

Single Electricity Market

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| Modifications Committee Meeting Minutes  Extraordinary Meeting 86  6 September 2018  10.30am – 3.00Pm |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 11 September 2018 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 14 September 2018 | Modifications Committee Secretariat | Committee and Observer review complete |

Distribution List

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

|  |
| --- |
| **Document Name** |
| [Trading and Settlement Code and Agreed Procedures: **Version 20.0**](http://semopub/MarketDevelopment/Pages/MarketRules.aspx) |
| [Trading and Settlement Code – Part B](http://semopub/Publications/General/TSC%20Part%20B.docx) |
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In Attendance

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| --- | --- | --- |
| Name | Company | Position |
| **Modifications Committee** | | |
| Adelle Watson | NIE Networks | MDP Member |
| William Steele | Power NI (Chair) | Supplier Member |
| Chris Goodman | SEMO | MO Member |
| Eamonn O’Donoghue | ElectroRoute | Generator Member |
| Kenny Dane | UREGNI | RA Member |
| Cormac Daly | Tynagh Energy | Generator Member |
| Sinead O’Hare | Power NI | Generator Member |
| Paraic Higgins | ESB | Generator Member |
| Maeve Heavey | SONI | SO Alternate |
| Robert McCarthy | Captured Carbon | DSU Alternate |
| Kevin Hannafin | Energia | Generator Member |
| Jim Wynne | Electric Ireland | Supplier Member |
| Philip McDaid | Budget Energy | Supplier Member |
| **Secretariat** | | |
| Esther Touhey | SEMO | Secretariat |
| Sandra Linnane | SEMO | Secretariat |
| **Observers** | | |
| Brian Mongan | AES | Observer |
| Martin Kerin | Eirgrid | Observer |
| Conor Powell | SSE | Observer |
| Sean McParland | Energia | Observer |
| Simon Grimes | EirGrid | Observer |
| Thomas Quinn | CRU | Observer |
| Colin Broomfield | UREGNI | Observer |
| Peter Wibberley | UREGNI/CRU | Observer |
| Brian Mulhern | UREGNI | Observer |
| Dave Carroll | SEMO | Observer |

# Semo Update

Secretariat confirmed that this was an extraordinary meeting. There was no discussion regarding the Programme of work due to the extraordinary nature of the meeting and the busy agenda and tight timelines until I-SEM go live. Secretariat advised that proposals that were deferred from the last Modification meeting will be discussed at the next Modifications meeting in October.

The secretariat also confirmed that a number of RA decision letters had been received since the last meeting and that these were published on the SEMO website.

# Deferred Modifications Proposals

## Mod\_24\_18 Use of Technical Offer data In Instruction Profiling / QBOA

## Version 2

The proposer delivered a presentation summarising the requirement for this proposal. The proposer confirmed that the modification was deferred from the previous meeting and analysis was done on the potential impact in the interim. The proposer then summarised the changes between versions one and two before presenting the analysis that they had carried out.

Generator Member raised a concern that comparisons in the analysis were only done for the last six months and that it wasn’t possible to know how many incidents there would be with the new market arrangements. A number of committee members stated that they were uncomfortable with the concept of changing the Code to match the system where the change codifies a defect even as an interim approach. Generator Member suggested that if we are looking to change settlement systems to provide for multiple VTOD sets to be applied on a Settlement Day for the Trading Day boundary that we should explore the ability to change at other times during the day also. Proposer and SEMO Member believed that this would prove to be a significantly more difficult and expensive change due to requiring changes to submission systems as well as a larger change to Instruction Profiling but an action was taken to explore this.

A question was raised that there was no guarantee on when the enduring solution would be implemented and that instead of codifying the system approach in the interim, the SEM Committee should give SEMO some comfort through a derogation from being in breach of the code. The proposer confirmed that they would like to make legal drafting changes from the submitted proposal to apply the approach taken for other interim proposals so that the date is not specified as this allows for flexibility whatever arises, and that there is no precedence for receiving derogations to aspects of the Code, while there is precedence for achieving compliance through interim provisions.

MO member noted that the assumptions taken during the analysis are conservative in an effort to realistically illustrate the largest of potential exposures for Participants. MO member asked Generator Members if they had a chance to do analysis of their own and Generator Members confirmed that this had not been possible in the time available due to workload constraints.

