

Single Electricity Market

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| Final REcommendation ReportMod\_18\_12: Constraint Payments Calculation for Interconnector Residual Capacity Units28 August 2012 |

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Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 0.2 | 20 August 2012 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 1.0 | 28 August 2012 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

|  |
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| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.doc)  |
| [Mod\_18\_12](http://semopub/MarketDevelopment/ModificationDocuments/Mod_18_12_SO%20Trades.docx): Constraint Payments Calculation for Interconnector Residual Capacity Units |
| Meeting 43 [Presentation Slides](http://semopub/MarketDevelopment/ModificationDocuments/Mod_17_12%2C%2018_12.pptx) |

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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for Approval – unanimous Vote

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| --- |
| **Mod\_18\_12: Recommended for Approval by unanimous vote** |
| Brian Mongan | Generator Alternate  | Approve |
| Iain Wright -Chair | Supplier Member | Approve |
| Julie-Anne Hannon | Supplier Alternate | Approve |
| Kevin Hannafin | Generator Member | Approve |
| Mary Doorly | Generator Alternate | Approve |
| Niamh Quinn | Generator Member | Approve |
| Patrick Liddy | DSU Member | Approve |
| William Carr | Supplier Member | Approve |

# Background

This Modification Proposal was raised by the TSO and received by the Secretariat on 17 July 2012. It proposes a change to the IRCU calculation to align the application of CLAF with the changes approved in Mod\_12\_11 *Interconnector Unit Loss Adjustment When Exporting.* The Modification Proposal was presented and discussed at Meeting 43 on 31 July 2012 where it was voted on.

# PURPOSE OF PROPOSED MODIFICATION

## 3A.) justification of Modification

Adjustment of the Constraint Payments Calculation for Interconnector Residual Capacity Units to align it with Mod\_12\_11. The change also simplifies the SO Trade Calculation algorithm, and avoids potential error situations were SO Trades net to a zero quantity (and a non-zero price should apply), to cater for an increase in SO Trade activity.

## 3B.) Impact of not Implementing a Solution

The treatment of IRCU regarding CLAFs will not align with other units when Mod\_12\_11 is implemented. The clarification of terminology and simplification of the calculation is to cater for increased SO Trade Activity and events that may occur due to this.

## 3c.) Impact on Code Objectives

The aim of this Code is to facilitate the achievement of the following objectives:

1. to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
2. to provide transparency in the operation of the Single Electricity Market;
3. to ensure no undue discrimination between persons who are parties to the Code; and
4. to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.

# Assessment of Alternatives

No alternatives assessed.

# Working Group and/or Consultation

N/A

# impact on systems and resources

N/A

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting 43 - 31 July 2012

Proposer presented slides outlining the proposal. Proposer advised that the interim calculation will be in place until Mod\_ 12\_11 *Interconnector Unit Loss Adjustment When Exporting* is implemented in October 2012. Generator Alternate commented that the proposal is moving from price for each trade and questioned whether this is removing transparency. Proposer clarified that transparency is not really in place currently, but data will be available at a transaction level via a new report issued out of the AMP, and that it will also be provided through National Grid on their BM reporting website. Proposer advised that the implementation of this change should cost nothing as it is free within the SEM systems. Generator Member queried as to when the SO Trades paper will be published. Proposer advised that the exact date of publication is not known but that it will be published on the EirGrid website, and should also be available on the SONI website.

# Proposed Legal Drafting

As set out in Appendix 1.

#  LEGAL REVIEW

Complete

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification is implemented on a Trading Day basis with effect from one Working Day after an RA Decision.

# Appendix 1: Mod\_18\_12

|  |
| --- |
| **MODIFICATION PROPOSAL FORM** |
| **Proposer***(Company)* | **Date of receipt***(assigned by Secretariat)* | **Type of Proposal***(delete as appropriate)* | **Modification Proposal ID***(assigned by Secretariat)* |
| **TSO** | **19 July 2012** | **Standard** | **Mod\_18\_12** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Michael Carrington**  | **+353-123-70306** | **Michael.carrington@eirgrid.com** |
| **Modification Proposal Title** |
| **Constraint Payments Calculation for Interconnector Residual Capacity Units**  |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC** | **5.70, 5.90, 7.70 & Glossary** | **V10.0 with Intra-Day Trading** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| In line with Mod\_12\_11 Interconnector Unit Loss Adjustment When Exporting which was approved by the Regulatory Authorities in July 2011, a change is proposed to the IRCU calculation in clause 5.90 to align the application of CLAF with this.The SO Trade calculation algorithm is also being modified such that a half hourly Payment amount will be submitted to SEM. The calculation result is the same as today while paragraph 7.70 applies, until the change above for Mod\_12\_11 is implemented to modify this.The existing data interface does not change but the data it contains is modified for the new algorithm. The Import Payment and Import Quantity fields are used if SO Trades in the ½ hourly Trading Period are a net MW import (while the Export Payment and Quantity values are set to zero), while the Export Payment and Export Quantity fields are used if SO Trades in the ½ hourly Trading Period are a net MW export (and the Export Payment and Quantity values are set to zero). The definitions used in 5.70, 5.90, and the Glossary are updated consistent with this as below.There is no change to the format of the data interface or the use of the quantity data in the MSP software. The change simplifies the SO Trade Calculation, and avoids potential error situations were SO Trades net to a zero quantity (and a non-zero price should apply), to cater for an increase in SO Trade activity.For reference: Details on SO Trade activity, including available pricing and individual trade volumes and costs, will be published via the Auction Management Platform system.  |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| 5.70 For each Interconnector *l* on each Trading Day, the relevant System Operator shall submit, as part of the Dispatch Instruction and SO Interconnector Trades Data Transaction in accordance with Appendix K “Market Data Transactions”, data for each Trading Period h in the Optimisation Time Horizon relating to that Trading Day to the Market Operator no later than 14:00 on the day on which the Trading Day ends as follows:1. SO Interconnector Import Payment (SIIPlh) which is the payment for each Trading Period for SO Interconnector Trades when they are a net MW import to the Pool (or zero if there are no such trades);
2. SO Interconnector Export Payment (SIEPlh) which is the payment for each Trading Period for SO Interconnector Trades when they are a net MW export from the Pool (or zero if there are no such trades);
3. SO Interconnector Import Quantity (SIIQIh) which is the time-weighted average net quantity for each Trading Period (expressed as a positive number in MW) of SO Interconnector Trades when they are a net MW import to the Pool (or zero if there are no such trades); and
4. SO Interconnector Export Quantity (SIEQlh) which is the time-weighted average net quantity for each Trading Period (expressed as a negative number in MW) of SO Interconnector Trades when they are a net MW export from the Pool (or zero if there are no such trades).

