Single Electricity Market

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| Modifications Committee Meeting Minutes Meeting 37Hilton Hotel, Belfast09 August 201110am – 4pm |

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Document History

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| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 16 August 2011 | SEMO | Issued to Modifications Committee for review and approval |
| 2.0 | 23 August 2011 | SEMO | Published including Modifications Committee and observer amendments on SEMO website |
| 3.0 | 20 September 2011 | SEMO | Published including RA changes related to Mod\_27\_11 |
| 4.0 | 11 October 2011 | SEMO | Final version read and approved at Meeting 38 published on SEMO website |
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Distribution List

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| --- | --- |
| **Name** | **Organisation** |
| Modifications Committee Members | SEM Modifications Committee |
| Modification Committee Observers | Attendees other than Modifications Panel in attendance at Meeting |
| Interested Parties | Modifications & Market Rules registered contacts |

Reference Documents

|  |
| --- |
| **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\_18\_11: Definition of ‘Availability’](http://semopub/MarketDevelopment/ModificationDocuments/Mod_18_11.docx) |
| [Mod\_21\_11 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: Revision of Standard Letter of Credit Template](http://semopub/MarketDevelopment/ModificationDocuments/Mod_29_11%20Standard%20Letter%20of%20Credit%20Revisions.docx) |
| [Mod\_24\_11: Reflection of Physical Fixity of Interconnector Flows in Operational Data Transactions](http://semopub/MarketDevelopment/ModificationDocuments/Mod_24_11%20IC%20Flows%20in%20Data%20Transactions.docx) |
| [Mod\_25\_11: Separate Residual Meter Volume Interval Proportions for each Jurisdiction](http://semopub/MarketDevelopment/ModificationDocuments/Mod_25_11%20Jurisdictional%20RMVIP.docx) |
| [Mod\_26\_11: Process change for assessing Firm Access Quantity of Trading Site (FAQSst)](http://semopub/MarketDevelopment/ModificationDocuments/Mod_26_11%20Process%20change%20for%20assessing%20Firm%20Access%20Quantity%20of%20Trading%20Site%20%28FAQSst%29.docx) |
| [Mod\_27\_11: Market Operator Solver Policy](http://semopub/MarketDevelopment/ModificationDocuments/Mod_27_11%20%20Market%20Operator%20Solver%20Policy.docx) |
| [Mod\_28\_11: Alignment of AP11 with Bi-Annual Release Strategy](http://semopub/MarketDevelopment/ModificationDocuments/Mod_28_11%20Alignment%20of%20AP11%20with%20Bi-Annual%20Release%20Strategy%20v1%200.docx) |

In Attendance

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| **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 |
| Iain Wright | Airtricity | Supplier Member |
| Jean Pierre Miura | NIAUR | NIAUR Alternate |
| Jill Murray | Bord Gáis | Supplier Member |
| Karen Meneely | NIE T&D | MDP Alternate |
| Kevin Hannafin  | Viridian P&E | Generator Member  |
| Kris Kennedy  | SONI | TSO Alternate |
| Mary Doorly | IWEA  | Generator Alternate |
| Niamh Delaney  | SEMO | MO Member |
| Niamh Quinn | ESBI | Generator Alternate |
| Sheenagh Rooney | CER  | CER Member |
| Sonya Twohig | EirGrid | TSO Member |
| William Carr | ESB Electric Ireland | Supplier Alternate |
| William Steele | NIE Energy Supply | Supplier Member |
| **Secretariat** |
| Aisling O'Donnell | SEMO | Secretariat |
| Sherine King | SEMO | Secretariat |
| **Observers** |
| David Macartney | NIE Energy | Observer |
| Grainne O’ Shea | ESB PG | Observer |
| Mary Doyle | SEMO | Observer |
| Marian Troy  | Endesa Ireland | Observer |
| Sarah McKenna | NIAUR | Observer |

# SEMO Update

Secretariat gave a [presentation](http://semopub/Publications/General/Elections%202011.ppt) on both Supplier and Generation activity and the outcome of the 2011 Elections. The new Members and Alternates are as follows:

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| **Successful Candidates** |
| **Generation Representation** | **Member** | **Alternate** |
| IWEA | Catriona Diviney | Mary Doorly |
| Viridian Power & Energy | Kevin Hannafin | Derek Scully |
| **Supplier Representation** | **Member** | **Alternate** |
| Bord Gáis  | Jill Murray | Joe Collins |
| NIE Energy (Supply) | William Steele | Philip Carson |

Generator Member queried as to whether it would be possible in future to contact all Participants who didn’t vote and encourage them to do so. Secretariat advised that all registered Participants in the SEM are contacted, thus the onus is on the Participant to ensure that their vote is utilised. In addition, the responsibility lies with nominees to deploy effective canvassing.

The Secretariat advised that the Chair and Vice-Chair Elections would take place subsequent to Meeting 37, and that the positions would be effective from Meeting 38.

The [Minutes](http://semopub/Meetings/Meeting%2036%20Minutes.doc) from Meeting 36 were read and approved.

The Secretariat Programme of Work was acknowledged. RA Member advised that the RAs are in the process of producing decisions on Mod\_37\_10 *Constraint Payment for Energy Limited Units*, Mod\_01\_11 *UI Payments for Generator Units* and Mod\_38\_10 *Treatment of Errors under the Code.* See [appendix 1](#_Appendix_1_-) for the Programme of Work.

SEMO provided an update on the [CMS Release](http://semopub/Publications/General/CMS%20Slides%20Meeting%2037.ppt). SEMO Member advised that no RA decision approved Modifications are scheduled for release in October 2011. The scope for this release is Change Request SEM\_PC\_CR172: MIUN calculation. SEMO advised that the cut-off date for the Intra-Day Trading Release July 2012 closed on August 5th and will include:

* Mod\_18\_10 *Intra-Day Trading*;
* Mod\_43\_10 *Variable Price Taker Generator Units and Firm Access*.

SEMO advised that although Mod\_10\_11 *Interconnector Under Test* and Mod\_12\_11 *Interconnector Unit Loss Adjustment when Exporting* were approved in time for the July 2012 release, the vendor stated that there is insufficient capacity for their inclusion. SEMO Member advised that currently the Intra-Day Trading project is on schedule across all workstreams.

# REview of Actions

| **Review of Action Items from previous Meetings** |
| --- |
| **Mod ID** | **Action** | **Comment** |
| Mod\_41\_10: Validation of Firm Access Quantity of Trading Site (FAQSst) by the System Operator | * TSOs to draft Modification to include process in AP1
 | Closed-Modification Proposal received |
| Mod\_08\_11: Correcting Calculation of Net Demand Used for Settlement (An Amendment to Global Settlement Modification) | * SEMO to raise a Change Request to address the issue
 | Closed-CR raised |
| Mod\_19\_11: Modification Committee Representation | * Secretariat to provide election details on the SEMO website to enhance transparency and awareness of the process
 | Complete- Secretariat will publish Election presentation from Meeting 37  |
| **Review of Action Items from Meeting 36** |
| **Mod ID** | **Action** | **Comment** |
| Mod\_18\_10: Intra-Day Trading | * RAs to consider publishing POYRY Day Ahead report

Working Group Actions: * SEMO to address comments submitted by Participants as part of the ongoing development and provide an update at WG 9 on 29th June.
* 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.
* Participants to submit comments regarding FG3 Settlement and Credit Management via issued spreadsheet by COB July 20th
* Secretariat to draft and circulate Working Group 9 report
 | Closed- report published on All Island Project website. Closed – Update provided at WG9 Open-in developmentClosed-responses receivedClosed |
| Mod\_04\_11: Removal of a requirement that a demand site in a DSU shall not have an MEC | * Representative from Grid Code Panel to provide an update at next Meeting
 | Closed-update was provided at Meeting 37 |
| Mod\_14\_11: Pumped Storage Under Test | * SEMO to initiate IA for next meeting.
* SEMO to provide update on IA at next meeting.
 | Closed- IA result: €113,000 excluding testing |
| Mod\_16\_11: Credit Worthiness Test for SEM Bank and Credit Cover Provider Banks | * Participants to forward views of scope of issues within 3 weeks of Meeting
* Secretariat to circulate feedback
* Participants to decide upon receipt of feedback if a conference call is necessary in advance of Meeting 37
* SEMO to seek financial advice on the proposed changes
 | Closed – Views received from 3 Participants.CompleteClosed-No feedback received regarding conference callComplete- See deferred section for further detail.  |
| Mod\_17\_11: Clarifying the requirement to provide Dispatch Instruction for Generator Units | * SOs and SEMO to initiate Impact Assessment
 | Open- See deferred section for further detail. |
| Mod\_18\_11: Definition of Availability | * Participants to read Consultation Paper and bring views to next Meeting.
 | Closed-Discussed at Meeting 37 |
| Mod\_21\_11: UI Payments for Generator Units constrained on | * SEMO to initiate Impact assessment
 | Closed – IA result: €38,130 |

# Deferred Modification Proposals

## Mod\_18\_10 intra-Day Trading

Proposer: Regulatory Authorities

SEMO Member advised that 130 comments were received from Regulatory Authorities and Participants regarding FG3 (Functional Group 3) Settlement and Credit Risk Management, and that these comments will be listed on the spreadsheet when it is circulated to Participants. SEMO Member stated that Working Group (WG) 10 which will cover FG2: Other Data Transactions & MSP Software has been rescheduled to Tuesday September 27th 2011.

SEMO Member queried as to whether Participants would be in favour of holding a conference call before the next WG to discuss FG3 feedback. Participants agreed that a conference call in advance of WG 10 would be beneficial, with September 14th being agreed as the date. Supplier Alternate voiced discontent at Intra-Day trading process expressing the view that Participants currently have minimal input into the design and that receiving responses from SEMO regarding their comments is insufficient. Supplier Alternate further stated that it is not satisfactory to only have participation during the WGs and suggested an idea of utilising weekly conference calls to further involve Participants in the process.

SEMO explained that it is not feasible to discuss every issue with Participants due to time constraints and further stated that SEMO are doing everything within their remit to ensure that Participants are as involved in the process as possible. Supplier Alternate queried as to whether Participants can trust that the Detailed Design aligns with the previously agreed High-level Design. Supplier Alternate further stated that what is seen as the best solution for the system from SEMO’s point of view may not be conducive to Participant’s point of view. SEMO explained that the design is not done from SEMO’s point of view but that the CMS (Central Market Systems) implementation is governed by the technical architecture of the CMS and that SEMO seeks the best technical and most cost-effective solution in conjunction with the CMS vendor. Supplier Alternate queried as to whether it would be possible to have an additional single interface in an effort to aid further Participant involvement? Generator Member stated that a conference call every week could result in bureaucratic disorder and felt that the process is progressing well, thus saw no need to change the process. Generator Member queried as to whether the comments received are taken into account by SEMO. SEMO Member confirmed that where appropriate, the comments are included in the design and where not, an explanation is given in the response spreadsheet. Generator Member commented that any issues arising now with regard the Intra-Day Trading design process may provide lessons to be learned for impending future projects. The Chair suggested to defer the issue and further discuss it at the conference call on September 14th. Supplier Member stated that the Modifications Committee is the governing body of the WGs on Intra-Day Trading, thus if Participants are unhappy with the process, it should be discussed at the Modifications Committee Meeting. Supplier Member expressed the view that the WGs are very specific, and questioned as to whether there is a possibility for more direct involvement of Participants.

Generator Member put forth a suggestion of having the vendors present their ideas directly to the Modifications Committee. Generator Alternate suggested holding more Participant workshops with both Participants and vendors to ensure compatibility with Participant systems. Supplier Alternate stated that Participant training when the design has already been decided would be too late. SEMO Member advised that SEMO IT held a successful workshop on August 3rd, and that the planned future workshops will be an additional communication forum in which Participants can engage. RA Member advised that the current process is extremely inclusive of Participants and that more Participant engagement would not be conducive to allowing SEMO successfully continue delivering the project. RA Member also expressed concern regarding the lack of engagement by some Participants regarding the process and re-iterated that it is absolutely essential that this project is completed. Observer questioned whether it was possible to have a parallel workstream for additional Participant suggestions. SEMO advised that SEMO is always open to suggestions, however reiterated that they are constrained by vendor capacity in what can be done within the project timeline.

Actions

* 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.

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.

SO Member advised that there are a number of consequential Modification Proposals required by the Grid Code due to this proposal. SEMO Alternate advised that SEMO will examine whether the Grid Code Modification Proposal impacts on the existing TSC Modification Proposal. SO Alternate advised that the Northern Ireland changes to the Grid Code require a consultation and that Mod\_04\_11 has been deferred pending the outcome of the Grid Code. SEMO Alternate advised that the proposer has been keep up to date on the progress of the Grid Code modification proposal.

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 results of the Impact Assessment as costing €113,000 excluding testing. SO Member advised that there are Pumped Storage Units in Gate 3 and that the proposal allows Pumped Storage Units to go under test. Generator Member queried as to what the material benefits of this proposal will be. SO Member advised that the proposal will eliminate undue discrimination in the market and that this should have been in place in November 2007 at the inception of the SEM. Generator Member commented that Pumped Storage Units are not built on a regular basis and sought clarification as to the effect of this discrimination. SO Member advised that constraint costs are not captured and that testing tariffs will apply to these units. Supplier Alternate queried as to whether any analysis of cost constraints that may arise has been done. SO Member advised that the testing tariff consultation paper explained the impact on the system. Generator Member questioned how the costs compare to the €113,000 that will be incurred by the systems change if the proposal is approved. Supplier Alternate stated that €113,000 is not a huge amount yet is still significant and queried as to whether a workaround is possible if this change becomes necessary. SEMO Member advised that the workaround that has been proposed for Mod\_10\_11 *Interconnector Under Test* is an exception. In general it is not possible or desirable to use workarounds. The under test change for the Interconnector applies to the Interconnector Error Unit and is quite different from Pumped Storage Under Test. SO Member reminded Participants that due to the release schedule it will take at least two years for a change to be implemented in the system and reiterated that although an abundance of Pumped Storage Units does not exist, a significant quantity are present in Gate 3. SO Member offered to provide an example for the next Modifications Committee Meeting. Generator Member stated that while it is important to eliminate all forms of discrimination in the market, it is not advisable to pay out €113,000 for something that may not get paid back. Observer advised that there is no guarantee that it won’t get paid back. Supplier Member sought clarification as to what the central aspects of the cost were? SEMO Member advised that within the full IA that was carried out, half the change is in the settlement calculation, with the other half being in the MA section which is the central engine.

Actions

* TSOs to provide example to show frequency of occurrence and typical cost incurred by Pumped storage Unit Under Test for Meeting 38.

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 outlined the feedback from Participants regarding the proposal. Reponses were received from the following three Participants; NIE ES, NIE PPB and Bord Gáis Energy. SEMO Alternate advised of the received advice stating that the risk that the Modification Proposal seeks to mitigate needs to be weighed up against the risk of Participants having to change Letters of Credit or being unable to attain Letters of Credit. As there have been no issues to date, SEMO does not see any need to change from the current process. RA Member advised that there is no SEM Regulatory view on this proposal at present. Supplier Alternate expressed support for a comprehensive review of the financial arrangements of the SEM.

Supplier Alternate queried as to whether the Modifications Committee could appoint a financial advisor on this issue so as not to solely rely on SEMO’s financial advisor. Secretariat advised that there is no budget for a financial advisor. RA Member stated that if the Modifications Committee were to employ one financial expert, this would not be a cohesive approach as Participants have their own individual financial advisors; hence at the previous Meeting the action was placed on participants to submit feedback from their own organisations.

Supplier Member put forth suggestion to establish a WG for Mod\_16\_11 which would combine two other proposals regarding Letters of Credit (Mod\_23\_11 and Mod\_29\_11). Supplier Member also proposed the possibility of combining all three proposals into one final proposal to be sent to the RAs. SEMO Alternate advised that the their Modification Proposal regarding Letters of Credit was at an advanced stage of development and therefore it was unnecessary to include it in the Working Group on Mod\_16\_11, which relates to the institutions providing Letters of Credit and not the wording itself.

SEMO Alternate asked Participants to define what exactly is lacking in the current arrangements. Supplier Member stated that the fundamental issue is that the financial markets have changed dramatically since the SEM’s inception in 2007. SEMO Alternate advised that only three Participant comments were received and expressed concern regarding the pertinence of holding a WG on this matter. Supplier Member stated that there had not been enough discussion on the topic to warrant a vote at Meeting 37 and was in support of holding a WG. The Committee were in agreement that there was a necessity for a Working Group.

Actions

* 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

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

SO Member advised that the TSO is in favour of Impact Assessing the D + 3 report as opposed to the D + 1 report. Discussion arose around the issue of the data published compared to that of what is used. SEMO Alternate advised that this data is not utilised by the SEM.

Actions

* SEMO to attain IA for the D + 3 report
* Airtricity to submit alternative version of the proposal

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod\_18\_11 definition of ‘availability’

Proposer: Endesa Ireland

SO Member provided outline of EirGrid Outturn Availability consultation paper advising that a wide-ranging variety of responses had been received, further stating that a SEM consultation would be preferable in order to attain views other than those solely from the ROI. RA Member advised that it is likely that the consultation paper will be consulted on again as a SEM Committee matter. RA Member stated that any decisions made will have to be consistent; due to the fact that it is not cohesive to issue one decision on one basis for the Code and another decision regarding the consultation paper.

Generator Member sought clarification on how this proposal is in conflict with the EirGrid consultation paper. SO Member clarified that the Modification Proposal is proposing to have a single definition for Outturn Availability, however different scenarios are accommodated for within the Code. Generator Member queried as to whether there is a best practice example in other markets. SO Member stated that BETTA is the same as the SEM, however there are no further examples. RA Member reiterated that this is a SEM matter, thus it should be consulted on as such. Discussion arose around consistency of this proposal with the Grid Code and the Trading and Settlement Code. Generator Alternate advised that it should be seen as a clarification Modification Proposal specifying and elucidating the point where availability is defined.

Actions

* N/A

Decision

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| **Recommended for Approval**  |
| Generator Alternate | Brian Mongan | AES |
| Generator Alternate | Mary Doorly | IWEA |
| Supplier Member | William Steele | NIE Energy Supply |
| Generator Member | Andrew Burke | ESBI |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | William Carr | ESB Electric Ireland |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Supplier Member  | Iain Wright | Airtricity |

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

Proposer: ESB PG

SEMO Alternate provided the results of the IA as costing €38,130. SEMO Alternate stated that this proposal warrants similar discussion to that concerning Mod\_37\_10 *Constraint Payments for Energy Limited Units* regarding cost of hydro units. Proposer of both Modification Proposals stated that this proposal is addressing a fundamentally different issue to that of Mod\_37\_10, further adding that it is addressing discrimination in the market.

SO Member stated that there is no incentive for units to stop over generating. Generator Member stated that there has to be a penalty for over-generation; however questioned whether the current penalty is excessive. Supplier Alternate suggested that DQ be set equal to AO for energy limited units when governing.

SEMO Member stated that there was no way of flagging in the CMS if a unit is governing and that with DQ=AO the unit would still get SMP if it generates outside the tolerance band, as is proposed by the current modification. RA Member stated that the Committee needs to be clear as to why this proposal is the correct solution of this issue and referred to Mod\_01\_11 *UI Payments for Generator Units*, which lacked a strong justification. The Chair summarised the arguments for the proposal stating that currently the discrimination incurred is asymmetric in the impact, it is unreasonable to provide a service and not be paid, and that there is not full recovery of the value but there is a contribution to the operation costs. The Chair then summarised the arguments against as being that the proposal would introduce an anomaly in the market and that there is an incentive to continuously over-generate.

Generator Member commented that it is an intricate issue to solve as no plant should be paid for over-generating, similarly no plant should be charged for providing a service. Proposer advised that if a plant is to over generate beyond the tolerance band that it incurs a large penalty, thus the incentive to over generate is reduced. The Chair summarised that the general consensus of the Committee is that the issue needs to be resolved. However the option of an Energy limited plant having DOP = €0 is discriminatory, and the proposed option of having the value of the Dispatch Offer Price (DOPuh) to be equal to the System Marginal Price (sMPh) is precarious. Generator Member suggested a possible solution to the issue could be to pay the plant SMP within the tolerance band and zero outside the tolerance band. SEMO were in agreement that this may be a solution and advised that it would be necessary to IA. Proposer was concerned as to the cost of the IA, with SEMO advising that it would investigate, but thought it was likely that the changes should be limited to the Settlement system and so should be of the same order of cost. The Chair emphasised that the Committee were in agreement that the proposal was to be deferred, however that it should be voted on at Meeting 38. Secretariat advised that following Meeting 38 the FRR would be prioritised.

Actions

* Proposer to submit alternative version of Modification Proposal.
* SEMO to initiate IA on paying SMP within the tolerance band.

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

Additional Comment received from ESBPG following circulation of draft Meeting minutes to Committee

First comment is that 2nd sentence of 2nd para is incorrect “Proposer stated that plants in merit don’t receive any payment for over-generating.”, can you remove?  I was trying to talk about the different symmetry between plants in merit/constrained on and hydro but from the discussion, it was obvious that a large number of people attending did not understand the methodology behind UI’s or around how plant behaves.

The point I was trying to make which didn’t come out in the summary is that all generating units correctly over and under-generate as a result of unavoidable  changes in the system frequency. The system frequency will always correct itself within day by automatically causing generating units to over and under generate slightly. The MW of over and under-generation will always balance within the day.  GU’s have no choice in responding to system frequency.  They must be set to automatically respond to system frequency by having their governors on (Free governing) at a prescribed setting dictated by the TSO through the Grid Code. Thus in summary

* System frequency will always vary slightly through the day but will average nominal frequency
* GU’s will respond by automatically over and under-generating in accordance with frequency as per Grid Code
* This is regarded as good behaviour by TSO’s.
* The MW of over and under generation will balance (i.e. sum to 0)
* The issue for Hydro plant is that while the MW of over and under generation will cancel the payments don’t (i.e. with undergeneration, must pay back SMP, with overgeneration get paid DOP = 0 =>mismatch or asymmetry)
* BAD overgeneration by a GU is generation over the tolerance bands which leads to a generator receiving an overgeneration penalty of 20%
* The tolerance bands are set to reflect the fact that as system frequency changes, over and under generation will occur thus GOOD behaviour occurs within bands and BAD behaviour occurs outside tol bands.
* Hydro plant has no more incentive to overgenerate outside the bands than any other plant and will be subject to the same penalty as any other plant.
* Hydro plant cannot stop automatically adjusting output with frequency unless it operates in breach of the Grid Code.

# New Modifications Proposals

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

Proposer: Airtricity

Proposers gave a brief summary of both Modification Proposals. Supplier Alternate was in favour of discussing both proposals at the Working Group on Mod\_16\_11 *Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks*. SEMO Alternate expressed the view that it would be advisable to keep the proposals separate from the Working Group as it will be examining the broader topic of Credit Rating providers; whereas Mod\_29\_11 *Revision of Standard Letter of Credit Template* is a well developed proposal associated with process improvements utilising one accepted standard from for Letters of Credit. Supplier Alternate was agreeable that the new standardised form should be in the Code however queried as to whether it should be the only form that is utilised?

Proposer (Mod\_29\_11) stated that the Code wording is extremely strict and that SEMO has streamlined the wording in Mod\_29\_11 in order to ensure that it aligns with internationally recognised finance standards as set out in Uniform Customs & Practice for Documentary Credits (UCP600) and to decrease ambiguity. Supplier Alternate accepted that point however queried as to what would happen if the bank were in favour of utilising a different form and reiterated the query of whether one standard template should be the only and absolute template? Proposer advised that the wording in Mod\_29\_11, as is the case for the current Letter of Credit template, would be the only wording accepted for the SEM and that standard Letters of Credit are equal and equitable to everybody in the SEM. Supplier Member advised that NIE ES’s financial experts had reviewed the proposals and had no issues with either, however noted a minor error in Appendix 1 of Mod\_29\_11 where the text should read “Applicant (Market Participant) ” rather than “Applicant (Market Participant’s Bank)”.

Observer queried under which legislation does one dispute a Letter of Credit if opposed to it. Proposer advised that jurisdiction is irrelevant for disputes and that the recent UCP600 is binding for all jurisdictions and governs all action on disputes. The Chair queried as to whether the legal drafting in Mod\_23\_11 *Additional clause for Standard Letter of Credit* could be included as additional wording to Mod\_29\_11. SEMO advised that the wording of Mod\_23\_11 is not featured in SEMO’s Mod\_29\_11. SEMO Alternate advised that the SEM bank had been consulted regarding Mod\_23\_11, which states that banking practice has changed, with Lloyds advising that the clause set out in the legal drafting of Mod\_23\_11 must now be included within any Standby Letters of Credit issued by them in order to comply with more stringent financial regulations. SEMO Member asked whether the Proposer (Mod\_23\_11) had, further to conference call with SEMO prior to the Modifications meeting, checked with their bank where the requirements had come from as it was the opinion of the SEM Bank that they were not standard provisions. Proposer (Mod\_23\_11) advised that they had not yet received an answer but would take as an action.

Proposer (Mod\_29\_11) advised that alternative wording may be an option however stated that it is not possible to have a caveat that is applicable to only one Participant. Supplier Member stated that it was not possible to vote on Mod\_23\_11 as the proposer was awaiting feedback from Lloyds and that it was preferable to wait until that feedback has been received before a vote on Mod\_29\_11 is cast.

Actions

* 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.

Decision

* Committee agreed to defer the proposal.

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| **Deferred** |

## Mod\_29\_11 Revision of Standard Letter of credit template

Proposer: SEMO

Discussed with Mod\_23\_11 *Additional Clause for Standard Letter of Credit.* Please see above.

Actions

* N/A

Decision

* Committee agreed to defer the proposal.

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|  **Deferred**  |

## Mod\_24\_11 reflection of physical fixity of interconnector flows in operational data

Proposer: Airtricity- AP only

Proposer provided a brief outline of the proposal. Given the anticipated increases in cross-border trades with effective capacity increases at Moyle and new capacity with EWIC, it is not improbable for a situation to arise where data values may change between the Indicative (D+1) and the Initial (D+4).

 SO Alternate gave a [presentation](http://semopub/MarketDevelopment/ModificationDocuments/SO%20Slides%20Meeting%2037.ppt) regarding the proposal, emphasising the necessity for SONI to be able to submit the D + 3 meter file as data fro the last twelve hours of the Optimisation Time Horizon is not available until this time ; also outlining how the issue of removing feeds would impact negatively on the SO. SO Alternate advised that to date there have been no issues that they have been aware of in relation to differences between D+1 and D+4 submissions. Supplier Member stated that the only reason for a need to change from the existing arrangement would be due to IDT issues, thus the proposal would be too restrictive as it would allow for only one only one opportunity for resubmission of a file. The Committee and proposer were in agreement to withdraw the proposal.

Actions

* Secretariat to publish withdrawal notification.

Decision

* Committee agreed to withdraw the proposal.

