



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 125

MS Teams Call

24th October 2024

10.30AM – 13.00PM

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Version	Date	Author	Comment
1.0	24 th October 2024	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	31 st October 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_07_24 Introduction to TEG Activation Compensation Payment
Presentation

In Attendance

Name	Company	Position
Modifications Committee (voting members)		
Christopher Mullan	Power NI	Supplier Alternate
David Caldwell	Power NI	Supplier Member
Andrew Burke	WEI	Renewable Generator Member
Andrew Kelly	ESB	Generator Member
Nick Brown	PrePayPower	Supplier Member
Javaid Waqas	Energia	Generator Alternate
Bryan Hennessy	Flogas Enterprise Limited	Supplier Member
Stacy Feldmann (Chair)	SSE	Generator Member
Eoin Murphy	ElectroRoute	Assetless Member
Cormac Daly	Captured Carbon	DSU Member
Richard Crowley	Bord na Mona	Generator Alternate
Niamh Trant	Bord Gais Energy	Generator Alternate
Katia Compagnoni	SEMO	MO Member

Colm Oireachtaigh	PrePayPower	Supplier Member
Harry Molloy	EPUKI	Generator Member
Kevin Hagan	CRU	RA Member
Lisa Tate	Utility Regulator	RA Member
Kevin Goslin	CRU	RA Alternate
Adelle Watson	NIE Networks	MDP Member
Michael Coone	EirGrid	SO Member
Caroline Winder	Utility Regulator	RA Alternate
Secretariat		
Esther Touhey	SEMO	Secretariat
Sandra Linnane	SEMO	Secretariat
Observers		
Thomas O'Sullivan	Aughinish	Observer
Aline Mazzalo Martinelli	CRU	Observer
Mike Harrington	EirGrid	Observer
Charlie Brady	EirGrid	Observer
Joseph Kavanagh	EirGrid	Observer
Philip Smyth	EirGrid	Observer
Andrew M Waghorn	Deloitte	Observer
Claire Kelly	EirGrid	Observer
Claire Stewart	Mutual Energy	Observer

1. AUDIT UPDATE

Observer from the Audit team delivered a [presentation](#) on the Trading & Settlement Code Market Audit for 2023. There were no material findings, but one significant issue had been reported and that has been addressed by the SEMO with a Modification. A number of other smaller issues were discussed and a follow up given on last year's open items.

2. SEMO UPDATE

Secretariat welcomed all to Modifications Committee Meeting 125 and noted that the minutes for Meeting 123 and 124B were read and approved. It was advised that the Programme of Work had been updated with decisions on Mod_04_24, Mod_05_24 and urgent Mod_06_24. It was noted that there is a project ongoing to update the Market Rules page and a Modification was circulated previously to update this section and remove Part A & C Code Documents. Assurance was given that the website will be updated shortly and if not, Version 29.0 of the Code will be published in the General Publications section of the SEMO website.

Secretariate advised that the Annual Chair Elections will take place after Meeting 125 and thanked Stacy Feldmann and Andrew Burke for their continued support. A number of new Members and Alternates were also welcomed to the Committee.

Market Development Update

Market Operations gave a short [presentation](#) on the Market Development Update noting that Release M was successfully deployed on 30th July 2024 and Release M.1 for 3rd party software updates was deployed on the 9th October 2024.

3. REVIEW OF ACTIONS

MO Member gave an update on the below actions:

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 – Closed
Mod_10_23 Market Compensation for Firm Curtailment Look Back Period	<ul style="list-style-type: none"> SEMO to publish detailed process for comments – On Hold
Mod_01_24 Inclusion of Difference Charges in Calculation of Make Whole Payment Revenue	<ul style="list-style-type: none"> Proposer to update legal drafting and submit a version 2 for the Modifications Committee Meeting 123 in June – Closed
Mod_03_24 Update of Difference Charge Calculation Logic	<ul style="list-style-type: none"> Proposer to review legal drafting and justification – Closed
Mod_06_24 SEMO preparatory actions for ART13.7 CEP	<ul style="list-style-type: none"> Secretariat to draft a Final Recommendation Report – Closed

4. NEW MODIFICATION PROPOSALS

MOD_07_24 INTRODUCTION TO TEG ACTIVATION COMPENSATION PAYMENT

The Proposer delivered a [presentation](#) on this Modification Proposal explaining that it was raised to minimize market distortion and to ensure the TEG is implemented correctly. The Proposer explained the justification of the Modification. It was advised that comments were received before the meeting with regards to the compensation to units that would not have been dispatched and would be compensated more than units dispatched on the day which would see their costs deducted from the PIMB. The Proposer explained considered that the advice was fair therefore the legal drafting would need to be updated and a deferral may be required for this Modification Proposal.

