

Single Electricity Market

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| Modifications Committee Meeting MinutesMeeting 92belfast27 june 201910.30 – 3.00pm |

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Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 5 July 2019 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 |  | 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](https://www.sem-o.com/rules-and-modifications/balancing-market-modifications/market-rules) |
| [Mod\_03\_18 Autoproducer Credit Cover with DSU v2](https://www.sem-o.com/documents/market-modifications/MOD_03_18/Mod_03_18AutoproducerCreditCoverwithDSUv213June2019.docx) |
| [Mod\_38\_18 Limitation of Capacity Market Difference Payments to Metered Demand v3](https://www.sem-o.com/documents/market-modifications/Mod_38_18/Mod_38_18-LimitationofCapacityMarketDifferencePaymentstoMeteredDemandV3.docx) |
| [Mod\_03\_19 Amended application of the Market Back Up Price if an imbalance Price(s) fails to circulatev2](https://www.sem-o.com/documents/market-modifications/MOD_03_19/MOD_03_19-AmendedapplicationoftheMarketBackUpPriceifanImbalancePrice%28s%29failstocalculate-Version2.docx) |
| [Mod\_04\_19 Running indicative settlement on all days](https://www.sem-o.com/documents/market-modifications/MOD_04_19/MOD_04_19Runningindicativesettlementonalldays.docx) |
| [Mod\_06\_19 Determination of the marginal Energy Action Price where no energy is available in the NET Imbalance Volume v2](https://www.sem-o.com/documents/market-modifications/MOD_06_19/MOD_06_19DeterminationoftheMarginalEnergyPricewherenoenergyisavailableintheNetImbalanceVolumeDirectionv2.docx) |
| [Mod\_08\_19 Clarification to Intraday Quantity and Payment v2](https://www.sem-o.com/documents/market-modifications/MOD_08_19/Mod_08_19-ClarificationtoIntradayQuantityandPaymentV2.docx) |
| [Mod\_10\_19 Dispatchable Priority Dispatch](https://www.sem-o.com/documents/market-modifications/MOD_10_19/Mod_10_19-DispatchablePriorityDispatch.docx) |
| [Mod\_11\_19 Continuing Contiguous Operating Period Over Billing Period Boundary and CNLR Clarification](https://www.sem-o.com/documents/market-modifications/MOD_11_19/Mod_11_19-ContinuingContiguousOperatingPeriodOverBillingPeriodBoundaryandCNLRClarification.docx) |

In Attendance

|  |  |  |
| --- | --- | --- |
| Name | Company | Position |
| **Modifications Committee (voting members)** |
| William Steele (Chair) | Power NI | Supplier Member |
| Kevin Hannafin | Energia | Generator Member |
| Sinead O’Hare | Power NI PPB | Generator Member |
| Paraic Higgins | ESB GT | Generator Member |
| Stephen Lynch | Bord Gais | Supplier Alternate |
| Robert McCarthy | Captured Carbon | DSU Alternate |
| David Gascon | Bord Na Mona | Generator Alternate |
| Eamonn O’Donoghue | ElectroRoute | Interconnector Member |
| Rochelle Broderick | Budget Energy | Supplier Alternate |
| Mark Phelan | Electric Ireland | Supplier Alternate |
| **Modifications Committee (Non-Voting Members)** |
| Sean McParland | Energia | Generator Alternate |
| Karen Shiels | Utility Regulator | RA Alternate |
| Christopher Goodman | SEMO | SEMO Member |
| Katia Compagnoni | SEMO | SEMO Alternate |
| Adelle Watson | NIE Networks | MDP Member |
| Maeve Heaney | SONI | TSO Alternate |
| Marc Senouci | EirGrid | TSO Member |
| Gina Kelly | CRU | RA Alternate |
| **Secretariat** |
| Sandra Linnane | SEMO | Secretariat |
| Esther Touhey | SEMO | Secretariat |
| **Observers** |
| Thomas O’Sullivan | Aughinish | Observer |
| Andrew Burke | Enerco | Observer |
| Joseph Devlin | Power NI PPB | Observer |
| Lauren Skillen-Baine | SEMO | Observer |
| Stacy Feldman | SSE | Observer |
| John Casley | Tynagh Energy | Observer |
| Artem Stopnevich | Aughinish | Observer |
| Alan Mullane | ElectroRoute | Observer |
| Simon Grimes | EirGrid | Observer |
| Andrew Clarke | Bord Gais | Observer |
| Rachel Strong | CRU | Observer |
| Andrew Waghorn | Deloitte | Observer |

