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Future Power Markets Update

ISSUE NO.2 | November 2023



Introduction

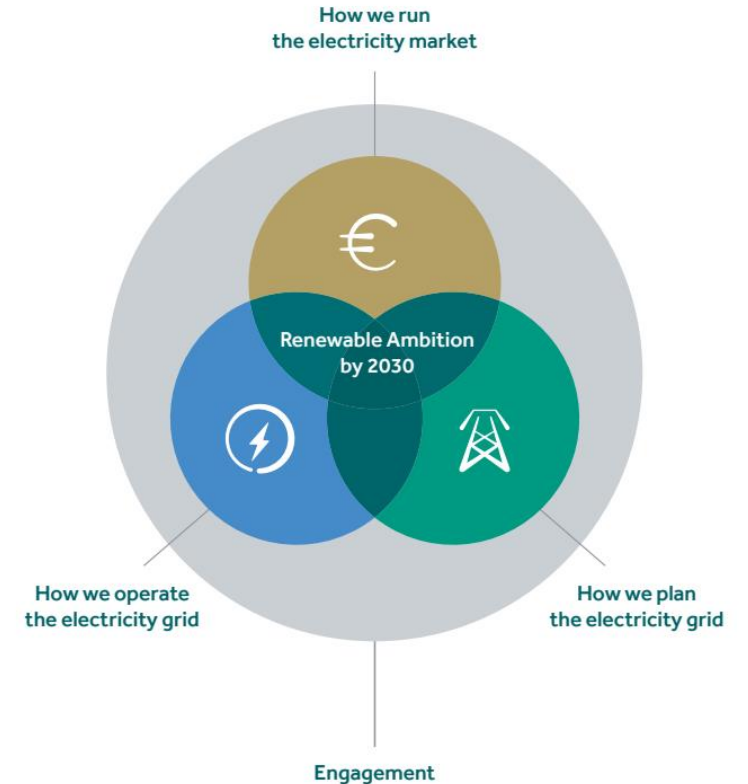
How we deliver Ireland's and Northern Ireland's 2030 climate change policies (the 'Renewable Ambition') is the focus of the [Shaping Our Electricity Future \(SOEF\) Roadmap 1.1](#). The Roadmap outlines the important role that markets play in achieving the Renewable Ambition.

How electricity markets run is intrinsically interlinked with both the operation and planning of the electricity grid. All three elements (markets, operations and planning) are undergoing degrees of change to accelerate the clean energy transition in line with net-zero. Electricity markets continue to evolve to meet the market realities of today. At an EU level, electricity markets have been front and centre in the wake of high and volatile prices and as a result, the European Commission has proposed the reform of the Electricity Market Design to ensure that the market is fit for purpose.

Our second monthly newsletter offers updates across key areas of work within the Future Power Markets team. Our work is guided by the ambitions laid out in the SOEF Roadmap 1.1.

If you have questions and/or comments you can contact the team by emailing: futurepowermarkets@eirgrid.com

- David Carroll, Head of Future Power Markets



Source: Shaping Our Electricity Future Roadmap 1.1, pg 17

Future Power Markets

The Future Power Markets team is focused on how the ambition of at least 80% renewable energy share in electricity (RES-E) will be facilitated through the market.

The team's work spans across a number of core project areas, including:

- Future Arrangements for System Services
- Scheduling and Dispatch Programme

Additional workstreams include:

- Long Duration Energy Storage
- Energy Market Policy



Future Arrangements for System Services

The design and implementation of Future Arrangements for System Services (FASS) includes:

- “To deliver a competitive framework for the procurement of System Services, that ensures secure operation of the electricity system with higher levels of non-synchronous generation.” in line with the Single Electricity Market Committee request.
- The implementation of a Layered Procurement Framework (quarterly auctions/LPF), a Day Ahead System Service Auction (daily auction/DASSA) and Fixed Term Contracts.
- The creation of a System Services market code, and updates to the relevant codes and licenses.

