



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 122

MS Teams Call

26 April 2024

10.30AM – 12.00PM

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Table of Contents

1. SEMO UPDATE	4
2. REVIEW OF ACTIONS	5
3. DEFERRED MODIFICATION PROPOSALS	5
MOD_12_23 EXTENSION TO TIMING FOR EXECUTION OF DEEDS	5
4. NEW MODIFICATION PROPOSALS	5
MOD_02_24 SDP_02 BATTERY INTEGRATION V3	6
MOD_01_24 INCLUSION OF DIFFERENCE CHARGES IN CALCULATION OF MAKE WHOLE PAYMENT REVENUE	7
5. AOB/UPCOMING MODIFICATIONS	8
APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 122	9

Document History

Version	Date	Author	Comment
1.0	26 th April 2024	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	3 rd May 2024	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_12_23 Extension to Timing for Execution of Deeds
Mod_01_24 Inclusion of Difference Charges in Calculation of Make Whole Payment Revenue
Mod_02_24 SDP_02 Battery Integration version 3

In Attendance

Name	Company	Position
Modifications Committee (voting members)		
Nick Heyward	Energy Storage Ireland	Flexible Participant Alternate
Sean McParland	Energia	Generator Member
Andrew Kelly	ESB GT	Generator Alternate
Andrew Burke	Wind, Energy Ireland	Renewable Generator Member
Richard Crowley	Bord Na Mona	Generator Alternate
David Morrow	Energia	Generator Alternate
Robert McCarthy	Captured Carbon	DSU Member
Eoin Murphy	ElectroRoute	Assetless Member
Christopher Mullan	Power NI	Supplier Alternate

David Caldwell	Power NI	Supplier Member
Ian Mullins	Bord Gais	Supplier Member
Paul Hutchinson	EPUKI	Generator Member
Stacy Feldmann (Chair)	SSE	Generator Member
Modifications Committee (non-voting members)		
Martin McCarthy	SEMO	MO Alternate
Kevin Goslin	CRU	RA Alternate
Deirdre Hughes	EirGrid	SO Alternate
Mary Farrelly	Uregni	RA Alternate
Adelle Watson	NIE Networks	MDP Member
Kevin Hagan	CRU	RA Member
James Long	ESB	MDP Member
Secretariat		
Esther Touhey	SEMO	Secretariat
Sandra Linnane	SEMO	Secretariat
Observers		
Thomas O'Sullivan	Aughinish	Observer
John Tracey	SEMO	Observer
Harry Molloy	EPUKI	Observer
Grace Burke	EirGrid	Observer
Gavin O'Brien	SEMO	Observer
Ed Carty	EirGrid	Observer

1. SEMO UPDATE

Secretariat welcomed all to Modifications Committee Meeting 122 and noted that the minutes from Modifications Committee Meeting 121 were read and approved.

It was advised that there was a decision from the SEM Committee to reject Mod_07_22 Indexation to Calculation of Capacity Payments for New Capacity and this had been updated in the Program of Work.

Market Development Update

SEMO gave a [presentation](#) on the Market Development Update noting that there was no difference in the MMS Release update from the MOUG and there was a continuous focus on Greenlink this Summer. It was advised that the high-level impact assessment for Release M was published last week with 3 defects included.

Finally, Release N is expected in the first half of next year.

2. REVIEW OF ACTIONS

SEMO gave an update on the below actions:

- Mod_02_22 – It was advised that The TSOs are progressing an updated business process which will be published on SEM-O.com. This is expected before the next meeting in June. A market message will accompany publication.
- Mod_12_23 – It was advised that this action would be closed as the Proposal has been withdrawn, and a new version of this proposal submitted in due course.
- Mod_13_23 – It was advised that the target date for Tranche 1 (inc. NPDR and Batteries) is April 2025 and a program for enduring solutions would be developed in the Strategic Markets Program, for which stakeholder engagement has commenced.