# audit presentation

A representative of Deloitte gave an overview of audit findings confirming that the I-SEM transition and early operation of the new market was not covered and the scope was for the old SEM market only. He confirmed there were no material findings and only one issue was significant.

 A brief update was given on I-SEM Terms of Reference while initial assessment sessions will be starting over next few months. An interim report will be sent to the RAs in autumn.

An action was taken for Deloitte/Regulators to forward the completed audit report for the old SEM market for general distribution and the secretariat will circulate.

# Semo Update

The Secretariat welcomed all attendees to Modifications Meeting 92. They noted that the outstanding minutes and Final Recommendation Reports will be published following the meeting.

The minutes for Meeting 90 & Meeting 91 were read and approved.

The secretariat summarised the Election process confirming that there are 5 seats expiring. The process will commence shortly with the call for nominations communication.

# Review of Actions

|  |  |
| --- | --- |
| Mod\_24\_18 Use of Technical Offer Data in Instruction Profiling / QBOA | * 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 - **Open**
 |
|  MOD\_30\_18 Market Back Up Price Amendment | * 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**
 |
|  MOD\_34\_18 Removal of MWPs for biased quantities and negative imbalance and clarifications to determination of Start Up Costs Final | * SEMO to provide an estimated value to date for impact on Imperfection Tariff (SEMO will endeavour to have an estimate before the decision however a final assessment may require longer) - **Closed**
* SEMO to provide details on the potential template that can be used to forecast the issue going forward (required prior to decision) – **Closed**
* SEMO to organise a Q&A session for all participants in relation to the use of the template (not required prior to decision but intended to be held in a timely manner after decision) – **Closed**
 |
| MOD\_38\_18 Limitation of Capacity Market Difference Payments to Metered Quantity | * Proposer to investigate the application of a tolerance factor to MGLF - **Open**
 |
| MOD\_03\_19 Amended Application of the Market Back Up Price if an Imbalance Price (s) fails to circulate | * Impact assessment to be done by SEMO to inform decision - **Open**
 |
| MOD\_04\_19 Running Indicative Settlement on all Days | * SEMO to confirm if there is currently a credit report on non-working days which are weekdays – **Closed**
* SEMO to investigate potential alternative of catching up indicative settlement prior to credit report calculations to inform next steps - **Closed**
 |
| MOD\_05\_19 Amendment to Uninstructed Imbalance Charge (CUNIMB) to Correct for Negative Price Scenarios | * Secretariat to draft Final Recommendation Report - **Closed**
 |
| MOD\_06\_19 Determination of the Marginal Energy Action Price Where No Energy is Available in the NET Imbalance Volume | * Secretariat to Issue Version 2.0 and presentation material to Modifications Committee Members – **Closed**
* Proposer to provide additional data, ie more than one week and show how DBC costs would be impacted **- Open**
 |
| MOD\_07\_19 Correction to No Load Cost “and” vs “or” doc | * SEMO and Generator Member to review the application of F.11.2.5 (No Load Cost Recovery) – **Closed**
* SEMO to provide template for assessment of both Mod\_34\_18 and Mod\_07\_19 with the former template coming first – **Closed**
* Proposer to provide updated Materiality figures – **Closed**
* Secretariat to draft Final Recommendation Report - **Closed**
* SEMO and Generator Member to review the application of F.11.2.5 (No Load Cost Recovery) – **Closed**
* SEMO to update template for assessment of both Mod\_34\_18 and Mod\_07\_19 - **Closed**
 |
| MOD\_08\_19 Clarification to Intraday Quantity and Payment | * Proposer to issue a version 2 of MOD\_08\_19 and a version 3 of MOD\_38\_18 **- Closed**
 |
| MOD\_09\_19 Removal of locational constraints from Imbalance Pricing Calculation | * Proposer to circulate supporting data to the committee – **closed**
* Proposer to do analysis on the net effect on imbalance pricing – **closed**
* Proposer to review the change to the level of flagging – **closed**
* Secretariat to schedule Extraordinary Meeting 91, Thursday 18th April via conference call – **closed**
* Secretariat to draft Final Recommendation Report **- closed**
* SEMO to provide further analysis on this modification, in particular regarding pricing changes where locational constraints were not binding **– ongoing**
 |

