

Single Electricity Market

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| Modifications Committee Meeting Minutes Meeting 38Hotel ISaacs, dublin11 october 201110am – 2pm |

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Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 18 October 2011 | SEMO | Issued to Modifications Committee for review and approval |
| 2.0 | 25 October 2011 | SEMO | Published on SEMO website (no additional Committee or observer comments received) |
|  |  |  |  |

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](http://semopub/MarketDevelopment/MarketRules/TSC.doc) and Agreed Procedures: Version 9.0 |
| [Mod\_18\_10: Intra-Day Trading](http://semopub/MarketDevelopment/ModificationDocuments/WG9%20Report.zip) |
| [Mod\_04\_11: Removal of requirement that a demand site in a DSU shall not have an MEC](http://semopub/MarketDevelopment/ModificationDocuments/Mod_04_11%20DSU%20and%20MEC.doc) |
| [Mod\_14\_11: Pumped Storage Under Test](http://semopub/MarketDevelopment/ModificationDocuments/Mod_14_11%20Pumped%20Storage%20Under%20Test.doc)  |
| [Mod\_16\_11: Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks](http://semopub/MarketDevelopment/ModificationDocuments/Mod_16_11.doc) |
| [Mod\_17\_11: Clarifying the requirement to provide Dispatch Instruction for Generator Units](http://semopub/MarketDevelopment/ModificationDocuments/Mod_17_11.docx) |
| [Mod\_21\_11\_V2:UI Payments for generator units constrained on](http://semopub/MarketDevelopment/ModificationDocuments/Mod_21_11.doc) |
| [Mod\_23\_11: Additional clause for Standard Letter of Credit](http://semopub/MarketDevelopment/ModificationDocuments/Mod_23_11%20Letters%20of%20Credit.docx) |
| [Mod\_29\_11\_V2: Revision of Standard Letter of Credit Template](http://semopub/MarketDevelopment/ModificationDocuments/Mod_29_11%20Standard%20Letter%20of%20Credit%20Revisions.docx) |
| [Mod\_30\_11: Assessment and Approval of Registration Data](http://semopub/MarketDevelopment/ModificationDocuments/Mod_30_11_Registration.docx) |
| [Mod\_31\_11: Calculation of Estimated Energy Price (EEP) and Estimated Capacity Price (ECP)](http://semopub/MarketDevelopment/ModificationDocuments/Mod_31_11_EEP-ECP%20calc.docx) |
| [Mod\_32\_11: Excess Cash Collateral Drawdown Requirements](http://semopub/MarketDevelopment/ModificationDocuments/Mod_32_11_Excess%20Cash%20Collateral%20drawdown.docx) |
| [Mod\_33\_11: Temporary exclusion of Interconnector Error Unit Testing Charges from Settlement calculations](http://semopub/MarketDevelopment/ModificationDocuments/Mod_33_11_IEU%20under%20test%20amendment.docx) |

In Attendance

|  |  |  |
| --- | --- | --- |
| **Name** | **Company** | **Position** |
| **Modifications Committee** |
| Aileen O’ Connor | ESB Networks | MDP Member |
| Andrew Burke | ESBI | Generator Member |
| Aodhagan Downey  | SEMO | MO Alternate |
| Brian Mongan | AES | Generator Alternate |
| Emeka Chukwureh | Airtricity | Supplier Alternate |
| Gill Nolan | EirGrid | TSO Alternate |
| Jill Murray | Bord Gais | Supplier Member |
| Karen Meneely | NIE T&D | NIE MDP Alternate |
| Kevin Hannafin  | Viridian P&E | Generator Member  |
| Killian Morgan | ESB Electric Ireland | Supplier Member |
| Kris Kennedy  | SONI | TSO Alternate |
| Philip Carson | Power NI | Supplier Alternate |
| Mary Doorly | IWEA  | Generator Alternate |
| Niamh Delaney  | SEMO | MO Member |
| Niamh Quinn | ESBI | Generator Alternate |
| Sheenagh Rooney | CER  | CER Member |
| **Secretariat** |
| Aisling O'Donnell | SEMO | Secretariat |
| Sherine King | SEMO | Secretariat |
| **Observers** |
| Brian Kennedy | Gaelectric | Observer |
| Chukwuma Onu | Airtricity | Observer |
| Grainne O’ Shea | ESB PG | Observer |
| Jonathan Jennings | SEMO | Observer |
| Julie Anne Hannon | Bord Gais | Observer |
| Laura Plunkett | SEMO | Observer |
| Marc Senouci | SEMO | Observer |
| Marie Barry | ESBI | Observer |
| Nicola Calvert | SONI | Observer |
| Sinead O’ Hare | Power NI | Observer |
| Siobhan McHugh | EirGrid | Observer |
| Stephen Gannon | SEMO | Observer |

