

Single Electricity Market

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| Modifications Committee Meeting Minutes  Meeting 50  morgan hotel,  15 august 2013  10:30 – 13:00 |

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Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 22 August 2013 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 29 August 2013 | Modifications Committee Secretariat | Review of content by Modifications Committee complete, no track changes received. |
| 3.0 | 09 October 2013 | Modifications Committee Secretariat | Approved by Modifications Committee at Meeting 51 |

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 |
| [Mod\_02\_13 Registration of Charges](http://semopub/MarketDevelopment/ModificationDocuments/Mod_02_13%20Registration%20of%20Charges%20Submitted.doc) |
| [Mod\_09\_13 Amendment of AP7 to include the use of e-mail notification and the SEMO public website in the event of a GSF](http://semopub/MarketDevelopment/ModificationDocuments/Mod_09_13%20Amendment%20of%20AP7%20to%20include%20the%20use%20of%20e-mail%20notification%20and%20the%20SEMO%20public%20website%20in%20the%20event%20of%20a%20GSF.docx) |
| [Elections 2013 Presentation](http://semopub/Publications/General/Elections%202013%20Presentation.ppt) |
| [CMS Slides](http://semopub/Publications/General/CMS%20Slides%20Meeting%2050.pptx) |

In Attendance

|  |  |  |
| --- | --- | --- |
| **Name** | **Company** | **Position** |
| **Committee** | | |
| Brian Mongan | AES | Generator Alternate |
| Clive Bowers | CER | RA Member |
| Denis Kelly | NIE T&D | MDP Member |
| Elaine Gallagher | CER | RA Alternate |
| Emeka Chukwureh | Airtricity | Supplier Alternate |
| Gerry Halligan | ESB Networks | MDP Member |
| Iain Wright-Chair | Airtricity | Supplier Member |
| Jean-Pierre Miura | UREGNI | RA Member |
| Kevin Hannafin | Viridian Power & Energy | Generator Member |
| Kris Kennedy | SONI | SO Member |
| Mary Doorly | IWEA | Generator Member |
| Michael Preston | EirGrid | SO Member |
| Natalie McCurry | UREGNI | RA Alternate |
| Niamh Delaney | SEMO | MO Member |
| Patrick Liddy | Activation Energy | DSU Member |
| Philip Carson | Power NI | Supplier Alternate |
| William Carr | Electric Ireland | Supplier Member |
| **Secretariat** | | |
| Aisling O'Donnell | SEMO | Secretariat |
| Sherine King | SEMO | Secretariat |
| **Observers** | | |
| Brian Kennedy | Gaelectric | Observer |
| Connor Powell | SSE | Observer |
| Eoin Langford | EirGrid | Observer |
| Paul McGuckin | Mutual Energy | Observer |
| Peter Lantry | EirGrid | Observer |
| Trinh Quoc Vu | ERAV | Observer |
| Nguyen The Huu | ERAV | Observer |

# SEMO Update

The Minutes from Meeting 49 were read and approved.

The final approved version of the Minutes is now published on the SEMO website.

Secretariat advised of the following Committee Membership changes:

|  |  |  |
| --- | --- | --- |
| **Position** | **Alternate** | **Replaces** |
| NIAUR Alternate | Natalie McCurry | Andrew McCorriston |
| SO NI Member | Kris Kennedy | Michael Preston |
| SO NI Alternate | Emma Connolly | Kris Kennedy |
| SO ROI Member | Michael Preston | Paul Killian |

Secretariat noted departure of SSE Supplier alternate Emeka Chukwureh, advising that replacing alternate Connor Powell’s position will be effective subsequent to Meeting 50.

The Secretariat Programme of Work was acknowledged, see appendix 1 for further detail.

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

|  |  |  |
| --- | --- | --- |
| **Member** | **Alternate** | **Company** |
| Kevin Hannafin | Derek Scully | Energia |
| Mary Doorly | Caitríona Diviney | IWEA |
| Jill Murray | Julie-Anne Hannon | Bord Gáis |
| William Steele | Philip Carson | Power NI |

Secretariat advised that there was 55% participation in the Generator elections, which is a 5% increase in votes from the 2012 Generator election.

Chair queried as to whether an effort had been made to ensure wider industry participation. Secretariat advised that communications were issued to industry encouraging all Generator Participants to vote in the election, also emphasising that only half of the registered Generator Participants utilised their vote in last year’s election. Secretariat advised that the elections for Chair and Vice Chair will begin subsequent to Meeting 50.

Secretariat provided an overview on the status of the 2012 market audit issue amendments.

MO Member presented slides in relation to the CMS update.

MO Member advised that there are no approved Modification Proposals for SEM 2.3.0 however a number of CRs will be included for implementation. The proposed deployment date for the release is 15th November 2013.

MO Member noted 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 49 | |
| Mod\_08\_13: Issuing of accession deed | * Timeline to be amended to 10 WDs in FRR- **Closed. Proposal effective since 28h June 2013.** |
| Mod\_02\_13: Registration of Charges | * SEMO to provide more information on the meaning of Option 3 (Title Transfer)   **Closed. MEMO issued**   * SEMO to continue to pursue Participants in relation to signing the Deeds of Charge   **In Progress. See deferred section for greater detail.**   * Participants to discuss issue with relevant internal legal and financial advisors and bring views to Meeting 50   **Closed. See deferred section for greater detail.** |

# Deferred Modification Proposals

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

*Proposer: EirGrid*

Proposer provided an update on the status of the proposal advising that External Legal Counsel have been engaged in relation to amending the current Deed of Charge. Proposer expressed the viewpoint that Option 3 *Title Transfer* is External Counsel’s preferred option.

DSU Member sought clarification regarding what would happen in the instance of SEMO entering receivership with monies owed to a Participant. Supplier Alternate further queried as to whether Participants’ money would be guaranteed, in such a scenario. Proposer advised that this is a highly unlikely situation, but that in this instance, any outstanding payments would be reimbursed from SEMO to the Participant. SSE observer echoed the above queries.

Chair queried as to whether there would be a contractual guarantee in place between the Participant and the parent company (EirGrid) that would provide Participants with assurance they would receive any outstanding monies. Chair expressed the viewpoint that Option 3 *Title Transfer* as it stands is rather unequal and seems more favourable for SEMO as opposed to Participants. DSU Member expressed agreement with the suggestion of a two-way title transfer option.

MO Member advised that SEMO’s preference to amend the current provisions has arisen from External Counsel’s legal advice, which states that the current arrangements as set out in the T&SC may not be enforceable in all circumstances.

Chair reiterated the concern in relation to the risk posed to Participants in the event that SEMO should fall into receivership. Generator Member also expressed support of a guarantee in place for Participants if Option 3 *Title Transfer* was to be pursued. Proposer advised that it would be necessary to further assess the viability of a contractual guarantee internally.

SSE representative sought clarification as to why the registration of the charge over the Collateral Reserve Accounts has not been fulfilled by some Participants. Proposer advised that some Participants have simply not cooperated and that some are not based in the jurisdiction which causes logistical difficulties when trying to register the charge.

MO Member reminded the Committee that there would be no vote on legal drafting at the Meeting, further advising that the vote would be on which option to pursue. There was unanimous agreement that the current provisions should not remain as are and that changes need to be put in place.

UREGNI representative sought clarification around Option 3 *Title Transfer* whereby in a SEMO liquidation scenario, if a Deed of Charge is in place, the Participant would have priority rights in respect of the money. Proposer advised that it is understood that this is case.

Discussion ensued in relation to the feasibility of Option 2 *Stricter enforcement and additional security around existing and future registration of charges*. MO Member advised that this option is not applicable to Participants in jurisdictions outside the SEM. MO Member reiterated that it is highly challenging to ensure the compliance of external Participants.

Chair put forward the suggestion of an upper limit on the cash collateral accounts. Supplier Alternate was not in agreement that an upper limit could be a viable option as it provides difficulties. MO Member advised that many smaller Participants utilise cash collateral and that imposing a limit may be discriminatory.

Chair sought consensus from the Committee as to whether a redrafted Deed of Charge including reference in the Code to registrable security for SEMO would be a sufficient safeguard. Committee consensus was that Option 2 *Stricter enforcement and additional security around existing and future registration of charges*, inclusive of a reference in the Code to registrable security in relation to Participant Collateral Reserve Accounts and involving provision for suspension to apply where a Participant fails to sign a Deed of Charge be pursued.

Suppler Member voiced a dissenting view in relation to Option 2, advising that it is an improvement on the current provisions; however residual risk remains whereas Option 3 would fully address the issues identified by External Counsel.

DSU Member expressed concern in relation to Option 3 *Title Transfer* and new entrants in particular, advising that it is unproven as to how banks or LOC providers would react to the SEMO having full title over Participants Collateral Reserve Accounts.

The Committee proceeded to vote on Option 2 and Option 3 respectively (results in table below):

Secretariat advised that the aim for Meeting 51 is to procure a vote on legal drafting.

Actions

* SEMO to submit alternative version of proposal for consideration at Meeting 51

Decision

* Majority preference for Option 2 - *Amendment of the Deed of Charge inclusive of registrable security and stricter enforcement*
* The proposal was deferred pending an alternative version

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

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| --- | --- | --- | --- | --- |
| **Member/Alternate** | **Position** | **Option 2 (Amended Deed of Charge & stricter enforcement)** | | **Option 3 (Title Transfer)** |
| Brian Mongan | Generator Alternate | In favour | Abstain | |
| Iain Wright-Chair | Supplier Member | In favour | Subject to guarantee | |
| Kevin Hannafin | Generator Member | In favour | Subject to guarantee | |
| Mary Doorly | Generator Member | In favour | Subject to guarantee | |
| Patrick Liddy | DSU Member | In favour | Not in favour | |
| Philip Carson | Supplier Alternate | In favour | Subject to guarantee | |
| William Carr | Supplier Member | Not in favour | In favour | |

# New Modification Proposals

## Mod\_09\_13 Amendment of AP7 to include the use of e-mail notification and the SEMO public website in the event of a GSF

MO Member presented the proposal clarifying that a General Systems Failure (GSF) is where an issue exists within the market systems and the proposal relates to communication with Participants in the case of a GSF, (not a GCF or LCF). The issue was highlighted by the market audit, as the process which has been followed to date has been to use the SEMO website and e-mail alerts to communicate with Participants. It is proposed to amend AP7 to include the use of the SEMO public website and market message e-mail alerts to supplement the current emergency communication methods. The methods set out in AP7 are fax and telephony based. The use of fax and telephone calls in practice does not lend itself to efficient communication with affected parties in the event of a General Systems Failure whereas using the SEMO public website and e-mail alerts is instant and the established participant communication method. MO Member further advised that the proposal seeks to remove the need to send the emergency communication form, which will result in a more expeditious process. In addition it removes the need for the MO to confirm that it has received acknowledgement from Participants when they are notified of a GSF. MO Member further advised that additional amendments are necessary to Sections 2.21 and 2.22 of AP7. MO Member advised that the appropriate amendments will be made and the proposal will be resubmitted for Meeting 51.

Committee consensus was that the proposal is sensible.

Actions

* SEMO to submit alternative version of proposal for consideration at Meeting 51

Decision

* The proposal was deferred (Agreed in principal; deferred pending updated draft)

## AOB/Upcoming Events

Discussion took place with regard to the RA decision letter in relation to Mod\_21\_12 Amendment to Available Transfer Capacity (ATC) definition. RA Member provided an overview on the areas of the FRR which the RAs require further information on. The RAs have advised further clarity in the FRR is required on:

* The underlying rationale for the proposal
* The risks of not implementing the proposal and the alternatives that were considered
* The commercial effects of any curtailment of IC flows
* Discrimination introduced in the proposal against IC Users and IC Owners

SO Member advised that the TSO will update the FRR with the requested information and all discussions that took place in relation to the proposal.

DSU Member sought clarity around the Final Recommendation Report (FRR) process.

Secretariat advised that the FRR details all Modifications Committee Meeting and Working Group Meeting discussion on the proposals; further stating that the Secretariat draft the FRRs on behalf of the Modifications Committee. The Committee have a review period of the FRR where they can input any views, dissenting or otherwise, for inclusion into the FRR.

Chair requested that the TSO further explain the difference between the reality of curtailing the actual flow across the Interconnector and the affect of this on the market in the updated FRR. Also noted that a fundamental problem of discrimination between the owners and users of the IC exists with implementation of the proposal.

Discussion ensued on whether it would be viable to have a subsequent vote on a version of the proposal. Secretariat advised that as the proposal has been Recommended for Approval by the Modifications Committee, there is no provision in the T&SC to allow for another vote once the proposal has been issued to the RAs for final decision. Secretariat advised that in order for another vote, it would be necessary for the RAs to reject the proposal and that the TSO would have to raise a subsequent proposal for consideration by the Modifications panel.

RA Member requested that the updated draft of the FRR should copy IC Owners and IC Users for review purposes, which was noted by the Secretariat.

RA Member queried as to the number of vendor hours that would be used in the November 2013 Release. MO Member clarified that the November 2013 Release would take up 1,994 hours.

Calendar updates

* 24th September 2013 - Mod Proposal submission deadline
* 8th October 2013 - Mods Meeting 50 Belfast

# Appendices

## Appendix 1 - Secretariat Programme of Work

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Status as at 15 August 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 | |
| **RA Decision Proposals Deemed Further Work Required** | | | | |
| 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** | | | | |
| Mod\_05\_13 Definition of Working Day | T&SC Glossary | | 17 July 2013 | |
| Mod\_07\_13 Clarification regarding the rules for Instruction Profiling in Appendix O | Appendix O | | 17th July 2013 | |
| **AP Notifications** | | | | |
| Mod\_06\_13 Housekeeping 6 | AP1, AP6 | | 28 June 2013 | |
| Mod\_08\_13 Amendment to number of days granted to the MO for the issuing of Party Accession Deeds | AP1 | | 28th Jun 2013 | |
| **Modification Proposal Extensions** | | | | |
| Mod\_11\_12 Proposal to extend definition of Special Units to include Compressed Air Energy Storage | Extension Granted | | 18 October 2013 | |
| Mod\_25\_12 Suspension of Interconnector Unit on instruction of Interconnector Owner due to breach of Access Rules | Extension Granted | | 31 January 2014 | |
| **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 | | | | |