SEMO Member discussed action outstanding for MOD\_24\_18. The update from the vendor was that it would be very difficult to implement and the advice is to look at the interim process currently in place to verify the impact now that real data post go live is available. There are concerns about dynamic VTODs changes in same day. SEMO will come back in August and look at costs and risks associated with implementing changes to facilitate application of VTOD on a Trading as opposed to Settlement Day basis while Participant are invited to provide an analysis of the number of instances where the issue occurred based on Dispatch Instructions issued in the final hour of the day coupled with VTOD set changes between the days.

**Action**s:

* SEMO to get more information on system change with multiple VTOD sets for a single Settlement Days for August meeting – **Open**
* Participants to provide figures on the frequency of the issue and potentially the MW volume impacted - Open

SEMO also discussed action on MOD\_07\_19. The template for MOD\_34\_18 has been enhanced to include Mod\_07\_19 and the data has been made available in a single file as not included in PTs reports – no additional session on the template or CFC will be held as covered at the latest MOUG the previous week. SEMO advised if there were any queries to contact the Market Helpdesk.

A Generator member requested a simpler version of the above template, that doesn’t rely on I-SEM reports as most participants would have their own data and it was agreed that this would be a MOUG action. The secretariat agreed to relay this back to the SEMO MOUG team, however, it was noted that this format was developed to assist any market participant even if they have no other access to data than the market reports.

# deferred Modification Proposals

## mod\_03\_18 autoproducer credit cover with dsu v2

The proposer delivered a [presentation](https://www.sem-o.com/documents/market-modifications/MOD_03_18/PresentationMod_03_18Version227June2019.pptx) on the version 2 of this modification which was raised on 13th June 2019 following two productive Working Group meetings. He confirmed a WG Recommendation report had been circulated to members. It was agreed that this modification had worked well as an interim provision.

The proposer went through the slides detailing what the initial problem was, the materiality self-assessment and version 2 of the proposal. The Working Group recommended that should a different length for supplier Suspension delay periods be proposed, to consider exempting Trading Site Supplier Units.

The DSU alternate confirmed they are happy that this V2 covers the standard participant but it does not cover the new and adjusted participant. The first 100 day period will require a lot more collateral which is a temporary hurdle when taking on a new participant. Advice from the committee was requested with regards to raising a separate modification for New and Adjusted Participants or not and the type of solutions that should be adopted for new and adjusted PTs (simple based on current interim or more complex to mirror standard PTs).

It was asked if V2 could be approved for Standard Participants. DSU advised that approving this will just put this modification in a queue for vendor implementation. There is an opportunity to review the New Participant approach based on the impact provided by the vendor for Standard Participant.

A question was raised if the interim solution deals with New and Adjusted Participants and whether it would remain in place until a new modification is implemented. It was confirmed that it would remain in place and does cater for New and Adjusted Participants however there would need to be a change to the legal drafting to reflect this.

