



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 115

CONFERENCE CALL

22nd February 2023

10.30AM – 2.00PM

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Document History

Version	Date	Author	Comment
1.0	1 st March 2023	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	8 th March 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_17_22 System Action Repricing
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
Mod_02_23 DSU Energy Payments

In Attendance

Name	Company	Position
Modifications Committee (voting members)		
Robert McCarthy	Electricity Exchange	DSU Member
David Morrow	Energia	Generator Alternate
Richard Crowley	BNM	Generator Alternate
Therese Murphy	ESB Generation	Generator Alternate
Cormac Fagan	ElectroRoute	Assetless Alternate
Brigid Reilly	PrePayPower	Supplier Alternate
Eamonn Boland	WEI	Renewable Generator Alternate

Cormac Daly	Tynagh	Generator Member
Eoghan Cudmore	Bord Gais	Supplier Alternate
Ian Mullins	Bord Gais	Supplier Member
Stacy Feldmann (Chair)	SSE	Generator Member
Colm Oireachtaigh	PrePayPower	Supplier Member
David Caldwell	Power NI	Supplier Alternate
Paul McGuckin	Moyle Interconnector Ltd	Flexible Participant Member
Modifications Committee (non-voting members)		
Adelle Watson	NIE Networks	MDP Member
Kevin Hagan	CRU	RA Member
Guneet Kaur	CRU	RA Alternate
Martin McCarthy	SEMO	MO Alternate
Katia Compagnoni	SEMO	MO Member
Leigh Greer	Utility Regulator	RA Member
Deirdre Hughes	EirGrid	SO Alternate
Secretariat		
Esther Touhey	SEMO	Secretariat
Sandra Linnane	SEMO	Secretariat
Observers		
Mary Farrelly	Utility Regulator	Observer
Sinead O'Hare	Power NI	Observer
Thomas O'Sullivan	Aughinish	Observer
Christopher Goodman	SEMO	Observer
Tomas Mahony	EirGrid	Observer
Gill Nolan	EirGrid	Observer
Claire Delaney	EirGrid	Observer
Harry Molloy	Tynagh	Observer
Therese Lannon Crean	SSE	Observer

Patrick O'Hagan	SSE	Observer
Gary McCullough	Utility Regulator	Observer
Lenka Peskova	ESB	Observer

1. SEMO UPDATE

Secretariat welcomed all to Modifications Committee Meeting 115. It was advised that the minutes for Modifications Committee Meeting 114 were read and approved and no tracked changes were received.

Secretariat noted that Energia had provided instruction to temporarily appoint David Morrow as Alternate for Modifications Committee Meeting 115. The Alternate position would revert to Sean McParland following the meeting.

Lastly the Programme of Work was discussed, and it was noted that Version 27 of the T&SC Code was published in December. There are currently 3 proposals on the baseline and Version 28 will be published in June following the deployment of Release K.

Market Development Update

A brief update was provided on Market Releases noting that Release K is scheduled for deployment in June 2023 and there will be a high-level assessment of Release L published later in 2023.

Actions Update

MO Member advised that the open action assigned to Mod_07_22 is currently with RAs. It was noted that there was one additional action following the decision on Mod_02_22 stating that TSO is looking to progress implementation of the approved alternative process. The timeline of circulation was requested but MO Member could not provide certainty of the date at this time.

Mod_02_22 Cost Recovery when Under Test	<ul style="list-style-type: none"> • TSO to progress implementation - Open
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
Mod_09_22 Exclusion of Difference Charges During Non-Ro events	<ul style="list-style-type: none"> • SEMO to seek impact assessment of system changes – Closed
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"> • Proposer to submit a v2 of proposal before Meeting 115 providing adequate time to review legal drafting - Closed
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	<ul style="list-style-type: none"> Proposer to submit a v2 of proposal - Open
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2. DEFERRED MODIFICATION PROPOSALS

MOD_10_22 STRIKE PRICE VOLATILITY MODIFIER

The Proposer provided an update on this Modification Proposal advising that they wished to defer this proposal to Modifications Committee Meeting 116 in April in order to work on a new version. The Chair asked for confirmation that version 2 of this proposal would be submitted for the April meeting and the Proposer confirmed that this would be the outcome.

Decision

This Proposal was deferred.

Actions:

- Proposer to submit a version 2 of this proposal for Modifications Committee Meeting 116 - **Open**

MOD_17_22 SYSTEM ACTION REPRICING

The Proposer delivered a [presentation](#) on this Modification Proposal noting that when it was presented in September it deferred the issue because of the request for data analysis and confirmed that this version changes the setting of the price in only a very small number of TP affected. The Proposer went through the data on the presentation which was extracted over 10 months of prices and showed that the Modification impacts price formation in minimal time periods. It was advised that version 2 gave a more targeted limited approach.