Mod_02_22 Cost Recovery when Under Test	<ul style="list-style-type: none"> • Implementation of decision on Mod_02_22 by TSO – Open
Mod_08_23 Archiving Part A & C of the TSC	<ul style="list-style-type: none"> • SEMO to add explanatory wording to the updated sections in the SEMO website – Open
Mod_10_23 Market Compensation for Firm Curtailment Look Back Period	<ul style="list-style-type: none"> • SEMO to publish detailed process for comments – Paused following JR
Mod_12_23 Extension to Timing for Execution of Deeds	<ul style="list-style-type: none"> • Proposer to assess comments and potentially submit a version 2 of this proposal with updated legal drafting – Closed
Mod_13_23 SDP_01 Treatment of Non-Priority Dispatch Renewables	<ul style="list-style-type: none"> • Proposer to provide more information on existing delivery programs and the established timelines for an enduring solution – Open

3. DEFERRED MODIFICATION PROPOSALS

MOD_12_23 EXTENSION TO TIMING FOR EXECUTION OF DEEDS

Secretariat noted that the Proposer wishes to withdraw this Modification Proposal and submit a new Proposal in the future.

Decision

This Proposal was withdrawn.

4. NEW MODIFICATION PROPOSALS

MOD_02_24 SDP_02 BATTERY INTEGRATION V3

The Proposer delivered a [presentation](#) on this Modification Proposal, providing the context for the development of this interim solution for batteries’ participation in the market. The Proposer summarized the difference between this Modification Proposal and the previous version which was recommended for approval. The changes include the application of System Operator flags to all actions on batteries and the removal of the requirement to use Complex Commercial Offer Data in the settlement of batteries at all times, as this will be enacted through the application of System Operator flags. Other minor, practical changes were introduced based on engagement with the vendors.

An Observer queried what would happen when a Battery Storage Unit did not have a PN submitted and if that Unit would be available to dispatch. The Proposer advised that dispatching to Commercial Offer Data and Merit Orders was explored but it was not possible at this point. This would be in scope for an enduring solution under the Strategic Markets Program.

In response to a query, the Proposer confirmed that the capability to submit Simple Commercial Offer Data for an enduring solution will not be compromised by the application of System Operator flags because this is a configuration that can be disabled.

Decision

This Proposal was Recommended for Approval.

Recommended for Approval by Unanimous Vote		
Stacy Feldmann (Chair)	Generator Member	Approve
Andrew Burke	Renewable Generator Member	Approve
David Caldwell	Supplier Member	Approve
Eoin Murphy	Assetless Member	Approve
Nick Heyward	Flexible Participant Alternate	Approve
Ian Mullins	Supplier Member	Approve
Andrew Kelly	Generator Alternate	Approve
Sean McParland	Generator Member	Approve
Richard Crowley	Generator Alternate	Approve
Robert McCarthy	DSU Member	Approve

Action:

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

MOD_01_24 INCLUSION OF DIFFERENCE CHARGES IN CALCULATION OF MAKE WHOLE PAYMENT REVENUE

The Proposer delivered a [presentation](#) on this Modification Proposal noting that SEMO had raised an issue in relation to the algebra proposed and how it applies to units with and units without a Reliability Option. As a result the Proposer was not seeking to proceed with a vote at this meeting. The Proposer requested that the principle of the Modification Proposal would be discussed.

The Modification Proposal seeks to address a concern with the calculation of Make Whole Payments, in particular, when the Imbalance Price exceeds the Strike Price. The calculation does not account for Difference Charges where a unit has a Reliability Obligation. Therefore a Unit could be constrained on by the System Operators at a loss to the Unit. Theoretical examples were presented where a Unit is constrained on for a period of hours during which a price spike occurs. The examples were used to demonstrate how the calculation of Make Whole Payments over a longer timeframe occurs in isolation to the calculation of Difference Charges applied over shorter timeframes.

The Proposer advised that the Modification Proposal is being tabled as a precautionary measure should such (constrained on) scenarios become more frequent, and as a more accurate implementation of the intention of the rules and principle of Make Whole Payments.

The Chair queried how this Modification Proposal could be viewed in the context of previous modifications which have addressed risks and unintended consequences associated with pricing events. The Proposer advised that this proposal is necessary in addition to these previous changes and is motivated by new technologies and system scarcity risks which may arise in the future. The Proposer also stated that previous modifications were focused on addressing risks to Units which were not dispatched whereas the focus for this Modification Proposal was Units which have been dispatched, potentially running at a loss.