# SEMO Update

Tracked changes published in version 3.0 of the Minutes from Meeting 37 held on 09 August 2011, were read and approved. Secretariat advised that the final approved version of the [Minutes](http://semopub/Meetings/Minutes%20Meeting%2037.docx) (Version 4.0) accepting all changes will be published on the SEMO website following this Meeting.

Secretariat outlined the process for track changing text for inclusion in a Modification Proposal and when reviewing the content of other Modification related materials. Secretariat stressed the importance of participants using the tracking function. Attention was also drawn to recent attendance at meetings and the increase in the numbers accepting meeting invites but failing to attend meetings. This causes difficulty for the Secretariat when booking meetings. The Secretariat Programme of Work was acknowledged, see [appendix 1](#_Appendix_1_-) for further detail.

SEMO Member presented the CMS update advising that the deployment for the October 2011 release (SEM R1.10.0) is rescheduled for Friday 21 October 2011 to align with the new Auction Management Platform. The Intra-Day Trading (IDT) release (SEM R2.0.0) will include Mod\_18\_10 Intra-Day Trading and Mod\_43\_10 Variable Price Taker Generator Units and Firm Access. The release cut-off date for the October 2012 release (SEM R2.1.0) is Friday 18 November 2011. All approved Modifications Proposals will be allocated to this release (subject to available capacity). The below five Modification Proposals with Systems Impacts have received RA Approval:

Mod\_42\_10 *Changes to the Single Ramp-Up Rate and the Single Ramp-Down Rate calculation*

Mod\_01\_11 *UI Payments for Generator Units*

Mod\_06\_11 *Increasing maximum daily submission number and automating cancellation of Settlement Reallocation Agreements*

Mod\_10\_11 *Interconnector Under Test*

Mod\_12\_11 *Interconnector Unit Loss Adjustment when Exporting*

Supplier Member questioned whether there will be an April 2013 Release? SEMO advised that the release schedules are expected to revert to normal following the IDT release.

The timing of the cut-off date of 18 November 2011 for the October 2012 Release was raised by a Generator Member. SEMO Member advised that this will allow sufficient time for the vendor to prepare for a release three months following the IDT release and that the date has been previously communicated to Participants. Chair asked whether the vendor is flexible on regarding the timing of the October 2012 release? RA Member drew attention to an earlier Modifications Committee Meeting where this issue was discussed and noted that Participants requested that a release be scheduled as soon as possible after the IDT release. The date of October 2012 was the earliest possible date confirmed by the vendor.

# REview of Actions

|  **Review of Open Actions from Previous Meetings** |
| --- |
| Mod\_38\_10: Treatment of Errors Under the Code | * Training workshop to take place between SEMO and Participants with the aim of improving the data query process
* Meeting 38:Action:
* CER to revert with information from the MMU consultation
 | Open RA Decision received :Mod Rejected On 15th November 2011, training will take place after the MOUG. Generator Member queried as to whether there has been any improvement in the querying process since the Working Group?SEMO Alternate advised that there has been an improvement in the querying process since the Working Group.Open |

| **Review of Action Items from Meetings 37** |
| --- |
| **Mod ID** | **Action** | **Comment** |
| Mod\_18\_10: Intra-Day Trading | * Conference call scheduled for September 14th
* Participants to submit comments regarding IDT process to the Secretariat by COB August 17th.
* Secretariat to send out comments to Participants by end of August 2011.

Working Group 9 Action: * SEMO to address comments submitted by Participants both during and subsequent to Working Group 9 as part of the ongoing development, and provide an update at WG 10.

Conference Call 7 Actions:* SEMO to raise EEP/ECP issue as a separate Modification Proposal.
* SEMO to consider transition to IDT and report to the next Working Group meeting.

