

Single Electricity Market

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| Modifications Committee Meeting Minutes  Meeting 49  hilton hotel,  13 june 2013  10:15 – 13:00 |

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Document History

|  |  |  |  |
| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 20 June 2013 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 28 June 2013 | Modifications Committee Secretariat | Review of content by Modifications Committee complete, published track changed version on SEMO website and notified Market Participants. |
| 3.0 | 16 August 2013 | Modifications Committee Secretariat | Approved by Modifications Committee at Meeting 49 |

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.docx) and Agreed Procedures: Version 13.0 |
| [CMS Slides](http://semopub/Publications/General/CMS%20slides%20Meeting%2048.pptx) |
| [Elections Slides](http://semopub/Publications/General/Elections%202013.ppt) |
| [Mod\_02\_13 Registration of Charges](http://semopub/MarketDevelopment/ModificationDocuments/Mod_02_13%20Registration%20of%20Charges%20Submitted.doc) |
| [Mod\_05\_13 Amendment](http://semopub/MarketDevelopment/ModificationDocuments/Mod_04_13%20Vat%20Jurisdiction.docx) to the definition of “Working Day” |
| [Mod\_06\_13 Housekeeping 6](http://semopub/MarketDevelopment/ModificationDocuments/Mod_06_13%20Housekeeping%206.docx) |
| [Mod\_07\_13 Appendix O Correction](http://semopub/MarketDevelopment/ModificationDocuments/Mod_07_13%20Appendix%20O%20correction.docx) |
| [Mod\_08\_13 Issuing of Accession Deed](http://semopub/MarketDevelopment/ModificationDocuments/Mod_08_13%20Issuing%20of%20Accession%20Deed%20v2.docx) |

In Attendance

|  |  |  |
| --- | --- | --- |
| **Name** | **Company** | **Position** |
| **Committee** | | |
| Aodhagan Downey | SEMO | MO Alternate |
| Áine Dorran | ESBI | Generator Alternate |
| Brian Mongan | AES | Generator Alternate |
| Clive Bowers | CER | RA Member |
| Denis Kelly | NIE T&D | MDP Member |
| Iain Wright-Chair | Airtricity | Supplier Member |
| James Long | ESB Networks | MDP Alternate |
| Jean Pierre Miura | UREGNI | RA Member |
| Jill Murray | Bord Gáis Energy | Supplier Member |
| Karen Vickery | EirGrid | SO Alternate |
| Kevin Hannafin | Viridian Power & Energy | Generator Member |
| Kris Kennedy | SONI | SO Alternate |
| Mary Doorly | IWEA | Generator Alternate |
| Niamh Delaney | SEMO | MO Member |
| William Carr | Electric Ireland | Supplier Member |
| William Steele | Power NI | Supplier Member |
| **Secretariat** | | |
| Aisling O'Donnell | SEMO | Secretariat |
| Sherine King | SEMO | Secretariat |
| **Observers** | | |
| Alison Wilson | Power NI | Observer |
| Eoin Langford | EirGrid | Observer |
| Juliet Corbett | DETI | Observer |
| Natalie McCurry | UREGNI | Observer |
| Robert Flanagan | SEMO | Observer |
| Sinead O’ Hare | Power NI | Observer |

# SEMO Update

The Minutes from Meeting 48 were read and approved. One comment was put forward by a Generator Alternate regarding reference to voting members on the Committee in the minutes. In the case where comments are put forward by Alternates at a Meeting and the Member is in attendance at that Meeting, the Member should be referenced and the Alternate present minuted as an observer or the relevant company representative. The final approved version of the Minutes is now published on the SEMO website.