A Generator Member advised they had no issue with the Modification Proposal and the principle of addressing risks associated with being constrained on.

The Proposer advised of an over-recovery issue with the Proposed Modification as it applies to Units without a Reliability Option or when a Unit with a Reliability Option is dispatched above it. In this scenario a Unit could receive revenues above the Strike Price associated with an unobligated quantity and then receive revenues through Make Whole Payments. The Proposer intends to undertake further work to address this if the Committee is receptive to the principle of the Modification Proposal.

The RA Member advised that the economic rationale for the Modification Proposal needs to be explained across both the Capacity Market and Balancing Market. The RA Member also advised that a case would need to be made as to why Make Whole Payments should account for a financial payment associated with a capacity contract, which is an option entered into to forego market revenues above the Strike Price in return for monthly Capacity Payments. A Supplier Member expressed concern that other revenues may not be accounted for by the Modification Proposal. The Proposer responded by stating that the calculation of Make Whole Payments does not fully account for costs by excluding Difference Charges during a contiguous period of operation. The RA Member queried if Difference Charges are a cost (in the way fuel for example would be) given a Reliability Option is not mandatory. The Chair advised that for Existing Capacity a Reliability Option is compulsory unless an Exception Application is successful. The RA Member queried if Difference Charges should be considered an operating cost to which Make Whole Payments would apply.

A Supplier Alternate suggested that awareness of this issue may now influence higher price of offers into the Capacity Market and addressing it through the Make Whole Payment may negate this.

Decision

This Proposal was deferred.

Action:

- Proposer to update legal drafting and submit a version 2 for Modifications Committee Meeting 123 in June – **Open**

5. AOB/UPCOMING MODIFICATIONS

SEMO advised that a Housekeeping Modification Proposal was in progress and another on the application of start-up costs was in development potentially for the next meeting.

Secretariat thanked all for their attendance and confirmed that Modifications Committee Meeting 123 will take place on Thursday, 20th June 2024.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 122		
Status as of 23 April 2024		
Modification Proposals ‘Recommended for Approval’ without System impacts		
Title	Sections Modified	Sent
Mod_10_23 Market Compensation for Firm Curtailment Look Back Period	H	Sent for RA Decision 16/11/23
Modification Proposals ‘Recommended for Approval’ with System impacts		
Mod_13_23 SDP_01 Treatment of Non-Priority Dispatch Renewables	D,F Appendix E,I,K,O, Glossary	Sent for RA Decision 15/03/24
Mod_11_23 SDP_02 Battery Integration	B,D,F, Appendix I, Appendix O, Glossary	Sent for RA Decision 08/02/24
Mod_02_23 DSU Energy Payments	B, F, G, H AP01 Section 2.3 & Appendix 3	Sent for RA Decision 16/03/23
Modification Proposals ‘Recommended for Rejection’		
N/A	N/A	N/A
RA Decision ‘Further Work Required’		
N/A	N/A	N/A
RA Decision Approved Modifications with System Impacts		
Title	Sections Modified	Effective Date
Mod_17_22 System Action Re-pricing	E.3.4.2	Following system implementation
Mod_05_23 Market Compensation for Firm Curtailment	F, G, Glossary	Following system implementation
Mod_08_23 Archiving Part A&C of the TSC	Part A & Part C	Following website upgrade project
RA Decision Approved Modifications with no System Impacts		
Title	Sections Modified	Effective Date
Mod_06_23 SEMO Housekeeping 2023	F.2.7.2, F.10.1.4, Glossary, AP04 2.7.1, 2.7.2	28 th July 2023
Mod_07_23 Collection of Monies M+4 Update	G.2	28 th July 2023
Mod_09_23 Correction to the calculation of SDPIMB	G.14.2.4	21 st December 2023
RA Decision Rejected		
Mod_01_23 Remuneration of Commissioning Unit	D,F,G,K	13 th November 2023
Mod_07_22 Indexation to calculation of Capacity Payments for New Capacity	F.17	19 th March 2024
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		
N/A	N/A	N/A
Withdrawal Notifications		
N/A	N/A	N/A
Modification Proposal Extensions		
N/A	N/A	N/A
<ul style="list-style-type: none"> • Meeting 123 – 20th June 2024 – MS Teams 		