Working Group 10 Actions:**SEMO to:*** Consider comments put forward by Airtricity regarding utilisation of wind forecast data provided by Participants for Variable Price Takers (VPTs) rather than the TSO as Contingency Data.
* Discuss the impacts of moving to an earlier gate window opening time for EA2, where- in a change to the High Level Design- multiple ex-ante gates would be routinely open for the same Trading
* Consider which Participant data is included in the Ex-Post runs if an EA2 or WD1 run is cancelled and confirm if this is consistent with the High Level Design.
 | ClosedClosedClosedClosed-update provided at WG 10Closed-Modification Proposal to be presented at Meeting 38Closed-covered in slides at WG 10, Section 9 arrangement to be put in place in Code.OpenOpenOpen |
| * Examine if a change to the definition of MSP Failure is required.
* Correct a drafting error in slide 55 and republish slides
* Investigate the possibility of earlier cancellation of WD1 in the instance of publication delay of the MSQs and SMPs for EA2.
* Produce updated drafting reflective of original provisions of the Code regarding publication timings

**Participants to:*** Issue feedback regarding publication and reporting timings
* Put forward views regarding LCF options as part of Participant comments
* Forward all comments on the FG2 pack using [comment spreadsheet](http://semopub/MarketDevelopment/ModificationDocuments/FG2%20Participant%20Review%20Spreadsheet.xls) to the Secretariat no later than COB 11 October 2011.
 | OpenOpenOpenOpenOpenOpenOpen |
|  |
| Mod\_14\_11: Pumped Storage Under Test | TSOs to provide example to show frequency of occurrence and typical cost incurred by Pumped storage Unit Under Test for Meeting 38. | Open-update to be provided at Meeting 38 |
| Mod\_16\_11: Credit Worthiness Test for SEM Bank and Credit Cover Provider Banks | * Working Group for Mod\_16\_11 to be convened for September 15th
* Secretariat to draft a terms of reference for the Working Group and circulate to the Committee for review

Working Group Actions:* SEMO to inform Market Participants if there would be any operational issues if the code requirement that either the SEM bank or Credit Cover Provider bank must have a branch in either Jurisdiction was removed.
* SEMO to ensure the proposed wording meets the operational needs of the SEM Bank in line with the timing of the upcoming tendering process.
 | CompleteCompleteOpen- pending outcome of SEMO actionOpen- pending outcome of SEMO action  |
| * SEMO to co-ordinate circulation of alternative wording to the Working Group Participants, based on discussions at the Working Group.
* Working Group Participants to review the suggested wording and provide feedback.
* NIE Energy PPB to consider submitting alternative version of the proposal.
 | Open- pending outcome of SEMO actionOpen- pending outcome of SEMO actionOpen- pending outcome of SEMO action |
| Mod\_17\_11: Clarifying the requirement to provide Dispatch Instruction for Generator Units | * SEMO to attain IA for the D + 3 report
* Airtricity to submit alternative version of the proposal.
 |  Closed- IA Results ReceivedOpen- awaiting alternative version, not received for Meeting 38. |
| Mod\_21\_11: UI Payments for Generator Units constrained on | * Proposer to submit alternative version of Modification Proposal.
* SEMO to initiate IA on paying SMP within the tolerance band.
 | Closed-alternative version receivedClosed- IA Results received, no cost change. |
| Mod\_23\_11: Additional Clause for Standard Letter of Credit | * Airtricity to attain feedback regarding Mod\_23\_11 from Lloyds.
* Participants to review both Modification Proposals (Mod\_23\_11 and Mod\_29\_11) and submit comments in advance of Meeting 38.
 | Open- in developmentOpen |

|  **Dormant Actions** |
| --- |
| **Mod ID** | **Action** | **Comment** |
| Mod\_12\_11: Interconnector Unit Loss Adjustment When Exporting | * Issue of number of CLAFs to be revisited at year end as a dormant action. (To appear on agenda at year end Mods Meeting)
 | Dormant  |
| Mod\_18\_10: Intra-Day Trading | * Following SEM Committee approval, SEMO to develop one final Intra-Day Trading Modification Proposal, and to utilise Working Groups to translate detailed design into legal text (This action recorded at Meeting 33)
 | Dormant – Action will be revised at year end Meeting. |

# Deferred Modification Proposals

## Mod\_18\_10 intra-Day Trading

Proposer: Regulatory Authorities

SEMO Member updated Participants on what was presented in Working Group 10 and reminded them of the closing date for submission of comments on FG2: *Data Transaction & MSP Software* and for the Working Group 10 report, which was COB 11 October 2011. SEMO Member stated that the legal review report from McCann Fitzgerald will be presented to the Modifications Committee on the 22 November 2011. Working Group 11, the final Working Group of IDT Phase II is provisionally scheduled for 10 November 2011. SEMO will advise of the date when it is confirmed.