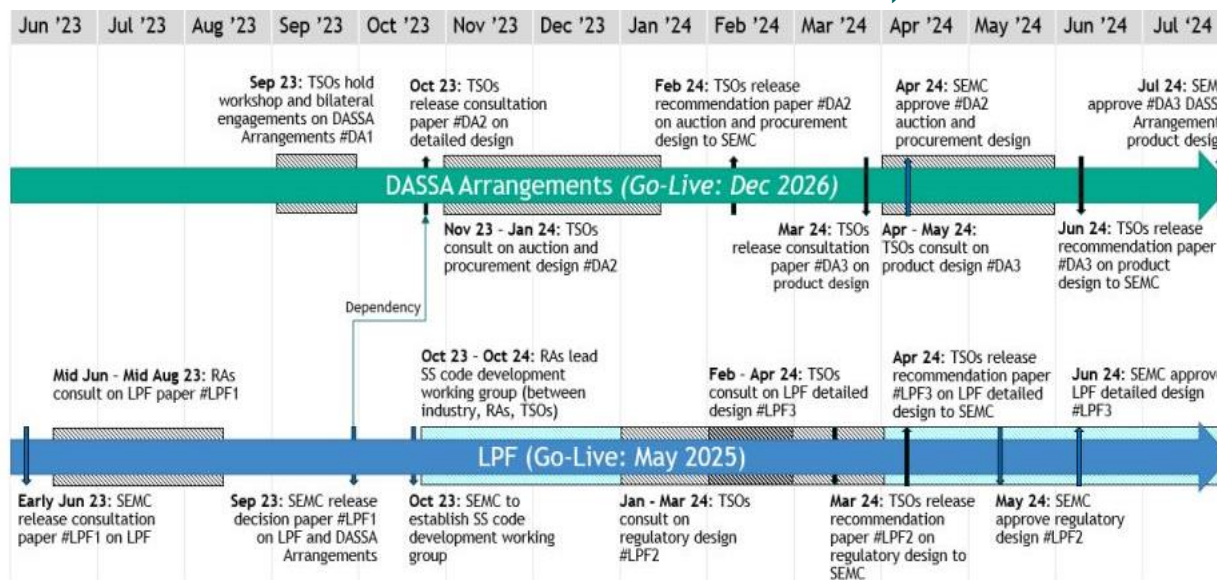
➤ Following the Industry Workshop that was held on September 20th 2023, bilateral meetings were held with multiple industry stakeholder groups on the DASSA Arrangements.

➤ TSO/RA engagement on priority topics for the Single Electricity Market Committee (SEMC) Decision (SEM-23-043) continued throughout October.

➤ The TSOs have commenced work on the DASSA Arrangements consultation paper, taking in feedback from the bilateral meetings.

➤ Early scoping and preparatory activities of LPF have commenced. Work continues on the volume forecasting and product review workstreams.

HL Roadmap: FASS Phased Implementation (to be re-baselined when SEM-23-043 decision issued)



**Note: Current timelines for both LPF and DASSA Arrangements have been condensed as much as possible. The TSOs had estimated an implementation date for quarterly auctions by mid 2025 and for daily auctions by late 2026, based on a September 2023 decision for SEM-23-043. The phased implementation roadmap will be re-baselined when a decision on SEM-23-043 is issued.*