Assetless Alternate noted that this Proposal acts the same as previous versions of the Mod_06_22, ruling out strike price events because in any of the data, the Market Back Up Price is never greater than the Strike Price. He also voiced concerns that it was heavily weighted towards the day ahead market price and would not represent the volume of energy coming through in Balancing. Even if the Trading Periods affected are only few in number, the impact of each one could be substantial. The Proposer advised that extreme pricing had been seen this year and this Modification would prevent Non-Energy Actions unduly influencing cashout price setting and that this is a pragmatic solution as the Market Back Up Price is still the best price signal available in the SEM.

Supplier Member asked for clarity on what would happen if the Proposal was not implemented and made a point that the difference charges did not tally with examples in Excel. Also, it had been widely discussed in Mod_02_21 that for Interconnectors it wasn't always possible to distinguish between Energy and Non-Energy actions. The Proposer provided assurance that the proposal was not linked to Interconnectors specifically but relates to all Non-Energy actions. A discussion ensued on the implications of the proposal. The Proposer advised that this Modification Proposal only related to non-energy actions and it was agreed to vote on it.

Decision

This Proposal was Recommended for Approval.

Recommended for Approval by Majority Vote		
Cormac Daly	Generator Member	Approve
Robert McCarthy	DSU Member	Approve
Eamonn Boland	Renewable Generator Alternate	Approve
Eoghan Cudmore	Supplier Alternate	Approve
Stacy Feldmann (Chair)	Generator Member	Approve
Colm Oireachtaigh	Supplier Member	Approve
David Morrow	Generator Alternate	Approve
Therese Murphy	Generator Alternate	Approve
Cormac Fagan	Assetless Alternate	Reject
David Caldwell	Supplier Alternate	Approve

Actions:

- Secretariat to draft a Final Recommendation Report – **Open**
- SEMO to provide Impact Assessment - **Open**

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

The Proposer provided a background on this Modification Proposal noting that they were seeking to defer it to Modifications Committee Meeting 116 in April. It was advised that good feedback was received on the Proposal when it was raised in December and the Industry Call held in January 2023 gave further insight with a move to focus on existing processes and procedures.

The Proposer noted that SEMO had advised that the Modification as drafted was not practical. It had been advised that a type of out of market settlement could be used on an ad-hoc basis using the process already in place for the recovery of fuel switch testing costs via Ancillary Services settlement.

Decision

This Proposal was deferred.

Actions:

- Proposer to liaise with CRU on progressing alternative process - **Open**

3. NEW MODIFICATION PROPOSALS

MOD_01_23 REMUNERATION OF COMMISSIONING UNIT

The Proposer delivered a [presentation](#) on this Modification Proposal noting costs in the Balancing Market could be recovered for New Capacity Units undergoing Commissioning or Grid Code testing. It was noted that the solution was similar to the TSO solution for Mod_02_22 where Participants could submit a zero PN and agree a separate profile with the TSO. The Proposer went through the slides advising that in conclusion the Modification Proposal facilitates delivery of new capacity.

MO Member advised that commissioning was a wide term including periods before and after the Market Registration of a unit. Communications with the Proposer in advance of the meeting led to the explanation that the drafting should refer only to the under test period following the first Energization when the unit is registered in the Market and the Modification Proposal needed to be more specific to clarify that. Generator Alternate agreed and advised that they would be happier if the Modification was clearer. A concern was also raised that if this proposal was progressed before clarifying what is included under commissioning the RAs would see this as incomplete.

A Supplier Member raised the issue that this Modification makes no distinction between fuel costs that should be recovered and fixed costs that should not be as not all their components are fuel based.

The Proposer addressed several issues that were raised advising that commissioning can go on for a long period of time exposing the Generator to unpredictable costs. Generator Member advised that if there were many units undergoing commissioning over the next few years the commissioning in this Modification Proposal was not well defined and there was uncertainty if these are already considered as a part of the project cost that is included in capacity auction bids.

MO Member advised that there are 21 thermal units planned for the next 3 years and considering that each could be under test for a number of months in the period soon after first energization this Modification could have a large impact on the Market and the TSO. The same comments and concerns SEMO and the TSO made on Mod_02_22, which was eventually rejected in the original form, are applicable in these circumstances. There was disagreement on the impact on imperfections and whether this proposal could lead to any improvement as claimed by the Proposer. MO Member added that considerations need to be given to the fact that the market already bears additional costs for these new units as the TSO has to carry 100% of the reserve for them, and to the fact that the proposal is one sided to recovery of costs while still allowing profits to continue where the imbalance price is higher than the unit's costs. Also having such large volumes not submitted in the Physical Notification would lead to large volumes not seen by the market, affecting price formation and Participant's bidding.

