

Chapter 2: Obligations

Obligations – (1/2)

- This section sets out the statutory obligations under which we operate the scheduling and dispatch process. We also set out how these obligations interact and how we manage competing obligations.
- The scheduling and dispatch process operates within an obligations framework that extends from European regulations through to the Trading and Settlement Code and Grid Codes. The source of these obligations and their hierarchy of implementation in the scheduling and dispatch process are illustrated in Figure 1 below.

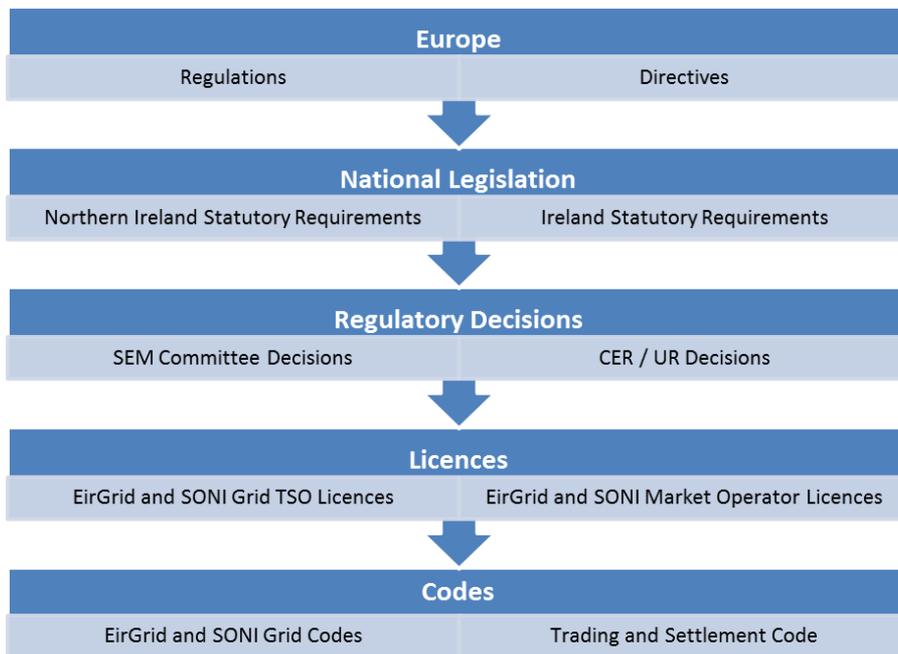


Figure 1: Obligations Framework

Obligations – (2/2)

- Our TSO Licences impose an obligation on each TSO, in conjunction with the other TSO, to schedule units and ensure direct instructions for the dispatch of units. This obligation must be carried out in accordance with the rest of the terms of each TSO Licence and the Grid Codes. This specific obligation to schedule and dispatch units is driven by our overall obligations under the broad regulatory framework illustrated above.
- In order to clearly explain our obligations to Participants, and how they interact, we have categorised them under four main headings as illustrated in Figure 2 below and described in the following sections.

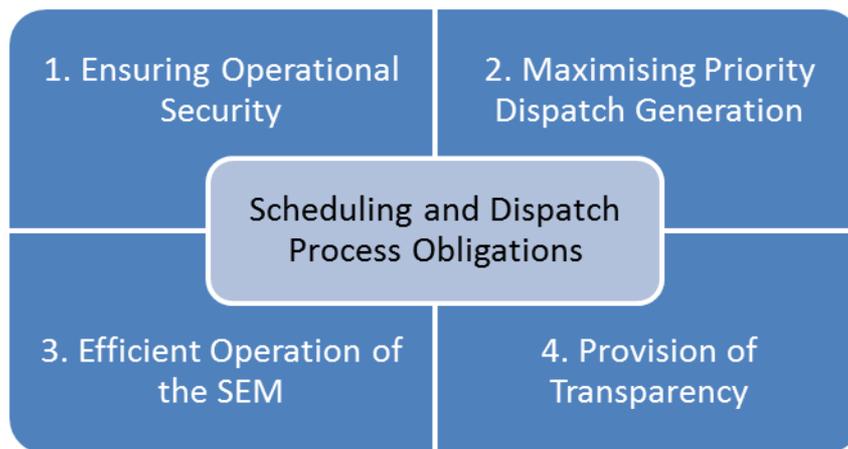


Figure 2: Scheduling and Dispatch Process Obligations

Ensuring Operational Security

- We are responsible under Article 12 of Directive 2009/72/EC of the European Parliament and of the Council concerning common rules for the internal market in electricity (the Third Electricity Directive) for ensuring the long-term ability of the system to meet reasonable demands for the transmission of electricity, operating, maintaining and developing under economic conditions secure, reliable and efficient transmission systems with due regard to the environment, contributing to security of supply through adequate transmission capacity and system reliability, and ensuring a secure, reliable and efficient electricity system.
- In addition, Commission Regulation establishing a guideline on electricity transmission system operation (once finalised) will set out minimum technical standards for the operation of power systems at a European level.
- The responsibility to ensure operational security is also provided for in national legislation, namely: (for Ireland) Regulation 8 of S.I. No 445/2000 European Communities (Internal Market in Electricity) Regulation 2000 (as amended); and (for Northern Ireland) Article 12 of the Electricity (Northern Ireland) Order 1992.
- Our obligations in respect of ensuring operational security are further reflected in our Licences, the TSC and the Grid Codes, and therefore form a key part of the scheduling and dispatch process.