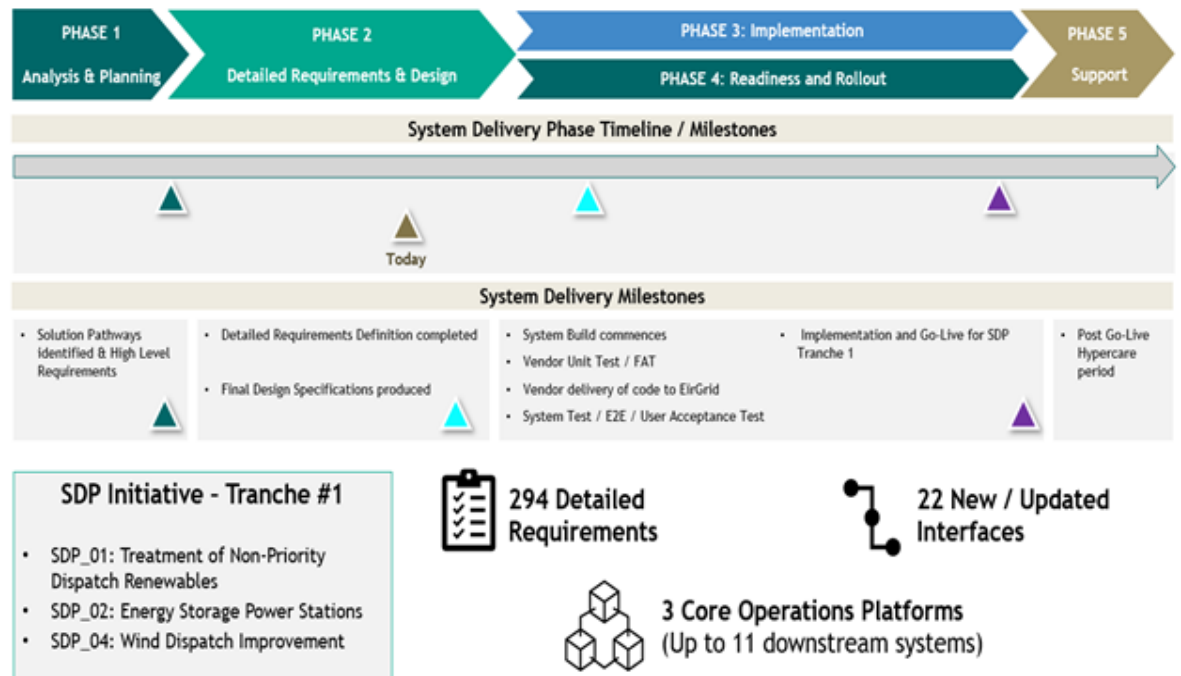
Scheduling and Dispatch Programme

The Scheduling and Dispatch programme aims to:

- To enhance the scheduling and dispatch systems and processes in Ireland and Northern Ireland
- To bring about compliance with the Clean Energy Package (CEP) and the treatment of variable Non-Priority Dispatch Renewables (NPDR)
- Facilitate low/zero carbon grid technologies such as Batteries, Synchronous Condensers in support of the broader goals of renewables and System Non-Synchronous Penetration (SNSP) penetration targets.

- An Industry Workshop was held on October 5th 2023. The next industry workshop took place on November 1st 2023. The material can be found [here](#).
- SDP_02 (ESPS) T&SC mod was submitted to SEMO's Modifications (Mods) Committee on October 5th 2023 and was presented to the Mods Committee on October 19th 2023.
- The design of Tranche 1 initiatives is ongoing.
- Engagement with industry continues through bilateral meetings and Industry Workshops.

Systems Delivery Update: Tranche 1



Additional Market Developments

Long Duration Energy Storage

Call For Evidence Published

EirGrid and SONI have published a Call for Evidence on the market procurement options for Long Duration Energy Storage. The Call for Evidence can be found through the EirGrid and SONI websites, or through the EirGrid and SONI Consultation Portals linked here ([EirGrid link](#), [SONI link](#)). We welcome feedback on the questions posed within the paper. An industry workshop will take place on November 10th 2023 in the Ballymascanlon Hotel, Dundalk.

Inside the Paper

Inside the Call for Evidence, we explore the need for Long Duration Energy Storage (LDES) to act as a key facilitator in the mass integration of renewables going forward. Additionally, the paper seeks views on whether the current market mechanisms provide the required financial incentives. Multiple potential solutions to solve the incentivisation issue are discussed.



Energy Market Policy

EU Energy Council agree Electricity Market Design position

Energy Ministers from across the European Union met in Brussels on 17 October and agreed the Council of Minister's position on the EU's Electricity Market Design (EMD). The Council and European Parliament will now enter into trilogue negotiations with the Commission, in which the three institutions will develop a final agreement on the file. The main results of the October Energy Council meeting are [here](#).

Ireland-UK sign two Memorandums of Understanding

In September the Department of Environment, Climate and Communications (DECC) and the UK's Department for Energy Security and Net Zero (DESNZ) signed two Memorandums of Understanding (MoU). The first MoU is on ['Cooperation in the Energy Transition, Offshore Renewables and Electricity Interconnection'](#) and the second covers ['Cooperation for Natural Gas Security of Supply'](#). The signing will support increased knowledge sharing between Ireland and the UK in the areas covered by both MoUs.

Contact Information

If you require further information on what has been published in this update, please email futurepowermarkets@eirgrid.com

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