A suggestion was made that Physical Notifications could be included in the REMIT Notifications.

Flexible Participant Member questioned if there was an element of retrospectivity with this Modification if the rules were changed for units that have those costs already factored in their bidding for Capacity and there could be an element of double counting. Contrary to what's stated in the Proposal, a number of Batteries have been commissioned since I-SEM, and they seem to have been able to manage their commissioning costs without issues.

The suggestion that the planned units coming on stream in the near future were all peakers, was refuted by DSU Member who stated that based on the Generation Capacity Statement, there were other unit types in the pipeline and that the solution should not be focused on peakers but should be applicable for all types.

A Question from RA Member raised the issue of how units under test were treated in the old SEM.

Generator Member asked if this issue could be explored in the Capacity Market. The Proposer advised that the Balancing Market was more appropriate but was open to discussions in other fora as well.

The Chair summarized that there was still some ambiguity regarding this proposal. It was advised that the drafting needed to be tightened to better define the periods and the costs affected, and clearer examples given. It was agreed that an Industry Call would be scheduled with a V2 of this proposal to be submitted for Modifications Committee Meeting 116.

Decision

This Proposal was deferred.

Action:

- Secretariat to follow up with Proposer to schedule an Industry Call - **Open**

MOD_02_23 DSU ENERGY PAYMENTS

The Proposer advised that this Proposal was developed following a SEMC consultation process to integrate DSUs, enabling them to have access to energy payments and not only at times of scarcity. The Decision was that the RAs would work with the TSOs to commence performance monitoring and payment would commence when the phase one solution is implemented. It was also advised that the impact assessment on imperfections was significant.

DSU Member welcomed the work done by SEMO and RAs in relation to the preparation of this Modification and advised Committee Members that it was a good solution to avoiding implementation costs by addressing the right parts of the Code.

Generator Member queried how the Modification was drafted in relation to energy Payments and if these were made open to DSUs to earn via availability. RA Member confirmed this was the case and that there is a key difference between performance and availability monitoring. An assessment of performance will monitor the effectiveness of dispatch quantity as a proxy for metered quantity; availability will not be monitored as part of the assessment but may be revisited after the Mod goes live.

Generator Member voiced concerns about not having access to Impact Assessment in advance and queried if there could be a possibility of a double payment. MO Member advised that the Impact Assessment in this case has two sides: one is the actual changes to the system which have been tested and do not require planning via the bi-annual System release because they could be applied with a configuration change of the Supplier type. It was advised that this leads to the cessation of all links between the DSU and the variables created with Mod_17_19 to only pay DSUs when the Imbalance Price is greater than the Strike Price. Although the initial testing provided a successful proof of concept, SEMO will have to satisfy itself fully via a further suite of regression testing and end to end processes. These are only possible as the testing environments are made available with appropriate data setting. SEMO will inform all parties affected should any issue arise from those.

The second part of the impact assessment was the forecast of the changes that this Modification will cause to Imperfections. TSO Member advised that following a review of data for the year 2022, it was estimated that, all things remaining equal, there would be an additional imperfection cost of between €60 - €65 million. This amount would not be proportionately distributed with only a handful of the 49 units registered in the observed period receiving the vast majority of it due to their specific market conditions. The TSO is aware that the Market Monitoring Unit is reviewing the data of these units.

Generator Member questioned how Energy Payments were not explicitly referred to in the Legal Drafting.

DSU and MO Member explained that DSU will now be treated like any other Generator Unit and due to the nature of their set up Energy Payments indicates the totality of payments which for DSUs is expressed by the retention of the Imbalance Charge (CIMB) component. This payment to the DSU currently is taken back by equal amount charged on the Supplier side. By breaking the link with this Modification, the DSU will retain the CIMB.

In relation to the question of double accounting of the demand, MO Member advised that the double payment would be eliminated in Phase 2 when the demand of the individual demand sites within the DSU unit could be metered by the DSOs. At the moment this was not yet possible, but Phase 2 would be progressed as soon as possible.

A Supplier Member raised the issue that performance monitoring should have happened before the implementation due to the large impact on imperfections. It was also questioned if such impact could be alleviated anywhere else. TSO Member explained that the current process is to contact DSU units and request explanations when it is noticed that performances would be under 70%. Also, the TSO is looking at developing specific new Generator Performance Incentives under the Grid Code.

The Proposer also expressed the view that prices would likely come down, reducing the forecasted impact on Imperfections and that the appropriateness of Imperfections as a mechanism for recovery would be reviewed. The TSO Member agreed that the reduction in price could lower the forecast as observed in the intervening period between the response to the consultation and now where the impact was reduced from €100M to €60m to €65m, however this was not a clear cut because there were numerous other factors that could have an impact including but not limited to DSUs bidding strategy, Ex-Ante Trading, demand and system conditions.