Observer asked why the difference between standard PTs and others, given that the calculation would be the same except for forecast data. SEMO advised that the implementation in the system is more complex as it is not sufficient to just swap one set of data with the other. Hence the proposal of either a higher level solution for the New and Adjusted Participant or bespoke algebra and volume functionality. It was agreed that an action should be taken for the proposer to include provision in V3 to allow for the interim proposal to endure for New and Adjusted Participants until a further provision can be made to cater for the impact there

It was discussed if a vote could go ahead pending an impact assessment but it was agreed that the committee should wait until August for an impact assessment to be considered prior to voting.

Decision

This Proposal was deferred.

**Actions:**

* SEMO to provide vendor impact assessment for existing proposal - **Open**
* 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 - Open

## mod\_38\_18 Limitation of capacity market difference payments to metered demand v3

The proposer delivered this proposal in conjunction with Mod\_08\_19. There was an action with SEMO to consider the viability of applying a tolerance factor to MGLF within the approach. SEMO noted that the impact assessment and detailed legal drafting for application of such a tolerance was not yet pursued in detail as they are waiting for guidance from committee as to whether such an approach would be palatable before pursuing it further. They noted that an initial consideration indicated that it should be viable and may provide for a compromise solution that allows for the mitigation the proposal seeks to provide without causing the risk of unhedged trades for suppliers where trade exceeds metered consumption due to forecasting errors which was flagged as a concern at the previous meeting.

A number of suppliers voiced their concerns in relation to this modification as it they could not see a scenario when the high impact event it seeks to mitigate against would ever happen due to the risk that a party seeking to exploit it would expose themselves to and the credit requirements that would occur. The proposer noted that the potential for the sort of high impact low probability event described was not the only reason for raising the proposal. They went on to discuss how it also mitigates against more likely events where one supplier who is paid a difference payment and therefore hedged for volumes beyond the metered consumption could result in other suppliers being impacted by a so called ‘hole in the hedge’. They also re-iterated their view that it was logical to have a link between the capacity charging base and the hedged volume for difference payments.

A Supplier Member advised that they felt that no compromise could be made here as an acceptable parameter for the tolerance could not be known as the level of forecast error was not known. SEMO acknowledged that the exact value may not be known but suggested that taking a conservative approach of having a reasonable fixed minimum value for such a tolerance should provide comfort as it should be possible to determine a value that is extremely unlikely to be exceeded by forecasting error. They noted that this could be determined via a parameter consultation or possibly codified within the proposal if that provided more comfort.

Proposer confirmed this modification does not affect Assetless Units in response to a question on the impact there.

Another supplier representative who had previously shared concerns regarding the impact of the proposed change in terms of unhedged volumes resulting from forecasting errors indicated they would be more open to looking further at option of including a tolerance but they indicated that they would need to see what such a proposal would look like in order to fully consider the implications before committing to a position.

Decision

This Proposal was deferred.

**Actions:**

* SEMO to provide an alternative version to include a tolerance factor that would take account of forecasting errors - **Open**

## mod\_03\_19 amended application of the market back up price if an imbalance price(s) fails to circulate v2

The proposer along with SEMO confirmed that in order for this modification to progress, an Impactassessment was needed. SEMO confirmed they are currently trying to get this from the vendor and an impact assessment could affect the decision on this modification. It was advised that progress could not be made without it and the implementation timeframe would not get affected by waiting for it.

A Generator member indicated their concern that it is taking too long to get impact assessmentss as it is delaying modifications. They requested that SEMO escalate the Modifications Committees concerns in this regard which SEMO agreed to do.

Decision

This Proposal was deferred pending impact assessment.