The Committee agreed to vote subject to a legal drafting change to introduce the ‘Modification Deployment Date’ approach to end dating the interim provision similar to other Part B interim modifications.

Decision

This proposal was Recommended for Approval by majority vote.

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| **Recommended for Approval** |

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| **Recommended for Approval by Majority Vote** | | |
| Eamonn O’Donoghue | Interconnector Member | Approve |
| Cormac Daly | Generator Member | Approve |
| Sinead O’Hare | Generator Member | Reject |
| Paraic Higgins | Generator Member | Reject |
| Jim Wynne | Supplier Member | Approve |
| Philip McDaid | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Reject |
| William Steele | Supplier Member (Chair) | Reject |
| Robert McCarthy | DSU Alternate | Approve |

Actions:

* Secretariat to draft Final Recommendation Report reflecting agreed legal drafting change - **Open**
* Proposer to explore the proposition for VTOD sets changing at other times during the day as part of the options for implementing the enduring text - **Open**

# New Modification Proposals

## Mod\_27\_18 Interim Arrangements for appendix O for Instruction profiling

## and bid offer acceptance quantity outcomes in a subset of undo scenarios

The proposer delivered a presentation summarising the requirement for this proposal. The proposer went through 4 separate scenarios and confirmed that they would be expected to be rare. From a high level, fixing the issues presented is being progressed with the vendors. Proposer stated that the need for the change in the interim is a compliance issue and there needs to be alignment with the systems and the rules in order to achieve substantive compliance. The proposer voiced a view that a workaround would not be possible as this arises in Imbalance Pricing, where the QBOA is calculated automatically twenty four hours a day. The proposer noted their intention to make a legal drafting change to align with the ‘Modification Deployment Date’ approach used for other interim modifications.

Supplier Member raised a concern that in his perspective this modification fell into a category of managing issues which is codifying defects and that they were not comfortable with this.

A Supplier Member raised the question as to whether this would have an impact on imbalance pricing since it affects order volumes and the Net Imbalance Volume. Supplier Member stated that they felt that more transparency was needed and that the potential impact of the modification was not proven. Proposer confirmed that it would have an impact on the pricing mechanism, this was highlighted in certification and while the defect needed to be rectified the intention was to achieve compliance through this interim modification until this is possible noting that the impact was expected to be small but also accepting that this was unproven at present.

The Committee agreed to vote subject to a legal drafting change to introduce the ‘Modification Deployment Date’ approach to end dating the interim provision similar to other Part B interim modifications.

Decision

This proposal was Recommended for Rejection by majority vote.

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| **Recommended for Rejection** |

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| **Recommended for Rejection by Majority Vote** | | |
| Eamonn O’Donoghue | Interconnector Member | Approve |
| Cormac Daly | Generator Member | Reject |
| Sinead O’Hare | Generator Member | Reject |
| Paraic Higgins | Generator Member | Reject |
| Jim Wynne | Supplier Member | Reject |
| Philip McDaid | Supplier Member | Reject |
| Kevin Hannafin | Generator Member | Reject |
| William Steele | Supplier Member (Chair) | Reject |
| Robert McCarthy | DSU Alternate | Reject |

Actions:

* Secretariat to draft Final Recommendation Report - **Open**

## Mod\_28\_18 ordering of pseudo dispatch instruction for qboa with the same

## instruction issue time and instruction effective time

The proposer delivered a presentation summarising the requirement for this proposal as it was highlighted in certification. It was confirmed that this is an enduring modification and not an interim one. Currently the system is not aligned with the rules even though there is the same outcome, and changing the rules would not change the outcome as given by the rules, so this is solely to align what the rules say and what the systems are doing to give rise to same results. Supplier Member noted that this proposal was not a change to outcomes so that they were comfortable that it was appropriate in this instance to change the rules to align with the approach taken in the systems.

The committee agreed to move to a vote.