Constraint Payments for Interconnector Residual Capacity Units5.90       The Market Operator shall calculate the Constraint Payments in respect of each Interconnector Residual Capacity Unit u’ in each Trading Period h (CONPu’h) as follows: $^{}\left(\right)^{}$$$^{}\left(^{}\right)\left(^{}/\_{^{}}\right)$$Where1. SIEPlh is the net SO Interconnector Trades Payment for the relevant Interconnector l for Trading Period h when the SO Interconnector Trades are a net MW export from the SEM
2. SIIPlh is the net SO Interconnector Trades Payment for the relevant Interconnector l for Trading Period h when the SO Interconnector Trades are a net MW import to the SEM
3. CLAFu’h is the Combined Loss Adjustment Factor for Interconnector Residual Capacity Unit u’ in Trading Period h

7.70      Until the date that is the 12th Scheduled Release Deployment Date, paragraph 5.90 will be replaced with:                5.90       The Market Operator shall calculate the Constraint Payments in respect of each Interconnector Residual Capacity Unit u’ in each Trading Period h (CONPu’h) as follows:                                $CONPu^{'}h=\left(SIEPlh +SIIPlh \right)  x CLAFu'h$Where* 1. SIEPlh is the net SO Interconnector Trades Payment for the relevant Interconnector l for Trading Period h when the SO Interconnector Trades are a net MW export from the SEM
	2. SIIPlh is the net SO Interconnector Trades Payment for the relevant Interconnector l for Trading Period h when the SO Interconnector Trades are a net MW import to the SEM
	3. CLAFu’h is the Combined Loss Adjustment Factor for Interconnector Residual Capacity Unit u’ in Trading Period h

TSC Glossary

| Name | Term | Subscripts | Units | Description |
| --- | --- | --- | --- | --- |
| SO Interconnector Export Payment | SIEP | lh | € | Total Payment, for each Trading Period h, of SO Interconnector Trades when they are a net MW export from the SEM in the Trading Period, for each Interconnector l |
| SO Interconnector Export Quantity | SIEQ | lh | MW | Time-weighted average quantity for each Trading Period h (expressed as a negative number in MW) of SO Interconnector Trades when they are a net MW export from the SEM in the Trading Period, for each Interconnector l |
| SO Interconnector Import Payment | SIIP | lh | € | Total Payment for each Trading Period, of SO Interconnector Trades when they are a net MW import to the SEM in the Trading Period, for each Interconnector l |
| SO Interconnector Import Quantity | SIIQ | lh | MW | Time-weighted average quantity for each Trading Period h (expressed as a positive number in MW) of SO Interconnector Trades when they are a net MW import to the SEM in the Trading Period, for each Interconnector l |

**SO Interconnector Trade Data Transaction**K.14A The Data Records for the SO Interconnector Trade Data Transaction are described in Table K.16A and the Submission Protocol in Table K.16B.Table K.16A - SO Interconnector Trade Data Transaction Data Records

|  |
| --- |
| Interconnector |
| Trading Day |
| Trading Period |
| SO Interconnector Import Payment (SIIPIh) |
| SO Interconnector Export Payment (SIEPIh) |
| SO Interconnector Import Quantity (SIIQIh) |
| SO Interconnector Export Quantity (SIEQIh) |

 |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| Adjustment of the Constraint Payments Calculation for Interconnector Residual Capacity Units to align it with Mod\_12\_11.The change also simplifies the SO Trade Calculation algorithm, and avoids potential error situations were SO Trades net to a zero quantity (and a non-zero price should apply), to cater for an increase in SO Trade activity. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| Code Objectives* 1. The aim of this Code is to facilitate the achievement of the following objectives:

to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;to provide transparency in the operation of the Single Electricity Market; to ensure no undue discrimination between persons who are parties to the Code; andto promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity. |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| The treatment of IRCU regarding CLAFs will not align with other units when Mod\_12\_11 is implemented. The clarification of terminology and simplification of the calculation is to cater for increased SO Trade Activity and events that may occur due to this.  |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures)* |
| No | There are no system impacts. The details we’re proposing to change only affect the spreadsheet used by SEMO Operations to calculate the invoice for the SONI. |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |