

Single Electricity Market

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| Modifications Committee Meeting Minutesextraordinary Meeting 45europa hotel,24 october 2012 10:15 – 14:00 |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 01 November 2012 | Modifications Committee Secretariat | Issued to Modifications Committee for review  |
| 2.0 | 09 November 2012 | Modifications Committee Secretariat | Review of content by Modifications Committee complete, published version on SEMO website and notified Market Participants.  |
| 3.0 | 06 December 2012 | Modifications Committee Secretariat | Approved by Modifications Committee and published on SEMO website |

Distribution List

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| --- | --- |
| **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

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| --- |
| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.doc) and Agreed Procedures: Version 11.0 |
| [Mod\_17\_12 *Report on Offered Capacity in Implicit Auctions*](http://semopub/MarketDevelopment/ModificationDocuments/Mod_17_12_IC%20Offered%20Capacity.docx) |
| [Mod\_21\_12 *Amendment to Available Transfer Capacity (ATC) definition*](http://semopub/MarketDevelopment/ModificationDocuments/Mod_21_12%20ATC.docx) |
| Mod\_21\_12 [TSO Slides](http://semopub/MarketDevelopment/ModificationDocuments/ATC%20modification2.pptx) |
| [Mod\_24\_12 Amendments to the MIUN Calculator in Implicit Auctions](http://semopub/MarketDevelopment/ModificationDocuments/Mod_24_12%20MIUN%20Excessive%20Area.docx) |
| Mod\_24\_12 [Slides](http://semopub/MarketDevelopment/ModificationDocuments/Mod_24_12%20MIUN%20Excessive%20Area%20Slides.pptx) |

In Attendance

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| **Name** | **Company** | **Position** |
| **Modifications Committee**  |
| Aodhagan Downey | SEMO | MO Alternate |
| Denis Kelly | NIE T&D | MDP Member |
| Emeka Chukwureh | Airtricity | Supplier Alternate |
| Gerry Halligan | ESB Networks | MDP Member |
| Gill Bradley | ESBI | Generator Alternate |
| Iain Wright-Chair | Airtricity | Supplier Member |
| Ian Luney | AES Kilroot | Generator Member |
| James Long | ESB Networks | MDP Alternate |
| Kris Kennedy | SONI | SO Alternate |
| Michael Preston  | SONI | TSO Member |
| Niamh Delaney | SEMO | MO Member |
| Patrick Liddy  | Activation Energy | DSU Member |
| Sheenagh Rooney | CER | RA Member |
| William Carr | Electric Ireland | Supplier Member |
| William Steele | Power NI | Supplier Member |
| **Secretariat** |
| Aisling O'Donnell | SEMO | Secretariat |
| Sherine King | SEMO | Secretariat |
| **Observers** |
| Alex Baird | SONI | Observer |
| Alison Wilson | Power NI | Observer |
| Angela Blair | Power NI | Observer |
| Elaine Gallagher | CER | Observer |
| Jonathan Jennings | SEMO | Observer |
| Karol O’ Kane | ESBI | Observer |
| Marian Troy | SSE Generation Ireland | Observer |
| Marie Hayden | EirGrid | Observer |
| Michael Carrington | EirGrid | Observer |
| Patrick O’ Hagan | Endesa Ireland | Observer |
| Paul McGuckin | Mutual Energy | Observer |
| Peter Lantry | EirGrid | Observer |
| Simon Tweed | EirGrid | Observer |

# Review of Actions

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| **Action Items from Meeting 44** |
| **Mod ID** | Action | **Comments** |
| Mod\_17\_12 Report on Offered capacity in Implicit Auctions | * SEMO to check with vendors which option delivers the most time efficient solution in terms of availability of the relevant information to IC Users.
* TSO to check options put forward satisfies compliance obligations
 | * Closed-See Deferred section for further detail
* Closed-See Deferred section for further detail
 |
| Mod\_21\_12 Amendment to Available Transfer Capacity (ATC) Definition | * TSO to consider alternative implementation options outside of impacting on the underlying principles of the SEM
 | * Closed-See Deferred section for further detail
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# Deferred Modification Proposals

## [Mod\_24\_12](http://semopub/MarketDevelopment/ModificationDocuments/Mod_08_12%20MIUNs.docx) Amendments to the MIUN Calculator to address instances of Excessive Area

*Proposer: SEMO*

Proposer outlined the background of the proposal advising that this scenario has never happened previously and although it is unlikely to occur, SEMO deem it prudent to preclude it as a possibility. Proposer presented slides on proposal, providing a summary of the current MIUN Calculation process, a description of the MIUN issue identified and a summary of the proposed solution. Proposer advised that under the current rules, there are two situations where previously determined MIUNs may not be fixed: 1. if there is a change in ATC, or 2. if the net interconnector (IC) flow is within Deadband limits (if applicable). As part of its ongoing extension of testing, SEMO has identified a further scenario in which previously determined MIUNs may not be fixed. This is known as “Extreme Ramping” or Scenario 35. (For characterisation of “Extreme Ramping”, please see slide 3 of the MIUN presentation).

