



**WORKING GROUP 2 REPORT  
MOD\_32\_18 REMOVAL OF EXPOSURE FOR IN MERIT GENERATOR  
UNITS AGAINST BOA  
13 MARCH 2019**

**EIRGRID CONFERENCE CENTRE, DUBLIN**

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## Document History

Version	Date	Author	Comment
1.0	5 <sup>th</sup> April 2019	Modifications Committee Secretariat	Issued to attendees at the meeting for review

## Distribution List

Name	Organisation
Modifications Committee Members	Modifications Committee
Working Group Attendees	Various

## Reference Documents

Document Name	Document Reference
MOD_32_18 slides	<a href="#">Presentation</a>
MOD_32_18 Removal of exposure for in merit generator units against BOA	<a href="#">Modification Proposal</a>
Terms of Reference	<a href="#">Terms of Reference</a>
MOD_32_18 Removal of exposure for in merit generator units against BOA (revised)	<a href="#">Modification Proposal (revised)</a>
MOD_32_18 Slides from SEMO	<a href="#">Working Group 2 presentation</a>

## In Attendance

Name	Company
Karen Shiels	Utility Regulator
Rowan Tunncliffe	Mutual Energy (Moyle Interconnector)
Andrew Clarke	Bord Gais Energy
Thomas Quinn	CRU
Paraic Higgins	ESB GT
Wallace McKee	Power NI
Adele Woods	Bord na Mona
Chris Goodman	SEMO
Sinead O'Hare	Power NI PPB
Tony McElroy	Energia
Cormac Daly	TEL
Denis McBride	AES
Lisa McMullan	GridBeyond
Joe Devlin	PPB
Andrew Burke	Enerco
Robert McCarthy	Electricity Exchange
Eamon Boland	Brookfield Renewable
Katia Compagnoni	SEMO
Aodhagan Downey	SEMO
James Ryan	Eirgrid
Gina Kelly	CRU
Barry Hussey	CRU
Sandra Linnane	SEMO
Esther Touhey	SEMO

## 1 INTRODUCTION

Secretariat welcomed all participants and thanked them for committing their time to Working Group 2. A high level overview was provided on the format of Working Group 2. The date for the next Modifications Meeting was confirmed as Thursday, 11 April 2019 with proposals to be submitted no later by Thursday, 28 March.

The Chair of the Working Group advised that the SEM Committee would be considering this issue and the wider evolution of prices in the balancing market over the first months of the market at the next SEM Committee Meeting taking place on Thursday, 28 March 2019. He advised that a number of possible solutions would be presented to them for consideration. The normal process of progressing a Modification Proposal or other industry engagement as appropriate would still happen. No further information could be given on those at this time.

The Chair thanked attendees for their comments and queries to the Working Group 1 report.

SEMO presented on the progress of the impact assessment of both options – the Ramping Margin 8 (RM8) version put forward by SSE and flagging version put forward by SEMO. This involved an assessment of the financial impact of each change using the dates of 9<sup>th</sup> October 2018 and 24<sup>th</sup> of January 2019 and an assessment of the likely systems changes.

Difficulties arose when impact assessing version 2 of MOD\_32\_18 – the RM8 version. Currently, there are no settlement quantities for reserves in the SEM systems. In order to implement the Modification Proposal as drafted, it would be necessary to calculate a RM8 quantity to apply in the settlement calculation, which would be used to reduce the level of non-performance difference charges that would apply. There are a number of ways in which this could be achieved, none of which however are included in the proposal, and each one has its own complexities. Compromises can be made with easier solutions agreed between the proposer and the working group panel. SEMO questioned whether RM8 the only option with this assessment and if so what was the best way to represent and calculate this. This issue was raised on a call with the proposer before the meeting confirming to them that a Change Request cannot be raised unless detailed calculations can be provided.