The Chair asked if the likelihood of this scenario happening had been modelled, because all the information received on TEG stated that units were only going to be dispatched in specific circumstances of warning levels and after all non-TEG units had been dispatched. The Proposer admitted that no modelling had been

carried out but noted that the current constraints, both in Dublin and nationwide were getting worse and the procurement of non-market generation of greater magnitude of the north-south tie line, was unfair to units in NI in particular and it could lead to an incentive to do it again in the future instead of carrying out the necessary reinforcements, while units in Ni were being discriminated if they were not overlooked to respond to a constraint Incentives would be removed if constraints were always to be addressed via localized emergency generation.

It was noted by Members that scarcity events do no longer occur in the market and Reliability Options would cause penalties to be applied before scarcity events. A Supplier Member queried the need of this modification because TEG are temporary and asked what measures were in place when Ballylumford was contracted around 2015 in the old Sem market.

Support was given to a suggestion that a single document outlining how TEGs are run and operated should be made available. Further questions were raised to the Proposer on how was demand response accounted for in this Modification and how would Start Up Costs be considered.

SO Member stated that the rules for the circumstances that would lead to the dispatch of TEG are consolidated in the Balancing Market Principle Statement (BMPS) and the Risk Preparedness Plan 2023 (RPP) and both states that the use of TEG would be a last resort before shedding customer load. These have been widely discussed over three MOUG presentations and the process is subject to the dispatch audit.

A Supplier Member question if this type of compensation could lead the way to other claims for example from Wind units in NI where the constraints always require at least three Thermal Generators dispatched on. This would create the potential for more compensations paid by the consumers for a lot of inefficiencies with a large impact on Imperfections. The Proposer replied that wind units are not comparable, and that procurement of emergency generation in small scale where localized issues are identified, may be is-understandable, but in this case between new tendered generation and retained generation the amount is almost double the size of the North South tie line and it disincentivizes the grid development. Also, the dispatch of such generation could happen in moments of crisis where errors may occur. The Proposer believe that the Modification attenuates the impacts of error and remove the incentive to continue procurement of emergency generation in the long term as a permanent solution.

A Generator Alternate reiterated the concerns that this Modification could have a significant cost for the consumer for no benefit and it doesn't seem to be an appropriate measure to push necessary system reinforcements that are already in the planning stage. MO Member also stated that, although the proposer had considered this Modification to have no cost impacts, system changes are necessary for a scenario that doesn't seem to be likely to happen. Also, consideration needs to be given to the implementation timeline of such changes compared to the lifespan of TEG which are contracted only until 2026 with a further 2 years extension possible.

The Chair concluded that this Modification puts the Committee in a difficult position because there is no impact of the likelihood of it happening or the potential costs. Assetless Member reiterated his concerns that this Modification would incentivize Generator being built behind a constraint so that they could get the benefit of a compensation based on availability alone without providing no relief to the potential security of supply event. A Supplier Member agreed that this seems to provide a blanket guarantee to any available Generator and that the procurement of TEG should not be regarded as an obstacle for NI units and the limits on north-south exports existed well before and would be there even without TEG. Also, consideration should be given to the large costs of awarding capacity in such circumstances.

The Proposer reiterated that in their view the presence of TEG undermines the development of the grid in the long term. It was advised that the Proposer should submit a version 2 of this Proposal including an impact

assessment on cost on imperfections charges and system changes. Proposer asked to provide modelling of eventuality of implementation of this Proposal.

Decision

This Proposal was deferred.

Action:

- Proposer to submit a version 2 with updated drafting taking into consideration costs for the units under compensation and an impact assessment on imperfection cost and system changes and timelines – **Open**
- Proposer to provide modelling of the frequency of the occurrence of the scenario presented in case of implementation of this Proposal - **Open**

5. AOB/UPCOMING MODIFICATIONS

Secretariat thanked all for their attendance and confirmed that Modifications Committee Meeting 126 would take place on Thursday, 5th December 2024.

APPENDIX 1 – PROGRAMME OF WORK AS DISCUSSED AT MEETING 125		
Status as of 17 October 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_02_24 SDP_02 Battery Integration V3	B,D,F Appendix H,I,N,O, Glossary, Agreed Procedure 1 & 4	Sent for RA Decision 24/05/24
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_05_24 Clarification of Start Up Payment Conditions	F	23 rd August 2024
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	30 th July 2024
RA Decision Approved Modifications with no System Impacts		
Title	Sections Modified	Effective Date
Mod_06_24 SEMO preparatory actions for ART13.7 CEP	H	1 st October 2024
Mod_04_24 SEMO Housekeeping 2024	B	23 rd August 2024
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_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		
Mod_03_24 Update of Difference Charge Calculation Logic	F.18.5.2	16 th July 2024
Mod_01_24 Inclusion of Difference Charges in Calculation of Make Whole Payment Revenue	F.11	13 th August 2024
Mod_12_23 Extension to Timing for Execution of Deeds	AP1, 3.7.1	23 rd April 2024
Modification Proposal Extensions		
N/A	N/A	N/A
Meeting 126 – 5th December – MS Teams		

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