Previously determined MIUNs may not be held firm in situations where Excessive Area occurs, as currently the MIUN Calculator does not account for such instances. Proposer further advised that this is not consistent with the Intra-Day Trading design or the principles underpinning the EU Congestion Management Guidelines. Proposer advised that the proposed solution ensures that the MIUN calculator aims to identify and address these instances where Excessive Area occurs. The proposed solution aims to ensure that:

* + previously determined MIUNs are fixed
	+ a feasible IC profile is produced
	+ |MIUN|<=|IUN| in all cases



MO Member advised that if approved, it would be hoped to implement the proposal by the end of November ’12.

Chair queried as to whether the scenario as discussed in the proposal is the sole problematic scenario that has been identified. SEMO representative confirmed that a number of scenarios have been created with the same problem in order to ensure that the rules apply in all cases.

Generator Member queried as to whether the issue is purely theoretical, or whether it has material impacts. MO Member advised that it is theoretical, reiterating that it has never occurred in live operations, however if it were to occur, the impact would be the potential degradation of MIUNs whereby they would not be fully fixed or the MIUN Calculator would come up with an infeasible IC schedule. Chair clarified that this could cause a knock on effect on Market Schedule Dispatch.

Chair queried that if the process identifies if MIUNs from the previous run can move towards the IUNs, will the MIUNs be preserved, as opposed to IUNs. SEMO representative confirmed the MIUNs would be preserved. Chair further queried if the MIUNs were moved out of the Deadband, would the previous run MIUN remain equal to zero. SEMO representative confirmed this.

Chair noted legal drafting changes on Slide 9. Proposer advised of a further legal drafting change to definition section (as set out in actions below).

Chair commented that it is probable a sudden drop in one Trading Period could occur followed by a jump in the subsequent Trading Period. Proposer advised the rules state that EA1 MIUNs are preserved first. SEMO representative confirmed that this is a possibility however that in this circumstance its severity would be limited.

DSU Member queried as to whether the scenario is likely only when the IC has hit its maximum flow in one direction or the other, or whether extreme ramping only has this effect. SEMO representative advised that the issue is not related to limits; it is related to ramping over multiple Trading Periods (“Run Through”), followed by a change in the dominant direction of ramping between gates (EA1, EA2, WD1), leading to Excessive Area. Chair queried as to whether “Excessive Area” could occur in EA1. SEMO representative advised EA1 would not be affected as it depends on the relative nature of the nominations in subsequent gates. Chair clarified that it is dependent on whether a net switch in direction is created.

Proposer provided overview of legal drafting changes. Committee were satisfied with the changes as proposed. SEMO representative noted that in relation to Excessive Area, multiple instances can occur in one day and that it would be necessary to work backwards from the end of the day in order to avoid an infeasible IC Profile.

SEMO representative noted that the scenarios as laid out in 23(c) & 23(e) are where a minute by minute approach is not feasible, MIUNs are set to zero in period of Ramping as no other option exists.

Chair commented that the proposed legal drafting changes are reasonable and presentation was clear.

Generator Member stated that this issue is not new, and queried as to whether it has the reason it has recently been deemed a potential problem to live operations is due to Intra-Day Trading? Generator Member advised that without IDT, this scenario would not have happened as trade in other directions was not possible.

Generator Member queried as to what the implications of not implementing the proposal would be. Chair advised that the proposal is centred around MIUN preservation. Chair queried as to what the cost of the proposal was. Proposer advised that if implemented, the proposal would incur a cost of €29,700 plus testing.

Actions

* Secretariat to ensure FRR includes legal drafting changes as agreed at Meeting.
* Change Last Run Start and Last Run Stop to Previous Run Start and Previous Run Stop (Slide 9)
* Instances of Excessive Area Volume should be changed to Excessive Area.
* The proposal was Recommended for Approval by Unanimous Vote

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| **Recommended for Approval by Unanimous Vote (subject to legal drafting)** |
| Denis Kelly | MDP Member | Approved |
| James Long | MDP Alternate | Approved |
| Michael Preston | SO Member | Approved |
| Niamh Delaney | MO Member  | Approved |
| Patrick Liddy | DSU Member | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |
| Gill Bradley | Generator Alternate | Approved |
| Ian Luney | Generator Member | Approved |

## Mod\_21\_12 Amendment to Available Transfer Capacity (ATC) definition

*Proposer: TSO*

Proposer presented slides providing an overview of the proposal and why the amendment to the ATC definition is necessary. TSO Member advised that one of the prime obligations of TSOs is to operate the power system in a secure manner, which includes managing the effects that inter-jurisdictional IC flows have on the power system. Proposer advised that at Modifications Meeting 42, the primary concern was that the TSO would be limiting existing trades on the IC for system security reasons and this was believed to be counter to the fundamental principles of the SEM. Proposer advised that the proposal has been altered accordingly, now permitting the TSO to change transfer capacity only prior to EA1, before any trade has been established in the SEM. Proposer advised that in addition to this Modification Proposal, it would be necessary to develop a temporary curtailment process for situations arising post EA1 Gate Closure; curtailment refers to the reduction of IC flows after trades have been established. Proposer advised that the temporary curtailment process is expected to be a process whereby the dispatch of the IC only will be changed; thus the market position of the users will remain the same both in SEM and BETTA. Proposer further advised that this is not a fully satisfactory solution as an error will deliberately be produced in the SEM and GB systems; further advised that an enduring solution needs to be developed to avoid that scenario.

Chair clarified that the alternative version of the proposal is designed so that market schedule will not be affected.

Observer commented that the reduction of ATC before EA1 is not an emergency situation, as it will be reduced one day prior to when the event will occur, and further queried as to whether other options are being explored. Proposer advised that it is necessary to do so for anticipated security reasons and as part of the TSO planning process. Proposer further advised that European Legislation allows for this.

Chair drew attention to the underlying principles of the SEM and stated that the only reason for a reduction of the ATC should be for an outage or a physical fault on the IC. Proposer acknowledged the underling principles of the SEM, however that explicit reference to this was not evident in the rules. Chair commented that the rule change should not be specifically regarding ATC reduction, rather it could be reflected in constraints rules and imperfections costs. Generator Alternate expressed agreement with this and queried as to whether it had been considered. Proposer responded that interconnectors were not the same as other generators in the SEM as they facilitate trades between markets. Observer advised that it aligns as the reason for reducing ATC is because of transmission constraints. Generator Alternate commented that if the issue is purely constraints related, it is not necessary to modify the rules.

Observer advised that it may not always be a transmission issue, further advising that if the TSO do not have the ability to alter the flow on the IC and cannot reduce the ATC, this could result in load shedding on the island, which is unfavourable to customers. Chair queried as to how modifying the flow available on the IC is conceptually different from changing any other unit’s output on the system. MO Alternate advised that the other units being referred to are wholly within the SEM, whereas the interconnector connects SEM to GB. RA Member commented that once ATC is reduced prior to GC, traders are reimbursed for their capacity, further advising that the TSO are putting forward the proposal in order to be in a position to act to maintain security of supply when needed. Chair reiterated query as to why a rule change is warranted.

RA Member advised that the RA concerns would be to ensure that MIUN firmness exists for participants and therefore ATC reduction will not occur after GC so traders will be kept whole. RA Member further advised that the proposal can be regarded as consistent with Congestion Management Guidelines, emphasising that TSOs should only need to act in prescribed situations and these actions are taken by other TSOs across Europe in relation to ICs. RA Member noted that if the proposal was approved, it will be necessary to address any potential inconsistencies with the published Transfer Capacity determination document. Linked to this proposal and the need for TSO to act in certain circumstances for security of supply reasons is the ability for there to be in place efficient arrangements between TSOs for trading across ICs. SEM RAs / Ofgem / National Grid and EirGrid are working to ensure efficient cross border balancing arrangements will exist between SEM and BETTA markets..

Chair expressed the view that financial firmness would exist without this proposal and reiterated issue of different treatment of ICs. Proposer clarified that this issue has been incorrect since the inception of the market however when Moyle’s export restriction was 80 MW it wasn’t significant compared to the export capacity of EWIC of 500MW. DSU Member commented that the definition change is more reflective of what is currently happening. Chair expressed concern over the impact on users.

Supplier Member commented that the alternative version of the proposal is an improvement to the original proposal, however sought clarification regarding the issues of temporary and permanent solution timings. Proposer advised that if the proposal is approved, the interim curtailment solution should be in place within weeks, whereas the permanent solution should be brought forward in the New Year.

Observer advised that the interim process is between EirGrid, SONI and National Grid and that it will not affect IC users whose positions will not be affected.

CER Member advised that as long as the MIUNs are respected there shouldn’t be an issue with the interim solution.