TSO Member advised there was no estimate done for Phase 2 when metering for the Individual Demand Sites would be received by the DSOs and it was also too hard to determine and out of scope at this point.

Decision

This Proposal was Recommended for Approval.

Recommended for Approval by Majority Vote		
Cormac Daly	Generator Member	Approve
Robert McCarthy	DSU Member	Approve
Eamonn Boland	Renewable Generator Alternate	Approve
Eoghan Cudmore	Supplier Alternate	Approve
Stacy Feldmann (Chair)	Generator Member	Approve
Colm Oireachtaigh	Supplier Member	Approve
David Morrow	Generator Alternate	Reject
Therese Murphy	Generator Alternate	Approve
Cormac Fagan	Assetless Alternate	Approve

David Caldwell	Supplier Alternate	Approve
Paul McGuckin*	Flexible Participant Member	Approve

*Paul McGuckin admitted to the meeting later due to a registration error – agreement from Member and Committee that vote would not be reopened on Mod_17_22 but the Flexible Member would be voting from the moment of admission.

Actions:

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

4. AOB/UPCOMING MODIFICATIONS

Upcoming

MO Member advised that following analysis on the Code for DSU Mod_02_23, it was found that a paragraph introduced before Mod_17_19 for the calculation of FNDDS should be removed as the variable was no longer active or used.

SSE

It was noted that with Ulster Bank closing, Generator member expressed their difficulty at finding a suitable replacement within the jurisdiction of Ireland as per T&SC rules. MO Observer advised that the reasoning for this was based purely on timelines as a guarantee of same day I payments to Participants could not be expected for international payments.

Several examples were mentioned of international payments not received within the same day. Even for SEPA express accounts in Euro if from a different jurisdiction, payments to and from the MO would be treated as international and depending on the discretion of the institution may not be processed in time. There are also issues that could arise due to differences in time zone, bank holidays and currency types.

Assurance was given that this would be reviewed further to look at the best possible solution between the MO and affected Participants.

Secretariat thanked all for attending Meeting 115 and gave a reminder that Modifications Committee Meeting 116 would be held on Thursday, 20th April 2023.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 115

Status as at 1 December 2022		
Modification Proposals ‘Recommended for Approval’ without System impacts		
Title	Sections Modified	Sent
Mod_02_22 Cost Recovery when Under Test	D,F,G, Glossary	Sent for RA Decision 29/09/22
Mod_07_22 Indexation to calculation of Capacity Payments for New Capacity	F.17	Sent for RA Decision 22/11/22
Mod_08_22 Weekly Strike Price Calculation	F.16.2	Sent for RA Decision 22/11/22
Mod_13_22 Bidirectional Imperfections Charge Factor Modification	F.12.1.4	FRR to Committee 29/11/22
Mod_16_22 SEMO Housekeeping 2022	D,F,G, Glossary	Sent for RA Decision 22/11/22
Modification Proposals ‘Recommended for Approval’ with System impacts		
Mod_14_21 Extension of System Service Flag to include units providing Replacement Reserve in line with the detailed design	N.2	Sent for RA Decision 19/01/22
Mod_09_22 Exclusion of Difference Charges During Non-Ro Events	F.18.5.5	Sent for RA Decision 22/11/22
Modification Proposals ‘Recommended for Rejection’		
N/A	N/A	N/A
RA Decision ‘Further Work Required’		
N/A	N/A	N/A
RA Decision Approved Modifications with System Impacts		
Title	Sections Modified	Effective Date
Mod_13_19 Payment for Energy Consumption in SEM for non-energy Services Dispatch	F	Following delivery of required system changes
Mod_05_22 SEMO Performance Reporting Publication Frequency	B, Appendix E	2 nd September 2022
RA Decision Approved Modifications with no System Impacts		
Title	Sections Modified	Effective Date
Mod_21_21 Undo Instruction Scenario 4	Appendix 0.23 table 5	4 th November 2022
Mod_11_22 Permitting the use of email to communicate credit cover changes on Demand Guarantees	B, AP09 & Appendix	4 th November 2022
Mod_12_22 Extension of System Service Flag to cover Replacement Reserve Resources	N.2	23 rd November 2022

RA Decision Rejected		
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_14_22 Removal of the requirement to post De-registration Consent Orders	AP18	28/11/22
Withdrawal Notifications		
Mod_06_22 Housekeeping Alignment Modification	T&SC Part B	N/A
Modification Proposal Extensions		
Mod_21_21 Undo Instructions Scenario 4	N/A	22/07/22
Mod_02_22 Cost Recovery when Under Test	N/A	22/07/22
<ul style="list-style-type: none"> Meeting 115 – 21st February 2023 		