution for this year was not guaranteed and the extension granted might not be sufficient.

A Supplier Member noted their concern with the proposed changes to Settlement Query process because they could run for a significant length of time before a determination is issued creating uncertainty. It was also noted that this proposal could allow bad actors to game the market and create liquidity issues. Concerns were raised about the hole in the hedge, and although sympathizing with the Proposer conundrum, noted it wouldn't be fair to units who don't have an hours limited de-rating factor. It was felt that this proposal may be best discussed among the affected Members, the RAs, and the Environmental Agencies and potentially the Government.

The Proposer advised that the impact of the Modification would be limited cases of Non-Performance Difference Charges and should the operational situation improve, it would not need to be applied.

Further comments were made that there should be a different forum for this proposal the obligations are linked with Capacity Mechanism and that the financing risk and energy orders should be addressed at a higher level.

The Proposer responded that the Modification was raised here as this is considered the least impactful solution and to allow the Committee to question the RAs about addressing it. They have no other means to mitigate against this risk, as it was never envisaged that these units could be so widely included in the constraint groups.

A Supplier Member reiterated some of the issues discussed with regards to this Modification and felt that given the lack of clarity on the legal assessments and the continuing interactions between the RAs and the relevant Departments, it would not be appropriate for the Committee to vote on it. It also mentioned that the units at Kilroot have been providing emergency response for the past 20 years without issues and aside for this particular period, this should continue without problems until the completion of the North South Interconnector, potentially live from 2031. Although recognizing the current circumstances it was therefore felt that the problem lacks the urgency claimed by the Proposer as there was no immediate threat to systems or generators.

A Generator Member suggested that the implementation of the Modification could create opportunistic risks during RO events. If the Units continued to have Capacity Payments while incurring no risks, it would be unfair to other units managing through DECTOL as a way to reduce their market obligation and getting paid less for reduced risk. It was advised that if this proposal was about the balance of risk, this was possibly not the right solution.

The Proposer ~~accepted the point on~~ acknowledged that a unit could use the DECTOL mechanism to reduce its, and de-rating factor however advised that historically units with much lower run hour limits have not needed to rely on this mechanism to achieve its obligations. The proposer reiterated that current arrangements penalized units supporting the System, and it was unfair for this unit to be exposed to that risk. It was noted that a unit designed as a peak unit is not typically expected to be included in a security constraint and this is not something that could have been planned for.

MO Member noted few practical issues with the proposal. Firstly, the run hour limit was not a value held in the Market Systems and therefore a whole new process would need to be created to measure and validate it and consideration should be given to which authority should hold that role. It was further noted that there was no mechanism to separate a charge from a Settlement Document for the purpose of freezing payments and that the timelines for allowing this do not align with the standard Settlement Query process, therefore a whole new process would need to be introduced in the T&SC.

MO Observer also added that the Capacity Remuneration Mechanism is transparent, and participants are aware of what it entails when going through the qualification process, auctions process and the consequences for not being able to fulfil RO obligations. The Secondary Trading Avenue could be used to mitigate the risks the units may incur and, so far in the discussion, it has not yet been mentioned that Stop Loss Limits would cap the exposure of the units who are applicable for Non-Performance Difference Charges. so that some level of protection is already accounted for. Finally, if this modification is implemented, it could lead to plausible scenarios where the Socialization Fund is depleted so significantly during a price event that it could result in the inability of the MO to pay Suppliers to ensure they are hedged against the cost of energy.

RA Member reiterated that the discussions are ongoing including representatives from the affected units.

The Committee Members agreed to proceed to a vote and the Chair concluded the Proceeding stating that although the Modification was voted to be Recommended for Rejection, the Members have understood that there is a problem to be addressed but that the T&SC is not the right avenue to do it.

Decision

This Proposal was Recommended for Rejection.

Recommended for Approval by Unanimous Vote		
Andrew Burke (Chair)	Renewable Generator Member	Reject
David Caldwell	Supplier Member	Reject
Colm Oirechtaigh	Supplier Member	Reject
Cormac Daly	DSU Member	Reject
Harry Molloy	Generator Member	Approve
David Morrow	Generator Member	Reject
Niamh Trant	Supplier Member	Reject
Andrew Kelly	Generator Member	Reject
Andrew McCorriston	Generator Member	Reject
Peter Brett	Supplier Member	Reject

Action:

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

2. AOB/UPCOMING MODIFICATIONS

MO Observer provided a presentation under AOB on an Urgent Modification Proposal which has been raised to the RAs for consideration of Urgent status and that is expected to be discussed in the coming weeks. It was advised that the proposal was in relation to the calculation of Payment Deferral and would propose to change the formula so that all participants owed funds would have the reduction in payments evenly

distributed. By including new algebra, the proposed logic would harmonize the reduced payment amount equitably across all payable Participants. If not implemented, the risk is that some Participant with positive amounts payable from their Settlement Documents, could end up having to pay money into the market to fulfill the Payment Deferral obligations under the current algebra. The Proposer went through examples of realistic scenarios that could occur.

The Chair questioned why this proposal was being presented now at short notice. MO Member confirmed that this was a live situation which is rapidly evolving beyond the SEMO's forecast that have led to an increase in the Contingent Capital requirements. The risk that SEMO could need to implement Payment Deferral before a Standard Modification could be raised is heightened by continuing increase in the Market outgoings.

It was advised that a further Emergency Meeting would be held shortly to address this Modification Proposal with the Secretariat issuing dates as soon as possible. The Chair highlighted his belief of this Modification needs to be addressed promptly and urged Committee Members to make themselves available for the upcoming meeting.