The Secretariat Programme of Work was acknowledged, see appendix 1 for further detail. Secretariat advised of the following Committee Membership changes:

|  |  |  |
| --- | --- | --- |
| **Position** | **Alternate** | **Replaces** |
| Generator Alternate ESBI | Áine Dorran | Gill Bradley |

Secretariat presented an overview of the Elections process, advising of the following Member expirations:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Expiring Terms** | **Member** | **Alternate** | **Company** | **Appointed** |
| Generator | Caitríona Diviney | Mary Doorly | IWEA | June 2011 |
| Generator | Kevin Hannafin | Derek Scully | Viridian Power & Energy | June 2011 |
| Supplier | Jill Murray | Julie-Anne Hannon | Bord Gáis | June 2011 |
| Supplier | William Steele | Philip Carson | Power NI | June 2011 |

Secretariat advised that in the 2012 Elections, 50% of Generator Participants cast votes. Chair stressed the importance of all Registered Parties casting their votes and requested that the Secretariat emphasise this in the communications with industry in relation to the 2013 Elections.

MO Member presented the CMS update advising that SEM R2.2.0 was deployed to schedule on May 10th 2013.

MO Member advised that an interim release will address a small number of defects which are placing an unnecessary burden on Market Operations and the TSOs. Software was delivered by the vendors on June 9th and deployment is targeted for June 25th, subject to successful completion of testing.

MO Member advised that there are no approved Modification Proposals for SEM 2.3.0 (Oct 2013), however a number of CRs will be included for implementation.

MO Member advised that the cut-off date for the April 2014 release to the Central Market Systems is Friday 27th September 2013. All approved Modification Proposals will be allocated to this release (subject to available capacity).

# Review of Actions

|  |  |
| --- | --- |
| Actions recorded at Meeting 48 | |
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| CMS Release | SEMO to seek clarity as to why SSE change request was rejected at the Change Control Forum  **Closed**  **CR was not unanimously approved by Participants at the forum, hence rejection** |
|  |  |
| deferred Modifications Proposals | |
|  |  |
| [Mod\_02\_13](http://semopub/MarketDevelopment/ModificationDocuments/Mod_02_13%20Registration%20of%20Charges%20Submitted.doc) Registration of Charges | Modifications Committee to seek legal support regarding the implications of the proposal  **Closed** |

# Deferred Modification Proposals

## [Mod\_02\_13](http://semopub/MarketDevelopment/ModificationDocuments/Mod_08_12%20MIUNs.docx) registration of charges

*Proposer: EirGrid*

Secretariat provided background of proposal advising that it was raised at Meeting 47 and that a memo summarising the discussion pertaining to the issue to date, had been circulated to the Committee. Proposer presented slides summarising the legal advice received from External Counsel and outlined the three possible options as follows:

1. Do nothing

Proposer withdraws Proposal and pursues Participants to register charge as per existing Code Provisions. There is a substantial risk involved in this given the various difficulties experienced and shortcomings involved.

1. Stricter enforcement and additional security around existing and future registration of charges. Amend the Code to remove the Code Charge and include an obligation that requires the Participant to enter into a separate Deed of Charge. (Consideration could also be given to the possibility of including Deeds of Charge in Participant Registration Packs and suspending Participants, where necessary, in the event of non-compliance).
2. Title transfer

Outright title transfer of collateral from Participant to Market Operator, the Participant would cease to hold any right, title and interest in the relevant collateral. Existing security interests created would need to be released.

Proposer stated that approximately 10 ‘unsecured’ accounts exist due to lack of co-operation by relevant Participants. Furthermore, SEMO has recently transferred collateral funds to 29 ‘unsecured’ accounts on foot of the new banking arrangements. Proposer further advised that Participants may wish to consult with their own professional legal advisers on the options.

Supplier Alternate sought clarification on whether the 29 unsecured accounts are an administrative problem as opposed to Participants taking issue with signing a Deed of Charge. Supplier Alternate further advised that when moving bank account to Danske Bank on foot of the new banking arrangements, Power NI were not asked to sign a Deed of Charge. Proposer advised that the decision was taken to discuss the issue with the Committee prior to requesting relevant Participants to sign the Deed of Charge.

MO Member presented an overview of the current status of cash collateral in the SEM, advising that there are currently 70 cash collateral accounts in the SEM, which together constitute 6% of the total SEM collateral (cash plus LOCs). SEMO regularly draws down on collateral accounts for small amounts without issue, where payments due have not been received on time. MO Member further advised that there has been one liquidation case so far in the SEM, which caused no issue for the SEM, although that is no guarantee that there would be no issue were another liquidation to take place.. Discussion on the options ensued, with the proposer advising that Option 3 (title transfer) would be the least administratively burdensome. Supplier Member sought clarification on this. MO Member advised that SEMO Finance have assured that it would not pose any issue for them to move to a title transfer model. Supplier Member expressed the view that more information on Option 3 is imperative.

Supplier Member queried as to whether Option 2 would be as effective a solution as Option 3 if it were to be implemented. Proposer stated that External Counsel have advised that Option 3 is the most effective solution. Supplier Member expressed concern that the Deeds of Charge in relation to the 29 unsecured accounts, should be put in place in tandem with pursuing the chosen option. Proposer expressed agreement and advised that this will be progressed.

Chair sought clarification that Participants registered in jurisdictions other than SEM have an account outside the SEM. Proposer advised that all Participants are required to register an account in SEM.

Chair sought clarification regarding External Counsel’s reference to due diligence, querying as to who would undertake this piece of work. Proposer advised of the likelihood of a joint effort between the Participants and the MO. Supplier Member expressed agreement that the issue must be resolved, however advised of uncertainty in relation to which option to pursue.

Generator Alternate queried as to whether Option 2 is an issue for international Participants. Proposer advised that it is an issue as the Deed of Charge may not be enforceable for international Participants. Discussion ensued around utilising a Deed of Charge for internal Participants and title transfer for external Participants. Chair expressed disagreement with pursuing this, due to its discriminatory nature.

Supplier Alternate queried as to what are the implications for this market if the current issue prevailed i.e. the existing provisions set out in 6.21 may not be enforceable. MO Member advised that 6% of the market is cash collateral, however this figure fluctuates further advising that the average size of collateral accounts is relatively small.

MO Member drew attention to the possibility of installing an upper limit on collateral accounts. MO Alternate recapped the existing problem advising that if there is a prior charge registered on a cash collateral account, due to legal reasons, SEMO may be unable to draw down on an account. Proposer advised that External Counsel provided advice based on a worst case scenario basis, however that the legal risk should not be underestimated. Proposer reiterated the fact that there has been one case of liquidation in the SEM.

Chair expressed agreement that Option 1 (do nothing) is a risk and queried as to whether it is viable for EirGrid Legal to enforce the registration of charges more robustly. Supplier Member expressed preference in discussing the cost of enforcing the registration of charges versus the cost of title transfer.

MO Member advised that if it the T&SC must be changed, it would be necessary to obtain legal advice which would incur costs. Chair expressed the view that if a serious risk to the market exists, the suggestion regarding an upper limit on cash collateral may be a good option. Supplier Member advised that some Participants are becoming increasingly reliant on LOCs and that cash restrictions on Participants may not be favourable.

Chair advised that general consensus was reached in relation to Option 1 not being a viable option. However no agreement was reached on Options 2 and 3. Chair stated that it is at the discretion of Participants to decide which option to pursue. MO Member further advised that SEMO and EirGrid do not have a firm view and are only in a position to advise on the matter, as it is really a matter for the Participants to determine what they consider as an acceptable risk to the market.

Secretariat queried as to whether Option 2 should be further addressed in relation to Participants registered outside the SEM jurisdiction. Chair stated that this would not be viable as it would necessitate consultation with all member states on the issue.

Chair emphasised that Participants should be cognisant that a vote should take place on the proposal at Meeting 50 in August.

Actions

* SEMO to provide more information on the meaning of Option 3 (Title Transfer)
* SEMO to continue to pursue Participants in relation to signing the Deeds of Charge
* Participants to discuss issue with relevant internal legal and financial advisors and bring views to Meeting 50

Decision

* The proposal was Deferred

|  |
| --- |
| **Deferred** |

# new Modification Proposals

## [Mod\_05\_13](http://semopub/MarketDevelopment/ModificationDocuments/Mod_08_12%20MIUNs.docx) amendment to the definition of working day

*Proposer: SSE*

Chair provided an overview of the proposal advising that there seemed to be a gap in the T&SC concerning non-processing days.

The proposal introduces a change in the definition of “Working Day” to take account of the days when the SEM Bank is unable to process items, such as on December 24th. This is recognised by SEMO as a non-processing day and as such, any invoice payment dates are amended to allow for these non-processing days. It would also remove the ambiguity when determining the response date for any credit cover increase notices.

Chair advised that non-processing day was included in the definition of “Working Day” in order to remove any uncertainty in relation to what should be processed. MO Member advised that the MO has no issue with the proposal.

Generator Member queried as to whether non-processing day should be defined in the T&SC. MO Member advised that as the definition is confined to the T&SC Glossary and will not be used elsewhere within the Code, it does not seem to warrant a separate definition of non-processing day. MO Member further advised that the definition of Non-Working Day now includes non-processing day reiterating that due to this fact, it should not be necessary to define.

MDP Member queried as to whether the Non-Working Day definition impacts on any other parts of the Code. MO Member confirmed that it does not. A list of SEMO non-working days are published when the Settlement calendar is updated annually.

Actions

* N/A

Decision

* The proposal was Recommended for the Approval by unanimous vote

|  |  |  |
| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote** | | |
| Áine Dorran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Jill Murray | Supplier Member | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| Kevin Hannafin | Generator Alternate | Approved |
| Mary Doorly | Generator Alternate | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |

## Mod\_06\_13 housekeeping 6

*Proposer: SEMO*

*AP Only*

Secretariat outlined the proposal advising that it seeks to rectify minor drafting and inconsistencies currently existing in AP1 and AP6.

Generator Alternate queried as to whether the AP1 change will fit within the system architecture. Secretariat confirmed that the proposal is aligning the AP with what is currently in the systems, therefore there will be no issue.

Generator Alternate commented that there should be a prefix at the beginning of the footnote. Secretariat noted the omission in Modification Proposal.

Actions

* N/A

Decision

* The proposal was Recommended for Approval by Unanimous Vote

|  |  |  |
| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote** | | |
| Áine Dorran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Denis Kelly | MDP Member | Approved |
| Julie Murray | Supplier Member | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| James Long | MDP Alternate | Approved |
| Karen Vickery | SO Alternate | Approved |
| Kris Kennedy | SO Alternate | Approved |
| Kevin Hannafin | Generator Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Niamh Delaney | MO Member | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |

## III. Mod\_07\_13 appendix o correction

*Proposer: SEMO*

MO Member outlined proposal advising that it edits Appendix O, which addresses the Instruction Profiling function in SEM. It clarifies how Dispatch Instructions having the same Instruction Issue Time and Instruction Effective Time are handled. A previous modification had edited Section O.13 which describes how instructions are sorted, while the next section describes how they are validated. In addition, it documents how wind instructions are merged with MWOFs with the same Effective Time.

Generator Alternate queried as to whether the order of Instruction Codes is a concern. MO Member confirmed that it is not.

Generator Alternate queried as to whether there was reasoning behind why the wind constraints are different to another identifier.

MO Member clarified that the system was built this way in order to easily accommodate any future changes that may be necessary to implement but that there is currently no distinction between the application of WIND CURL and WND LOCL.

Chair queried as to whether it is possible to issue two Dispatch Instructions simultaneously. MO Member confirmed that it is possible to issue them within the same minute and that an issue time can be revised with an updated set of Dispatch Instructions.