SEMO confirmed that this would require a systems change through modifying Settlement equations. If a new quantity was introduced it would be reasonably significant change particularly if such quantities would have to be imported from a different system (e.g. from System Service settlement systems etc). Following assessment it shows that for implementation the availability option is easier but the implications for the market design had been discussed in WG1 already and would need to be taken into consideration. The Chair stated that the market design is not availability based but performance or delivery based. Chair advised that such an option would be extremely difficult to justify in the context of State Aid, and was unlikely to be considered for this reason alone.

Concern was expressed for Demand Side Units (DSU) in relation to availability to deliver in RM8. They are mostly only available for 2 hours consecutively and as a result of this limitation, the solution would leave them out, although available to provide the service when required at short term. It was then discussed that if certain units, mostly Energy Limited, are not able to provide a service, by proxy, risk will be introduced and winners & losers will be most likely created from a technology point of view.

A query was raised that if we are not expecting this to happen too often maybe this could it be solved on appeal and maybe verified as part of a dispute process. SEMO advised that this would not be normal approach and would require a clearly-defined process.

Supplier representative also noted their concerns regarding the impact of Difference Charges on the Socialisation Fund.

### 3 MODIFICATION PROPOSAL EVALUATIONS – FLAGGING PROPOSAL

SEMO advised that following the last working group it was agreed that this proposal would benefit from more clarity. The modification proposal would extend the system service flag to all constraints that limit the increased output of a Generator Unit. SEMO confirmed that this modification is not a system change but a configuration change, had already been successfully tested and could be implemented immediately after the decision.

Examples provided demonstrated the financial impact of the SEMO proposal aiming to reduce exposure.

Mod\_32\_18 V2 would have broadly similar effect with following differences:

- All available DSUs and GTs may be covered (although following DSU comments this may not be the case for DSU or Energy Limited units);
- Slow units may not be covered:
- This version of the Mod is focussing on units that provide RM8, which may not be all units.

The Chair asked if BSNSP and RoCOF were included and how. SEMO confirmed they were, as schedules won't allow those units to increase anymore but they are available.

The impact on the 24<sup>th</sup> Jan showed that in aggregate the reduction in Difference Charges would not have impacted adversely on the Socialisation Fund or on suppliers. The impact on the 9<sup>th</sup> Oct was less clear as a known issue in the systems that was resolved by the 24<sup>th</sup> Jan may have resulted in more difference payments than were actually required under the Trading and Settlement Code (this will be picked up ultimately in resettlement).

It was queried what would happen to units that were just not required (i.e. they were not flagged and not dispatched). SEMO explained that if a unit was not dispatched for some reason, it wouldn't be covered but if a unit is available and is cheaper, it is likely that the unit will be used. The obligation is on the unit to trade themselves into a position and/or be available at a lower price.

Concern was expressed that a selective downstream solution that worked for conventional generation would not work for suppliers and DSU's and that a sticking plaster approach was being applied to this issue rather than looking at the wider issues and upstream implications. Chair confirmed that, as agreed in previous sessions, this discussion was not in scope and the RO changes could be looked at individually without impacting the wider picture.

## 4 RESPONSES TO COMMENTS & QUERIES

Presentation material addressed responses to the comments and queries raised following WG1. The governance of *FNDDS (Demand Side Non-Delivery Percentage) Calculation Methodology* and *Methodology for System Operator and Non-Marginal Flagging* was discussed. The DSU stated that changes on the FNDDS should be applied in advance of the Modification Proposal as they are independent and needed for consistency.

[Mod\\_32\\_18 Working Group Comments & Recommendations](#)



## 5 NEXT STEPS & ACTIONS

### ACTION

**Action:** SEMO/TSO and RAs to agree on changes to FNDDS for DSU independently from the Mods.

**Action:** Attendees to provide comments and recommendations by Wednesday 20<sup>th</sup> March for consideration at the SEM Committee on Thursday 28<sup>th</sup> March. The Secretariat will coordinate such comments to be sent to RAs by Friday 29<sup>th</sup> March.