Decision

This proposal was Recommended for Approval by unanimous vote

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| **Recommended for Approval** |

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| **Recommended for Approval by Unanimous Vote** | | |
| Eamonn O’Donoghue | Interconnector Member | Approve |
| Cormac Daly | Generator Member | Approve |
| Sinead O’Hare | Generator Member | Approve |
| Paraic Higgins | Generator Member | Approve |
| Jim Wynne | Supplier Member | Approve |
| Philip McDaid | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Approve |
| William Steele | Supplier Member (Chair) | Approve |
| Robert McCarthy | DSU Alternate | Approve |

Actions:

* Secretariat to draft Final Recommendation Report - **Open**

## Mod\_29\_18 Part b schedule production cost definition

The proposer delivered a [presentation](http://semopub/MarketDevelopment/ModificationDocuments/Schedule%20Production%20Cost.pptx) summarising the requirement for this proposal. Supplier Member suggested that this modification should have been submitted as an urgent modification.

UREGNI Observer stated that from a Market Monitoring Unit perspective they need to ensure that complex bids are bound by bidding controls and that the proposal seeks to add a definition of Schedule Production Costs to Part B of the Code in order achieve this by allowing the Bidding Code of Practice to endure. UREGNI Observer stated that In drafting the definition change it was intentionally narrowly defined to ensure that it applies to complex bid data but not simple bid data in line with the existing decision in this area.

Representatives of Bord Gáis Energy were not present at the meeting but wished to have their view stated which was read by the Chair as below;

*“Notwithstanding that, I would appreciate it if the Committee and the modification process could take on board the position of BGE with respect to Modification 29\_18. Specifically, we have engaged in a lot of bilateral discussion with our market participant colleagues on the merit of the Modification and we understand that an alternative is being proposed and progressed by SSE. BGE understand that the intent of the Modification proposed and the alternate being progressed is to ensure that the Bidding Code of Practice only applies to Complex Offer Data for non-energy actions when the new market goes live on the 1st October. This in our view is in line with the expectations of the market and the high level design of the I-SEM. Although it is regrettable that at this stage of the project programme there is still this level of uncertainty and that the process has not been as considered as we would normally expect and want, BGE supports a conclusion that enables I-SEM to go-live on the 1st October, that gives clarity and certainty to the market at the soonest possible juncture in the lead up to the go-live date and that respects the market design as we have all envisioned and expected throughout this project programme.*

*Appreciating that discussions at the meeting may bring to light new information and perspectives, at this point we would support a vote on this Modification to either implement the Modification as proposed or the alternative as being proposed by SSE if on reflection by SEMO and its legal advisors that it is appropriate and feasible to do so”*

Generator Member stated their view that the proposed approach is tantamount to a licence modification without following the procedural requirements of the 1999 Act. The Generator Member also stated that condition 15.1 of the licence still requires the application of cost reflective bidding to both simple and complex offers in the Balancing Market.. Supplier Member indicated their view that the SEM Committee had already taken a decision that the Bidding Code of Practice would apply and referenced an Information Paper they had published on the subject.

Suggested alternate drafting, which had been discussed bi-laterally between SSE and other Participants and the Regulatory Authorities, was discussed by the committee. It was noted that this drafting sought to provide for the Bidding Code of Practice applying to complex bid data only by introducing a new definition of pricing offer data to apply to both simple and complex data while amending the definition of Commercial Offer Data to apply to only complex data.

Regulatory Authorities re-iterated that their drafting was intended to apply only to complex data and indicated that they wished to proceed with their proposal as drafted (as opposed to the alternative that had been suggested by SSE) as a result.

Discussion continued with some members indicating concern that the proposal as drafted did not produce legal certainty that the application of bidding controls was to complex and not simple offer data. The Regulatory Authorities agreed to consider an action to issue a note to clarify that bidding controls would be applied only to complex data in order to give some comfort.

The abstaining Supplier Member cited the fact that the SEM Committee had already taken a decision on the subject rendered the discussion moot. Another Generator Member indicated that in their view it is important that the application to complex data only is captured in the Code.

A Generator Member suggested to alleviate the legal concerns around the modification and General Generator Licence Condition 15.1, the Regulatory Authorities could provide a direction to generator licence holders (through condition 17) that states the commercial offer data is specific to complex bids only.

The committee agreed to move to a vote.