**Actions:**

* SEMO to further escalate the need for an impact assessment - **Open**

## mod\_04\_19 running indicative settlement on all days

The proposer delivered a [presentation](https://www.sem-o.com/documents/market-modifications/MOD_04_19/Mod04_19Presentation.pptx) on the progress of this modification and thanked SEMO for the work they have put in to provide options for the next step in the process. The aim of this modification was to reduce collateral burden on clients on five day period over the holidays. There was proof of a significant financial strain on businesses. Proposer went through the options that SEMO had proposed and advised that option 3 was the preferred option as it is feasible, simple and could be implemented quickly.

There were six options available in total with only option 3 and 6 considered feasible. The proposer confirmed that these two options could be reviewed in more detail with a decision being proposed at the next meeting in August.

A generator member discussed the implications of option 3 and not running a credit report on the Monday after a weekend or a bank holiday. It was advised that there should be an anlysis of the amount of credit that would not be collected if there is a bad debt and the possibility that the exposure to single units could be large. Assessment need to show if the credit report run on the Friday would be better than the Monday report. SEMO noted as well that behaviour might change if it is known that a credit report will not be processed on the Monday, therefore any analysis would be limited by the nature of the trading as it happens in the current conditions.

A Supplier member asked if this fixes itself on Tuesday anyway. It was confirmed that yes that would be correct, except it doesn’t deal with contract refusal which will have a significant impact once implemented. Also, although there is a a time to remedy, there is an obligation to act on CCINs. SEMO noted if you still have the last report of the Monday, it is not guaranteed that the Indicative will be fully run in time and there would be no possibility to update Cridit postings, however the time to remedy will be based on working hours therefore it would still allow for a full working day after publication to finish after cob Tuesday. If credit report and CCINs instead are issued on a Tuesday, data would likely be more accurate.

Another question was raised if settlement report was not published could you skip the credit report on the Friday? SEMO stated that option 6 parameter change could not come through and might have impact –it would be static. A generator alternate stated that they wouldn’t be keen to have the same parameters for working day and non-working days. The proposer suggested a Working Group may be required to tease out all options and analysis would provide a great deal of value

Secretariat explained the process for Working Group and the terms of reference initiate with a modification. Terms of reference can still be issued based on this modification, even though, as currently drafted, it refers to one of the unfeasible option. The WG final report would clarify whether the original Mod should be withdrawn and replaced by a new modification. Proposal has been deemed not feasible and a Working Group will be created to discuss the merits of all different solutions.

Decision

This Proposal was deferred.

**Actions:**

* Secretariat to produce a Terms of Reference to begin process of Working Group 1 - **Open**
* Secretariat to organise and convene a date for Working Group 1 – **Open**
* SEMO to provide an analysis of Credit default examples after weekends or bank holidays - **Open**

## mod\_06\_19 determination of the marginal energy action price where no energy is available in the net imbalance volume v2

Decision

This Proposal was deferred pending RA’s consultation Balancing Market and Capacity Market options (SEM-19-024)

## mod\_08\_19 clarification to intraday quantity and payment v2

The proposer raised this proposal following the discussion in relation to Mod\_38\_18 highlighting an error with tracked difference quantities. It was agreed that this should be treated as a separate modification as the justifications for the two proposals are very different and they should be discussed as separate items.

A discussion ensued around this modification and how much of a priority it was. A generator member noted that this issue has not manifested yet and will only occur if one trades Ex Ante and subsequently unwinds some of that Trade in the Intraday markets in a period which also results in a reliability option event.

SEMO confirmed that version 2 of Mod\_38\_18 had the provision related to limitation of Difference Payments QMLF removed. The impact assessment was already carried out showing this modification was low impact and low cost.

A concern was raised that this was something in the Code that is very unlikely to happen and maybe resources were better spent on changes which are higher priority. SEMO confirmed it is not as rare as the QMLF ‘black swan’ piece that is the subject of Mod\_38\_18 V3. DSU representative confirmed that over-hedging and over-payments can occur if this is not fixed. SEMO reassured all that it would go down in the list of priority if there were more urgent Modifications to be implemented.