Generator Alternate queried as to whether there will a Modification Proposal put forward for the permanent solution also. Proposer advised that a subsequent proposal will be necessary but that this proposal is currently a pressing matter as the TSO do not wish to be in breach of the Code. However, under this proposal MIUNs would be respected after gate closure and as such participants positions after gate closure are respected as firm. RA Member commented that further discussion on an enduring solution as mentioned by the proposer would be required and involve colleagues in GB such as Ofgem. RA Member expressed the view that both SOs are endeavouring to ensure the most efficient countertrading arrangements exist between SEM and its neighbouring market. Chair posed a question to CER Member querying if the RAs are content that this process will not be over-utilised. CER Member advised that the RAs are providing comments with the proposal as it stands today however RAs will reserve their right to come to a final view until the FRR is received and a SEM C decision made in line with process. Supplier Member commented that the proposal does impact on IC users as it increases risk due to new exposures. Supplier Member further advised that risk will be transferred to Suppliers while the cost is transferred to TUoS customers. DSU Member expressed the view that the proposal will have no tangible affect on customers as either way they pay through the Imperfections charge, or through TUoS.

RA Member referenced the provisions of the congestion management guidelines which refer to the Maximum Capacity must be made available on ICs but this is subject to conditions including the safety and security of the network.

Supplier Member expressed the view that there will be increased risk on Suppliers and that it will be necessary to incorporate this into their risk management strategy. Proposer advised that the curtailment aspect of the temporary solution will not affect the market schedule.

Observer advised that it is possible to examine the IC auction results to ascertain the level of interest thus far; further advising that there has been a reasonably good level of Participant engagement.

RA Member advised that the proposal clarifies the position from the SO point of view pre-Gate Closure. ???

Chair raised the issue of interconnector ramp rate changes enquiring why it had been necessary for the TSO’s to reduce the Moyle ramp rate when EWIC was to become active. Proposer stated it was a system security issue, If the ramp rate had been left at 10 MW / min the system could experience flow changes from the existing 600 MW / hour to 1200 MW/ hour which could present security problems. It was felt by the TSO acting prudently with no knowledge of the expected EWIC transfers to maintain a 10 MW /min limit for the Island until experience was obtained with EWIC when the rates would be reviewed. Proposer would investigate development of a process for ramp rate changes to inform the market.

Actions

* Secretariat to ensure FRR includes legal drafting changes agreed at Meeting.
* Move “and” in Sections 5.42(2) and 5.43(2) to the end of 5.42(3) and 5.43(3).

Decision

* Recommended for Approval (Subject to legal drafting)

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| **Recommended for Approval by Majority Vote (subject to legal drafting)** |
| Patrick Liddy | DSU Member | Approved |
| Iain Wright-Chair | Supplier Member | Reject |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |
| Gill Bradley | Generator Alternate | Approved |
| Ian Luney | Generator Member | Approved |

## Mod\_17\_12 Report on offered capacity in implicit auctions

MO Member presented slides. MO Member advised that Option 1 is the most efficient in terms of publishing as it utilises existing system architecture from the CMS. MO Member further advised that Option 1 publishes the report on both the MPI and website, whereas Option 2 publishes on the website only. MO Member advised that if approved soon, the vendor has indicated that the proposal could be included in the April ’13 CMS Release. The cost incurred for Option 1 if implemented would be €32,560 + testing.

Observer raised a query regarding the compliance of Option 1. TSO Member advised that the only likely issue which could arise in this respect would be the time frame between EA1 and EA2. MO Member advised that the MO have 90 minutes after GC of EA1 to deliver the schedule and that the publication timing of the required report is the same as the SMP publication

Chair expressed the view that Option 1 is more efficient and robust than Option 2. Generator Alternate drew attention to action placed on TSO at Meeting 44 sought clarification as to whether Option 1 is compliant. MO Member advised that both options deliver what was specified in the modification. The Committee were in agreement that Option 1 should be progressed. Generator Alternate rejected the proposal based on cost and the need for the change.

Actions

* N/A

Decision

* Recommend for approval (subject to legal drafting and proceeding with Option 1)

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| **Recommended for Approval by Majority Vote (subject to legal drafting)** |
| Patrick Liddy | DSU Member | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |
| Gill Bradley | Generator Alternate | Reject |
| Ian Luney | Generator Member | Approved |

## AOB/Upcoming Events

Calendar updates

Modifications Committee Meeting 46 will take place on 27th November in Dublin (13th
November is the cut-off date for Modification Proposal submission). The third Definition of Special Units Working Group to discuss the CAES options will take place on 11th December in Belfast.