Maximising Priority Dispatch Generation – (1/2)

- Article 16 of Directive 2009/28/EC of the European Parliament and of the Council on the promotion of the use of energy from renewable sources (the RES Directive) provides that Member States are required to ensure that when dispatching electricity generating installations, TSOs shall give priority to generating installations using renewable energy sources in so far as the secure operation of the national electricity system permits and based on transparent and non-discriminatory criteria.
- Article 15 of Directive 2012/27/EU of the European Parliament and of the Council on energy efficiency provides that Member States are required to ensure that, subject to requirements relating to the maintenance of the reliability and safety of the grid, based on transparent and non-discriminatory criteria set by the national regulatory authorities, TSOs when they are dispatching electricity generating installations, provide priority dispatch of electricity from high-efficiency cogeneration in so far as the secure operation of the national electricity system permits.

Maximising Priority Dispatch Generation – (2/2)

- The obligation to provide priority dispatch to certain classes of generators is also provided for in national legislation, namely: (for Ireland) Section 21 of S.I. No. 217/2002 - Electricity Regulation Act 1999 (Public Service Obligations) Order 2002 (as amended); and (for Northern Ireland) Article 11AB of the Electricity (Northern Ireland) Order 1992, which refers to the criteria set out in the SEM Committee Decision Paper SEM-11-062.
- Our obligations to provide priority dispatch to certain classes of generators are reflected in national legislation, our Licences and the Grid Codes, and form a key part of the scheduling and dispatch process.

Efficient Operation of the SEM

- We are responsible under Article 12 of the Third Electricity Directive for ensuring a secure, reliable and efficient electricity system.
- We are also responsible under Commission Regulation (EU) 2015 / 1222 establishing a guideline on capacity allocation and congestion management (“CACM”) for facilitating access to cross-zonal (cross-border) exchanges of electricity and to avoid any unnecessary restriction of cross-zonal capacities.
- Under Regulation 8 of S.I. No 445/2000 European Communities (Internal Market in Electricity) Regulation 2000 (as amended), EirGrid is obliged, in discharging its functions as transmission system operator, to take into account the objective of minimising the overall costs of the generation, transmission, distribution and supply of electricity to final customers.
- In addition, we have an obligation under our Licences to establish and operate a merit order system for the balancing market which will take account of the objectives set out in each Licence, which includes minimising the cost of diverging from Physical Notifications (PNs), namely Condition 10A of EirGrid’s TSO Licence and Condition 22A of SONI’s TSO Licence.

Provision of Transparency

- We have a number of reporting and monitoring obligations under Regulation (EU) No 1227 / 2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (“REMIT”) and the Commission Implementing Regulation No. 1348 / 2014 (the “Implementing Regulation”). The goal of REMIT and the Implementing Regulation is to increase integrity and transparency of wholesale energy markets in order to foster open and fair competition in wholesale energy markets for the benefit of final consumers of energy.
- In addition, we are obliged to comply with other transparency measures under the Third Electricity Directive, Council Regulation (EU) 543 of 2013 on submission and publication of data in electricity markets and amending Annex 1 to Regulation (EC) No 714 / 2009 of the European Parliament and of the Council, the TSO Licences, the Grid Codes and the TSC. For example, we are required to submit reports to the SEM Committee’s Market Monitoring Unit.

Competing Obligations – (1/2)

- Given the multiple sources of obligations, their range and interacting nature, we recognise that competing obligations can from time to time arise. Given the continuous, real-time nature of the scheduling and dispatch process, there must be a clear approach to prioritising these obligations to ensure that a technically feasible and consistent scheduling and dispatch solution is achieved to the maximum extent possible.
- We prioritise these scheduling and dispatch process obligations in the following order: 1. Ensuring operational security; 2. Maximising priority dispatch generation and 3. Efficient operation of the SEM (within the scheduling and dispatch process this is reflected in the objective of minimising the cost of diverging from PNs). Security is placed first as without a secure system the other obligations could not be met. Priority Dispatch is placed second, ahead of efficient (economic) operation of the SEM, on the basis of SEMC decision SEM-11-062 062 'Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code'. This decision states that we must adhere to an 'absolute' interpretation of priority dispatch whereby economic factors are only taken account of in exceptional situations. At times this will result in dispatch being economically less efficient to avoid curtailment of priority dispatch generation.

Competing Obligations – (2/2)

- Within each of these three high level obligations, further ranking or weighting of obligations is required. Examples include the sub-categorisation of priority dispatch units and the weighting of economic objectives in.
- The requirement to provide transparency is an overarching obligation that does not explicitly compete with the other obligations within the scheduling and dispatch process.