Decision

This Proposal was Recommended for Approval.

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| --- |
| **Recommended for Approval**  |

|  |
| --- |
| **Recommended for Approval by Majority Vote** |
| Rochelle Broderick | Supplier Alternate | Approve |
| Sinead O’Hare | Generator Member | Approve |
| Stephen Lynch | Supplier Alternate | Approve |
| Eamonn O’Donoghue | Interconnector Member | Approve |
| Kevin Hannafin | Generator Member | Approve |
| Paraic Higgins | Generator Member | Approve |
| Mark Phelan | Supplier Alternate | Approve |
| David Gascon | Generator Alternate | Approve |
| William Steele | Supplier Member | Approve |
| Robert McCarthy | DSU Alternate | Approve |

# new Modification Proposals

## mod\_10\_19 Removal of negative QBOAs related to dispatchable priority dispatch units from the imbalance price

The proposer delivered a [presentation](https://www.sem-o.com/documents/market-modifications/MOD_10_19/Mod_10_19RemovalofQBOAsrelatedtodispatchableprioritydispatchunitsfromtheimbalanceprice.pptx) on this modification which was raised on the 13th of June 2019. The proposer went through the slides summarising the key changes stating that, as detailed in the SEM Committee decisions on the subject, volumes associated with decremental actions taken on Dispatchable Priority Dispatch Generator Units with non zero marginal costs should not set the Imbalance Price but this principle was not applied in the Code as currently drafted.

It was noted that the proposed approach taken was to provide for the prices associated with these decremental actions to be overwritten with zeros for the purposes of Imbalance Pricing calculations and to use the submitted values for settlement purposes only. The justification was stated as being to ensure compliance with the SEM Committee decision on the subject and fundamentally that decision had determined that it was inappropriate for such volumes to be used in setting the Imbalance Price because the scheduling and dispatch decisions for these units which result in such decremental actions were not based on the submitted prices but rather were based on the policy on maximising Priority Dispatch.

An Interconnector Member made a point that there is a wider change to the Imbalance pricing mechanism currently under consultation. With uncertainty about pricing in general and in this backdrop he was not comfortable discussing this Modification Proposal. The proposer acknowledged the difficulty in considering the proposal while the consultation was ongoing. AGenerator alternate stated their view that the decremental actions in question can be the marginal action and should be used to determine the price in such circumstances. The proposer noted that the SEM Committee decision on this item had already been taken and suggested that the proposal should be considered in the context of such decisions without attempting to reopen them. They also suggested that, if the definition of the marginal unit is considered as being that unit which would serve the next increase or decrease in demand, that it could be argued that these units cannot be freely increased or decreased based on the economics of their bid due to the prescriptive policy in relation to the absolute interpretation of Priority Dispatch and could therefore be considered not to be the marginal unit.

The Proposer acknowledged that there is an open consultation and that as a result it may be best to defer this modification. They suggested that if this was the preference then it is important to do so with clarity on what basis it is being deferred both in the context of acknowledging the existing decisions on the subject and their view that the potential implementation of simple NIV tagging being considered under the consultation would not fully implement the decision in any event, but rather, would only potentially reduce instances of the Imbalance Price being set by these actions based on observations from modelling of the Imbalance Price under simple NIV tagging.

It was suggested by an generator alternate that the proposal goes against the high level design decision on reflecting the true cost of balancing the system within the Imbalance Price calculations and further stated that if a decremental action on a Dispatchable Priority Dispatch Unit with non zero marginal costs is the marginal action than it should be marginal price. They went on to state their concerns that particular SEM Committee decisions were being selectively considered by the proposer while others were being disregarded in order to support the proposal. The proposer stated that this was not their intention but that rather they were seeking to ensure that all SEMC decisions were reflected in the rules. They went on to state that they could see that if you took the view that the decisions to reflect the true cost of balancing and not to have these volumes set the price were paradoxical because these volumes represent the marginal action that you would conclude that the proposal did not align to the design decisions. They went on to state that they were not convinced that the decisions were paradoxical on this basis; however, because they were not convinced that such actions were marginal.