Actions

* N/A

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod\_04\_11 Removal of requirement that a demand site in a DSU shall not have an MEC

Proposer: Fingleton White & Co.

SEMO Alternate advised that a Grid Code Modification Proposal has been raised for the Grid Code panel Meeting on 13 October 2011. SEMO Alternate advised of the likelihood that there will be an alternative version of Mod\_04\_11, in order to reflect the changes of the Grid Code Modification Proposal, ensuring consistency between the two proposals. TSO Alternate noted that the Grid Code Panel will meet on 13 October 2011, and if the panel are supportive of the proposal, it will need to be consulted on prior to implementation. The expected completion date of a consultation is Q4 of 2011 or Q1 of 2012.

Actions

* N/A

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod\_14\_11 pumped storage under test

Proposer: TSO

SEMO Member provided the results of the Impact Assessment as costing €113,220 plus testing. TSO Alternate presented an example outlining the frequency of occurrence and estimated costs incurred by Pumped storage Units Under Test. Generator Member expressed concern at the possibility that the Pumped Storage units may not get built, and that the Modifications Committee will effectively have paid €113,220 without it being justified. Generator Member queried as to whether Ancillary services can incentivise pumped storage?

Supplier Alternate put forth the suggestion of a manual workaround, querying as to whether it is possible to identify the cost in terms of additional constraints costs? TSO Alternate advised that it is difficult to isolate the direct cause of constraint costs as there may be multiple factors at play. SEMO Member advised that the IA was allowing for individual units to go under test and not just the entire station and that it would not be possible to implement a manual workaround for this modification.

TSO Alternate advised that to re-run RCUC every day would be a highly significant change and that if it is applied on a unit basis it wouldn’t apply to Turlough Hill. TSO Alternate further stated that it is dependant on whether the unit is in Phase 1, 2 or 3, explaining that for Phase 1 and 2 it would apply, and for Phase 3 it would be 0 for less than 100 mw.

The Chair queried as to the practicality of freezing a Modification Proposal for a period of time with the intention of reviving it at a later date. Secretariat advised that all proposals have a life expectancy of 8 months; following that an extension request must be issued to the RAs with ample justification provided as to why the extension is needed. Discussion ensued around the process for deferring the proposal.

Generator Member expressed concern that any decisions made by the Modification Committee to not progress Mod\_14\_11, should not influence the decision on Testing Tariffs. Supplier Alternate agreed with the principle of the proposal, however was against currently progressing it further as the costs cannot be justified. Supplier Alternate advised that an extension should be sought from the RAs, while exploring whether the proposal could be progressed with the work on potential DSU testing arrangements in order to smear the costs as much as possible. TSO Alternate advised that the TSO would not be in favour of withdrawing the mod as it has been raised to address discrimination between Generator Unit types, further stating that there was support for the proposal in the consultation.

Actions

* TSO to revert to TSC with update on information of DSU workstream
* Secretariat to issue extension request to the RAs.

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod\_16\_11 credit worthiness test for the sem bank and credit cover provider banks

*Proposer: NIE Energy PPB*

Secretariat presented an overview of the outcome of the Working Group. The Chair queried as to when the suggested wording being drafted by SEMO would be circulated? SEMO Alternate advised that the wording will be sent out three weeks subsequent to Meeting 38, thus the 01 November 2011.

Actions

* SEMO to circulate suggested wording to Working Group Members by 01 November 2011.

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod\_17\_11 clarifying the requirement to provide dispatch instruction for generator units

Proposer: Airtricity

SEMO Alternate advised that although no alternative wording had been received from Airtricity, the IA for the D + 3 Report had been confirmed by the vendor as costing €22,940. Supplier Alternate advised that if the Committee deferred the proposal the alternative version will be submitted in time for the next Meeting. The Chair queried as to whether it will be necessary to initiate another the IA when the alternative version is received? SEMO confirmed that this would not be necessary.

Actions

* Aitricity to submit alternative version of the proposal in advance of Meeting 39 if they wish to proceed with the proposal.