Actions

* N/A

Decision

* The proposal was Recommended for Approval by Unanimous Vote

|  |  |  |
| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote** | | |
| Áine Dorran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Jill Murray | Supplier Member | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| Kevin Hannafin | Generator Alternate | Approved |
| Mary Doorly | Generator Alternate | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |

## IV. Mod\_08\_13 Issuing of accession deed

*Proposer: SEMO*

*AP Only*

MO Member outlined proposal advising that Section 3.1.2 of Agreed Procedure 1 defines the Party Registration procedural steps. As part of this process the Applicant must sign, date and return a Party Accession Deed to the Market Operator (as stated in Step 18). Once received, the Market Operator must sign and date the Accession Deed, sending a copy to the Applicant (as stated in Step 19). Currently the Market Operator has 2 Working Days to complete this step.

MO Member advised that the proposal seeks to change the timing of Step 19 from “Within 2 Working Days” to a more realistic timeline of “Within 15 Working Days”.

Generator Alternate expressed concern of the significant change from 2 to 15 WDs and queried as to whether the registration process could be impacted due to the increase in WDs.

MO Member stated that SEMO operations have advised that the change should not impact the registration process, as it can continue on in parallel. MO Member further advised that it might not take the full 15 days and it is being introduced as an upper limit.

Discussion ensued in relation to a suitable length of time, with general consensus established that 15 WD is too long a period of time.

Supplier Member expressed concern that the upper limit cap generally becomes the norm.

Chair expressed concern that by allowing 15 days to sign the Accession Deed could impact on the timing of for a Participant to complete the registration process. This in turn could cause substantial financial losses for a Participant.

The Committee agreed upon 10 WDs as an appropriate length of time for attaining the necessary director’s signatures of the Accession Deed.

Actions

* Timeline to be amended to 10 WDs in FRR

Decision

* Recommended for Approval by Unanimous Vote subject to legal drafting

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| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote subject to legal drafting** | | |
| Áine Dorran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Denis Kelly | MDP Member | Approved |
| Julie Murray | Supplier Member | Approved |
| Iain Wright-Chair | Supplier Member | Approved |
| James Long | MDP Alternate | Approved |
| Karen Vickery | SO Alternate | Approved |
| Kris Kennedy | SO Alternate | Approved |
| Kevin Hannafin | Generator Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Niamh Delaney | MO Member | Approved |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |

## AOB/Upcoming Events

* Chair drew attention to the Market Audit Reported issues and requested that the Secretariat provide an update at Meeting 50 on status of Market Audit issue amendments
* MDP Member drew attention to the closing date of 24th June for responses to the Scope of SEM Market Audit 2013 [consultation paper](http://www.allislandproject.org/en/TS_Current_Consultations.aspx?article=9cf7d05e-d57b-4bb3-b93d-c661c640869a)

Calendar updates

* 1st August 2013 - Mod Proposal submission deadline
* 15th August 2013 - Mods Meeting 50 Belfast

# Appendices

## Appendix 1 - Secretariat Programme of Work

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Status as at 13 June 2013** | | | | |
| **FRRs ‘Recommended for Approval’ without systems impacts awaiting RA Decision** | | | | |
| **Title** | **Sections Modified** | | **Sent** | |
| Mod\_18\_11 Definition of ‘Availability’ | T&SC Glossary | | 08 September 2011 | |
| Mod\_21\_12 Amendment to Available Transfer Capacity (ATC) definition | T&SC Section 5; T&SC Appendix K | | 21 November 2012 | |
| **RA Decision Approved Modifications with System Impacts** | | | | |
| **Title** | **Sections Modified** | | **Effective Date** | |
| N/A | N/A | | N/A | |
| **RA Decision Approved Modifications without System Impacts** | | | | |
| N/A | N/A | | N/A | |
| **AP Notifications** | | | | |
| N/A | N/A | | N/A | |
| **Modification Proposal Extensions** | | | | |
| Mod\_11\_12 Proposal to extend definition of Special Units to include Compressed Air Energy Storage | Extension Granted | | 18 October 2013 | |
| **CMS cut-off date** | | | | |
| April 2014 CMS Release | | RA Decision Approved Mods only | | 27 September 2013 |
| **T&SC Version 13 – 10 May 2013** | | | | |
| Version 13.0 of the Code & Agreed Procedures published on 10 May 2013 | | | | |