The RAs stated that the hierarchy outlined in SEM-11-062 did not foresee decremental bid prices for priority dispatch with non-zero costs setting the price.

The chair stated that they disagreed with the proposers’ position and agreed with the generator alternate’s position regarding the action reflecting the cost of balancing and being the marginal action, while acknowledging that it was not necessarily appropriate to seek to reopen an existing decision. A number of observers expressed views on the subject noting the need for negative pricing and that it was of growing importance with the anticipated increase in non-synchronous renewable generation going forward, they stated that they felt that the principle of trying to supress negative pricing in general was being pursued. One observer expressed concern regarding the difficulty in agreeing terms with counterparties while the Imbalance Pricing rules were uncertain due to so much proposed change while another noted that the European position on Priority Dispatch has moved on since the SEM policy decisions on the subject. A third observer noted their view that the negative prices resulting from including these volumes in Imbalance Pricing calculations were a stronger signal to Generators trade within the Ex Ante markets than the zeros that would be supplanted under the proposed Modification which was one of the supporting points made by the proposer in terms of applying zeros rather than removing the volumes from the calculation altogether.

The Proposer noted their agreement with points related to the increasing importance of negative Imbalance Pricing going forward in a general sense but not in the circumstance where they are being set by Dispatchable Priority at present in contradiction with an existing SEM Committee decision as related to the proposal in question. They noted that it was not their view that negative pricing should be supressed in a general sense.

The proposer also acknowledged the point in relation to the European view on Priority Dispatch but also that the existing policy in SEM was as described in the proposal. They also agreed with the observer that stated that the negative prices would be a stronger signal to trade Ex Ante but stated that that didn’t necessarily make it the correct signal and that they felt that the supplanted zeros struck a balance between reflecting the SEM Committee decision that these volumes should not set the price due to their Priority Dispatch scheduling while retaining an appropriate signal at times when curtailment of Priority Dispatch is necessary rather than removing the volumes altogether so that prices could be inappropriately heavily influenced by actions in the other direction.

A supplier member stated that this modification does not help with the consultation process. Some members of the committee questioned the timing of the proposal and stated that they were not comfortable taking a decision on it until RAs clarify their position in relation to the consultation. The view that the consultation shows a willingness to reconsider the design decisions was expressed. Proposer stated their view that the detailed design decisions are adhered to within the consultation and actually form the premise of the alternate approaches considered in that they are presented within the consultation paper as also fulfilling the existing design decisions as a key consideration.

The RAs stated that the timing of this modification being raised was not meant to have any interaction with the current consultation, but noted the views expressed from the members of the committee and that an update on this could be provided at the next meeting.

The proposer noted that they had not requested an impact assessment on the proposal as they did not yet have a remit from the committee to do so. They requested the committees’ guidance in that regard. The chair stated that they felt that it would not be appropriate to pursue an impact assessment at this stage and no one expressed a contrary view on this.

The proposer stated that the proposal was drafted to provide the justification from fundamental principles as opposed to just state the SEM Committee decisions and that was why the Priority Dispatch policy, rather than the SEMC papers detailing the related decisions, was included.

It was agreed that the proposal should be deferred subject to the proposer circulating details of the SEM Committee decisions they referred to and the RAs providing further clarification on their view regarding the market design discussed.

Decision

This Proposal was deferred.