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod\_21\_11\_V2 ui payments for generator units constrained on

*Proposer: ESB PG*

TSO Alternate advised that the TSO were not in favour of this proposal as it is not preferable to remove the incentive for over-generating, however stated that the alternative version is an improvement to the original proposal, as the SMP is being paid within tolerance band. Proposer advised that the proposal and the various issues surrounding it had been discussed at length at the previous Meeting. TSO Alternate stated that if a Generator Unit exceeds its energy limit, it will get paid for it. Proposer clarified that the energy limit would not be exceeded. The Chair queried as to whether the TSO had any improvements to add to the proposal. TSO Alternate confirmed that the TSO have no improvement to add to the proposal, however strongly feel that these units are being treated differently to other units. SEMO Alternate added that they also disagreed with the proposal in principle. The established market principle is that constraint payments and uninstructed imbalance payments are calculated based on a unit’s offer, which in the case of Energy Limited Units equals zero.

Supplier Alternate questioned as to the results of the IA. SEMO Member advised that the IA remains at the same cost of €38,480 plus testing. Proposer reiterated that the units are generating and are not being paid. The Chair sought clarification from Proposer as to whether the benefit of approving this proposal would accrue to more than the IA cost of €38,480. Propser confirmed that the proposal’s implementation would significantly outweigh the cost of the IA.

SEMO Alternate noted some errors in the legal drafting of the proposal which will be addressed in the FRR including:

* The ‘A’ in paragraph 5.108 (A) should not be bracketed.
* TOLOGFuh should read TOLOGLFuh throughout.

Actions

* Secretariat to ensure FRR contains legal drafting agreed at the Meeting.

Decision

* The Committee voted unanimously to approve the Modification Proposal.

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| --- |
| **Recommended for Approval by unanimous vote (subject to legal drafting as set out in the FRR)** |
| Generator Alternate | Brian Mongan | AES |
| Generator Alternate | Mary Doorly | IWEA |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Generator Member | Andrew Burke | ESBI |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | Philip Carson | Power NI |
| Supplier Alternate | Emeka Chukwureh | Airtricity |
| Supplier Member | Killian Morgan | ESB Electric Ireland |

## Mod\_23\_11 additional clause for standard letter of credit

*Proposer: Airtricity*

Supplier Alternate advised that no feedback had been attained from Lloyd’s in advance of the Meeting. Supplier Alternate questioned as to whether it would be constructive for the Treasury reperesentatives from the Working Group on Mod\_16\_11 Credit Eligibility Requirements, to review both Mod\_23\_11 and 29\_11. SEMO advised that an action had been placed on Participants at the previous Meeting to review both proposals and submit comments in advance of Meeting 38. Power NI Supplier Alternate, Bord Gáis Energy Supplier Member and Viridian Power and Energy Generator Member confirmed that their Treasury representatives had reviewed the proposals and were satisfied with them.

The Chair stated that if SEMO’s proposal (Mod\_29\_11) was approved, and Airtricity’s proposal deferred (Mod\_23\_11), it would result in Mod\_23\_11 becoming null and void as the wording would be obsolete as it is based on the current drafting of the Code. SEMO Member advised that SEMO have no objection to additional wording, stating however that Dankse Bank had confirmed that the clause set out in the legal drafting of Mod\_23\_11 is as a result of a change in standard practice as stated in the justification and that Airtiricity had undertaken to ask their bank why it was necessary.. SEMO Member stated that Participants had advised they felt that the current LOC wording was archaic, thus it would be preferable to have the new wording in the Code as soon as practicable. Proposer of Mod\_23\_11 advised that Airtiricty were content to vote on both proposals or only SEMO’s proposal, Mod\_29\_11. RA Member advised that as there was an outstanding action on Mod\_23\_11 regarding the justification, it would not be appropriate to proceed with a vote on this proposal. Secretariat advised that if SEMO’s proposal was approved it would be necessary to insert the additional wording in the FRR.

Actions

* Airtricity to attain feedback regarding Mod\_23\_11 from Lloyds.

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

\*Please note Killian Morgan was not present at the Meeting for votes cast after Mod\_ 21\_11 *UI Payments for Generator Units constrained on*. Supplier Alternate Emeka Chukwureh abstained from voting on this Modification Proposal.