Decision

This proposal was Recommended for Approval by majority vote

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| **Recommended for Approval** |

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| **Recommended for Approval by Majority Vote** | | |
| Eamon O’Donoghue | Interconnector Member | Approve |
| Cormac Daly | Generator Member | Approve |
| Sinead O’Hare | Generator Member | Reject |
| Paraic Higgins | Generator Member | Approve |
| Jim Wynne | Supplier Member | Approve |
| Philip McDaid | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Reject |
| William Steele | Supplier Member (Chair) | Abstain |
| Robert McCarthy | DSU Alternate | Approve |

Actions:

* Secretariat to draft Final Recommendation Report – **Open**
* Regulatory Authorities to publish a note indicating that they will not be monitoring simple bids and that the Balancing Market Complex bids are the only commercial offer data intended to be subject to cost reflective bidding controls under the Bidding Code of Practice - **Open**
* Regulatory Authorities to consider the publication of a note to clarify that bidding controls would only be applied to complex data - **Open**

## Mod\_30\_18 market back up price ammendment

The proposer delivered a [presentation](http://semopub/MarketDevelopment/ModificationDocuments/18%2009%2006%20%20Imbalance%20Price%20Modification.pptx%20) summarising the requirement for this proposal and Mod\_31\_18. The proposer summarised that Mod\_30\_18 and Mod\_31\_18 were there to add an enhancement to the steps currently outlined on E.5.1.3 in relation to the Market Back Up Price.

DSU Alternate raised a point that Intraday Market results in addition to Day Ahead Market results needed to be factored into the manual backup Imbalance Price. Proposer gave assurance that the proposed modification was an improvement on the current process outlined in the Trading and Settlement Code. and that the majority of trading currently takes place in the Day Ahead Market. The current process in the code will result in the most recent Imbalance Price i.e. a static value being applied if there was a full failure of the market systems.

Generator member had concerns about only using the day ahead price and not including Intraday prices and expressed the view that until we have real data we don’t know what the impact of this will be.

DSU Alternate requested that the legal text drafting for E.5.1.3.be amended so that instead of the data from the same time on the previous Trading Day being used data from the same time on the same day from the previous week would be used noting that if this was a public holiday that the same day from two weeks ago should be used. Supplier Member requested that the proposer looks into what is involved in including Intraday Market trades in the manual backup price calculation and then presents this analysis at a future modifications committee meeting. At this stage real data will be available and it can then be considered whether there would be merits in whether this should be included.

The committee agreed to move to a vote on both mod\_30\_18 and mod\_31\_18 subject to a legal drafting change to capture use of data from the same day the previous week in mod\_30\_18.

Decision

This proposal was Recommended for Approval subject to legal drafting by unanimous vote.

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| **Recommended for Approval subject to legal drafting** |

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| **Recommended for Approval by Unanimous Vote** | | |
| Eamonn O’Donoghue | Interconnector Member | Approve |
| Cormac Daly | Generator Member | Approve |
| Sinead O’Hare | Generator Member | Approve |
| Paraic Higgins | Generator Member | Approve |
| Jim Wynne | Supplier Member | Approve |
| Philip McDaid | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Approve |
| William Steele | Supplier Member (Chair) | Approve |
| Robert McCarthy | DSU Alternate | Approve |

Actions:

* SEMO to investigate what is involved in including the Intraday Market trades in the manual Market Backup Price calculation and to present this analysis at a future modifications panel meeting once real data is available so that consideration can be given as to whether there would be merit in proposing a further change - **Open**
* Secretariat to draft Final Recommendation Report capturing amended legal drafting with regard to using data from the same day from the previous week rather than the preceding day - **Open**

## Mod\_31\_18 imbalance pricing during outages of the imbalance pricing

## system

Decision

This proposal was Recommended for Approval by unanimous vote.

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| **Recommended for Approval** |

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| **Recommended for Approval by Unanimous Vote** | | |
| Eamonn O’Donoghue | Interconnector Member | Approve |
| Cormac Daly | Generator Member | Approve |
| Sinead O’Hare | Generator Member | Approve |
| Paraic Higgins | Generator Member | Approve |
| Jim Wynne | Supplier Member | Approve |
| Philip McDaid | Supplier Member | Approve |
| Kevin Hannafin | Generator Member | Approve |
| William Steele | Supplier Member (Chair) | Approve |
| Robert McCarthy | DSU Alternate | Approve |

Actions:

Secretariat to draft Final Recommendation Report – **Open**

# AOB/Upcoming Events

Calendar updates

* Secretariat to advise regarding meeting 87 on 24th October - This is currently scheduled for Belfast; however, if rooms are available in Dublin this will be changed and communicated
* Call for nominations for chair will be communicated after Meeting 86