**Actions:**

* Proposer to circulate papers regarding the decisions referred to within the modification - **Open**
* RAs to provide clarification on interpretation of market design decisions in relation to this modification - **Open**

## mod\_11\_19 continuing contiguous operating period over billing period boundary and cnlr clarification

The proposer did not deliver a [presentation](https://www.sem-o.com/documents/market-modifications/MOD_11_19/Mod_11_19Presentation.pptx) due to technical difficulties, however the content was explained orally and the presentation has been made available. The modification, which was raised on 13th June 2019, combined two items briefly discussed at meeting 90 and 91 with an agreement that they could be raised as a single modification.

the first item was raised following the discussion on modification 07\_19 as the understanding of the text for a related paragraph, was not completely clear to a generator member. This modification will now clarify the current drafting and does not require any Impact Assessment.

The second issue was with regard to the calculation of Contiguous Operating Period (COP) which is used for the calculation of costs feeding into Make Whole Payment. The change to the drafting simply replace the half hour Disptach Quantity with the Minute by Minute Dispatch Quantity. There is a change to the variable from capital D to lower case d and this makes the COP more accurate. SEMO is aware on only one instance of this occurring but the materiality could vary significantly due to the individual circumstances of the generator and to the length of the issue occurring over multiple Billing Periods.

Decision

This Proposal was Recommended for Approval.

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| **Recommended for Approval**  |

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| **Recommended for Approval by Majority Vote** |
| Rochelle Broderick | Supplier Alternate | Approve |
| Sinead O’Hare | Generator Member | Approve |
| Stephen Lynch | Supplier Alternate | Approve |
| Eamonn O’Donoghue | Interconnector Member | Approve |
| Kevin Hannafin | Generator Member | Approve |
| Paraic Higgins | Generator Member | Approve |
| Mark Phelan | Supplier Alternate | Approve |
| David Gascon | Generator Alternate | Approve |
| William Steele | Supplier Member | Approve |
| Robert McCarthy | DSU Alternate | Approve |

# AOB/Upcoming events

The secretariat thanked all for attending and confirmed that the next Modifications Meeting would be held in Dublin on Thursday 22nd of August 2019.

SEMO briefly discussed upcoming modifications. A proposal related to System Service Flag for DSU units prompted by discussions during the Working Group for Mod\_32\_18 will be raised potentially in August

# Appendix 1 – Programme of Work as Discussed at Meeting 92

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| **Status as at 27 June 2019** |
| **Modification Proposals ‘Recommended for Approval’ without System impacts** |
| **Title** | **Sections Modified** | **Sent** |
| Mod\_33\_18 Update to Unit Under Test Process | Part B Section D.7.3Part B Appendices F and JPart B Glossary Definitions related to Under Test statusPart B Agreed Procedure 4 Sections 2.4 and 3 | FRR sent for RA Decision – 7 June 2019 |
| **Modification Proposals ‘Recommended for Approval ’ with System impacts** |
| Mod\_05\_19 Amendment to Uninstructed Imbalance Charge (CUNIMB) to correct for Negative Price Scenarios | F.9.4.1Part B Glossary List of Variables and Parameters | FRR sent for RA Decision – 7 June 2019 |
| **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** |
| Mod\_07\_19 Correction to No Load Cost “and” vs “or” | F.11.2.3 | 3 May 2019 |
| Mod\_09\_19 Removal of locational constraints from Imbalance Pricing calculation | Appendix N.1 | 2 May 2019 |
| **RA Decision Approved Modifications with no System Impacts** |
| Mod\_01\_19 Negative Interest in the SEM | Section 6.16-6.19 & 6.35AP-17 Banking and Participant PaymentsSection G.1.4.3 to G.1.4.5 & G.1.5.1AP-17 Banking and Participant Payments | 2 May 2019 |
| **RA Decision Rejected** |
| Mod\_02\_19 Removal of Difference Charges for generators during non RO event periods | F.18.5.5 | 10 May 2019 |
| **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 | N/A |
| **Modification Proposal Extensions** |
| Mod\_03\_18 Autoproducer Credit Cover | G4 to G15 | N/A |
| * **Meeting 93 – 22 August 2019 – Dublin**
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