## Mod\_29\_11\_V2 revision of standard letter of credit template

*Proposer: SEMO*

Discussed with Mod\_23\_11 Additional Clause for Standard Letter of Credit. See above.

SEMO Alternate highlighted the changes to the Mod\_29\_11v1 including:

* The inclusion of a paragraph stating that the NI law would apply in the event of a dispute on the LOC.
* A number of typos that were highlighted at Meeting 37.

Actions

* Secretariat to ensure FRR contains additional wording.

Decision

* The Committee voted to approve the Modification Proposal by majority vote.

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| --- |
| **Recommended for Approval by majority vote (subject to additional wording as set out in the FRR)** |
|  **Recommended for Approval:** |
| Generator Alternate | Brian Mongan | AES |
| Generator Alternate | Mary Doorly | IWEA |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Supplier Alternate | Philip Carson | Power NI |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
|  **Recommended for Deferral:** |
| Generator Member | Andrew Burke | ESBI |
|  **Abstained from voting:** |
| Supplier Alternate | Emeka Chukwureh | Airtricity |

# New Modifications Proposals

## Mod\_30\_11 assessment and approval of registration

Proposer: SEMO

SEMO Member explained the intention of the proposal and noted that the change came about as a result of a Market Audit finding. MDP Member was supportive of the Modification Proposal in principle but disagreed with the wording ‘assess and approve or reject’ as it poses an issue for the DSO who are not in a position to reject registration data submitted. MDP Member preference is that the wording changes to validate as opposed to approve and reject.

SEMO Member advised that, based on legal advice, the word ‘validate’ has broad connotations for the Parties involved and following discussion with the System Operator, the wording ‘assess and approve or reject’ was preferred.

SEMO Member added that a number of discussions had taken place with SOs and the DSOs and both parties failed to reach a consensus to date. Generator Member asked whether the auditors who identified an issue with the process in the AP have any suggestions? SEMO Member advised that the auditors are not familiar with the nuances of wording in the AP. Chair suggested that relevant Parties revisit the wording and come to an agreement on preferred wording in advance of the next meeting.

Actions

* SEMO, TSOs and DSO to come to agreed acceptable wording in advance of the next meeting.

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod 31\_11 calculation of estimated energy price (EEP) and estimated capacity price (ECP)

Proposer: SEMO

SEMO Member presented slides outlining the proposal advising that an inconsistency in the calculation of EEP and ECP was identified during FG2 drafting of the IDT Modification. The current calculation in the Central Market System(CMS) is inconsistent with that of the Code. The Code currently specifies the use of Trading Period SMP/CPDP values in the calculation of the standard deviation value as an input to the calculation of EEP/ECP. However the CMS calculates the standard deviation values based on the daily average SMP (for EEP) and daily average CPDP (for ECP). SEMO believes the calculation in the CMS to be correct as it calculates Undefined Exposure for New and Adjusted Participants at a similar level to that of Standard Participants. SEMO further added that the proposal will not incur any additional Market exposure.

Chair was supportive of the proposal in principle but questioned the mathematical formula asking if the standard deviation should be on prices rather than an average. SEMO provided clarification regarding the calculations set out in the proposal.

Actions

* N/A

Decision

* The Committee voted unanimously to approve the Modification Proposal.

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| --- |
| **Recommended for Approval by unanimous vote**  |
| Generator Alternate | Brian Mongan | AES |
| Generator Alternate | Mary Doorly | IWEA |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Generator Member | Andrew Burke | ESBI |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | Philip Carson | Power NI |
| Supplier Alternate | Emeka Chukwureh | Airtricity |

## mod 32\_11 excess cash collateral drawdown requirements

Proposer: SEMO

SEMO Alternate presented the background to the proposal outlining the following key benefits:

* Reduction in the cost of transactions
* Reduction in the number of Defaults
* Reduction in time spent dealing with small Invoice amounts

Generator Alternate raised a query as to how this process differs to the process that is currently in place. SEMO Alternate clarified that the proposal allows a standard request to be established on an ongoing basis for invoices of small amounts. It is also proposed that the Participants can use their Excess Cash Collateral to draw down for FMOC Invoices, which is not possible currently.

Generator Alternate expressed the concern that the changes to the current arrangements offers little tangible benefit, and is restrictive to Participants as the mod requires submission of requests for Excess Cash Collateral Drawdown within one day as opposed to the current two day timeline.

SEMO Alternate advised that the process changes to the current arrangement are proposed to ensure that Participants have sufficient time to use other means to pay the invoice by the date if the request is rejected. Generator Alternate was in favour of the standard request aspect of the proposal, however reiterated the view that the existing time frame should be retained.

SEMO Alternate advised that there were discrepancies in the drafting relating to the invoice number to be paid and the amount to be paid, further stating that Section 6.35.4 may also need to be modified.

Generator Alternate stated that it would be advisable for Participant Finance representatives to review the €50 aspect of the proposal, as it may be preferable to have a €50eur ceiling rather than having it as a standard figure. Supplier Alternate expressed concern that €50 may be too low a figure and that Participants should have the option of submitting a larger sum. SEMO Alternate advised that the proposal was intended for smaller amounts to avoid transactional fees as opposed to large sums.

Actions

* Participants to submit preferred timings regarding request submission and preferred amount to the Secretariat
* SEMO to assess wording and feedback and submit alternative version of proposal.

D Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## mod 33\_11 temporary exclusion of interconnector error unit testing charges from settlement calculations

Proposer: SEMO

SEMO Member presented the proposal with the aid of PowerPoint presentation slides. The proposal relates to Mod 10\_11 Interconnector Under Test which proposed incorporating testing tariffs for EWIC upon commissioning. The Committee approved Mod\_10\_11, however the vendor advised that the change cannot be incorporated into IDT release and further added that currency smear was not taken into account in the original assessment, implementation of Mod\_10\_11 will result in an increase in the cost implementation from €59,200 to €76,960 (excluding testing).

SEMO undertook to assess the viability of a temporary a manual workaround to apply testing tariffs to during EWIC commissioning. However, a possible manual workaround is complicated by the fact that Testing Charges are included in the Total Payments made for a Generator unit in a Settlement Day i.e. DAYPUud, which in turn feeds through into a number of other calculations including Invoice Energy Payments (6.124), Billing Period Currency Charge (6.136 & 6.136A), Balancing Cost (6.141), Unsecured Bad Debt Energy Charge (6.153) and Actual Generator Exposure (6.187). In order to facilitate a temporary manual workaround of Mod\_10\_11, SEMO proposed to temporarily exclude the Testing Charges applied to EWIC from the Currency Cost smear

The materiality of doing so was assessed based on the testing profile applied to Britned as the EWIC testing profile is not yet available.

The proposal introduces temporary Section 7 provisions to temporarily exclude the Testing Charges applied to EWIC from the Currency Cost smear and also The Unsecured Bad Debt Energy Charge and The Actual Generator Exposure

SEMO Market Operations have not yet confirmed how the manual workaround will be achieved but it is thought that it may be included as a line item on the energy payments invoice.

Generator Member asked what the consequence of not implementing the Modification would be? SEMO confirmed that if the manual workaround as proposed in this Modification is not approved, SEMO will not be able to apply testing tariffs to EWIC during its commissioning phase.

TSO Alternate noted that consultation responses received from Participants favoured EWIC being subject to testing tariffs while commissioning. Discussion ensued regarding the analysis presented by SEMO estimates were based on data from a BritNed profile as an EWIC profile is not yet available. SEMO Member explained that in the absence of an EWIC profile and information regarding what the actual energy flow will be and its associated cost, it is very difficult to give an clear estimate.

Supplier Alternate sought confirmation that if the EWIC are not subject to testing tariffs, the costs will be picked up in the imperfections charge, the SEMO Member confirmed same. SEMO advised that the cost associated with implementation of the manual work around is solely SEMO resource costs. The enduring solution assessed by the vendor at €76,960 plus testing will include the currency cost smear.

Actions

* N/A

Decision

* The Committee voted unanimously to approve the Modification Proposal.

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| **Recommended for Approval by unanimous vote**  |
| Generator Alternate | Brian Mongan | AES |
| Generator Alternate | Mary Doorly | IWEA |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Generator Member | Andrew Burke | ESBI |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | Philip Carson | Power NI |
| Supplier Alternate | Emeka Chukwureh | Airtricity |

# Any Other Business

Working Group 11 of Mod\_18\_10 *Intra-Day Trading* is provisionally scheduled for 10 November, Dublin.

The finalised date of this WG will be communicated to the Committee as soon as possible.

Modifications Committee Meeting 39 will take place on 06 December 2011 in Belfast.

# Appendices

## Appendix 1 - Secretariat Programme of Work

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|  **Status as at 11 October 2011** |
| **FRRs ‘Recommended for Approval’ with systems impacts awaiting RA Decision** |
| **Title** | **Sections Modified** | **Effective Date** |
| Mod\_65\_08 Short Term Test Status | Awaiting Decision | 21 January 2011 |
| Mod\_40\_10 Differentiation between Dwell Times and Dwell Trigger Points while ramping up and ramping down | Awaiting Decision | 04 March 2011 |
| **FRRs ‘Recommended for Approval’ without systems impacts awaiting RA Decision** |
| Mod\_36\_10 Removal of connection between Supplier Units and DSUs | Awaiting Decision | 22 February 2011 |
| Mod\_18\_11 Definition of ‘Availability’ | Awaiting Decision | 08 September 2011 |
| Mod\_25\_11 Separate Residual Meter Volume Interval Proportions For Each Jurisdiction | Awaiting Decision | 08 September 2011 |
| Mod\_27\_11 Market Operator Solver Policy | Awaiting Decision | 08 September 2011 |
| **RA Decision Approved Modifications with System Impacts** |
|  **Title** |  **Sections Modified** |  **Effective Date** |
| Mod\_01\_11 UI Payments for Generator Units | T & SC Section 4 | October 2012 (TBC) |
| Mod\_42\_10 Changes to the Single Ramp Up Rate and the Single Ramp Down Rate Calculation | T & SC Section 5, Appendix H, I, N & Glossary | October 2012 TBC |
| Mod\_43\_10 Variable Price Taker Generator Units & Firm Access | T & SC Section 5 | July 2012 (11th Scheduled Release) |
| Mod\_06\_11 Increasing Maximum Daily Submission Number and Automating Cancellation of Settlement Reallocation Agreements | AP 10 | October 2012 TBC |
| Mod\_10\_11Interconnector Under Test | T & SC Section 5 | October 2012 TBC |
| Mod\_12\_11 Interconnector Unit Loss Adjustment when Exporting | T & SC Section 4 | October 2012 TBC |
| **RA Decision Approved Modifications without System Impacts** |
| Mod\_05\_11 Extension to the Role of the Modifications Committee via Working Groups | T & SC Section 2 AP12Appendix 2 | 12 July 2011 |
| Mod\_09\_11 Drafting Errors in relation to the Generator Units shutting down | T & SC Appendix N | 16 June 2011 |
| Mod\_13\_11 Inclusion of Other Systems Charges in the Imperfections Charge | T & SC Section 4Glossary | 12 July 2011 |
| Mod\_15\_11 Amendment to Deload Break Point Glossary Definition | Glossary | 08 June 2011 |
| Mod\_20\_11 SEMO Cash Pooling  | T & SC Section 6Glossary | 12 July 2011 |
| Mod\_22\_11 Housekeeping 4 | T & SC Section 4,5,6, AP 12 | 12 July 2011 |
| Mod\_26\_11 Process change for assessing Firm Access Quantity of Trading Site (FAQSst)  | AP1 | 01 September |
| Mod\_28\_11 Alignment of AP11 with Bi-Annual Release Strategy | AP11 | 01 September |
| **RA Decision Rejected Modifications** |
| Mod\_37\_10 Constraint Payment for Energy Limited Units | T & SC Section 5 | N/A |
| Mod\_38\_10 Treatment of Errors under the Code | T&SC Section 2  | N/A |
| Mod\_19\_11 Modification Committee Representation | T&SC Section 2  | N/A |
| **Working Groups, Consultations & Other Meetings** |
| Mod\_18\_10 Intra-Day Trading | Emergency Conference Call  | 09 September 2011 |
| Mod\_18\_10 Intra-Day Trading |  Conference Call 7 | 14 September 2011 |
| Mod\_16\_11 Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks | Working Group  | 15 September 2011 |
| Mod\_18\_10 Intra-Day Trading | Working Group 10 | 27 September 2011 |
|  **Work in Progress** |
| Mod\_18\_10 Intra-Day Trading | Working Group 11 | 10 November 2011 (TBC) |
| Mod\_16\_11 Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks | Working Group 2 | TBC |
| **T&SC Version 10 October 2011** |
| Eight approved Modification Proposals pending implementation in Version 10.0 of the Code |