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|  **Withdrawn** |

## Mod\_25\_11 separate residual meter volume interval proportions for each jurisdiction

Proposer: Regulatory Authorities

Regulatory Authority provided brief outline of proposal advising that it is in relation Mod\_34\_09 *Global Settlement.* The proposal allows for different values of the Residual Meter Volume Interval Proportion to be used in each Currency Zone and gives the provision for the value to be reviewed annually. Discussion arose around the wording in Section 4.82A with Supplier Alternate advising that it was ambiguous. The Committee agreed that the legal drafting Section 4.82A referring to “from time to time” will be removed while the deleted sentence will be re-instated into the Code. It was also agreed that Section 4.92C will be amended to include the equation that will be deleted out of the Code if the proposal is Approved by the RAs.

Actions

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

Decision

|  |
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| **Recommended for Approval (subject to Legal Drafting changes)** |
| Generator Alternate | Brian Mongan | AES |
| Generator Alternate | Mary Doorly | IWEA |
| Supplier Member | William Steele | NIE Energy Supply |
| Generator Member | Andrew Burke | ESBI |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | William Carr | ESB Electric Ireland |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Supplier Member  | Iain Wright | Airtricity |

## Mod\_26\_11 process change for assessing firm access quantity of trading site (FAQSst)

Proposer: TSO- AP Only

SO Member provided brief outline of Modification Proposal advising that as a result of Modification 41\_10 (Validation of Firm Access Quantity of Trading Site (FAQSst) by the System Operator) being approved by the RAs, an action was placed on the SO to ensure that this was incorporated into the Agreed Procedures between SEMO/TSO and Market Participants. This is to ensure the Firm Access Quantity of Trading Site (FAQSst) parameter is set correctly in SEM. Supplier Member queried as to whether there is a time frame for submitting data. SO Member advised that it is at least 3 working days and that all Registration Data takes 29 days to change except for COD and Default Offer Data. SO Member clarified that the proposal is not putting forth a new concept, moreover it is reflecting what is in the Code. SEMO Alternate noted that in Section 2.6, when the legal drafting refers to “2.69 of the Trading and Settlement Code” that “paragraph” should be inserted before Section 2.69. The Chair summarised that the proposal is improving visibility and furthering the Code Objectives.

Actions

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

Decision

|  |
| --- |
| **Recommended for Approval (subject to Legal Drafting changes)** |
| MO Member | Niamh Delaney | SEMO |
| SO Member | Sonya Twohig | EirGrid |
| Generator Alternate | Brian Mongan | AES |
| MDP Member | Aileen O’ Connor | ESB Networks MRSO |
| MDP Alternate | Karen Meneely | NIE T & D |
| Generator Alternate | Mary Doorly | IWEA |
| SO Alternate | Kris Kennedy | SONI |
| Supplier Member | William Steele | NIE Energy Supply |
| Generator Member | Andrew Burke | ESBI  |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | William Carr | ESB Electric Ireland |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Supplier Member  | Iain Wright | Airtricity |

## Mod\_27\_11 market operator solver policy

Proposer: SEMO

Proposer provided brief outline of proposal advising that it puts the SEM Committee approval of the Market Operator Solver Policy on a formal basis and provides through the Code, a clear mechanism for enabling any future changes to the process, thus enhancing transparency. Supplier Member queried as to why SEMO were formalising the process. Proposer advised that it is being formalised in an effort to aid further transparency and advised that the SEM Committee and Participants have expressed preference for it to be on a more formal basis. RA Member advised that it was already informally the case; however, the putting it in the Code would ensure the process is clear. Generator Alternate queried as to who approves the policy. Proposer advised that the RAs approve it and this is implied in the definition by referring to the relevant paragraphs in the Code. Observer noted that in the Primary Solver definition it is necessary to add in the word “be”. RA member stated that there were concerns that the description of the solvers included in the policy should ensure that when reaching a decision on the Primary Solver, the SEM Committee should not be put in the position of having to judge whether one solver complied better with the Code than another.  The drafting should therefore state the equivalence of all solvers included in the policy.

Actions

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

Decision

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| **Recommended for Approval (subject to Legal Drafting changes)** |
| Generator Alternate | Brian Mongan | AES |
| Generator Alternate | Mary Doorly | IWEA |
| Supplier Member | William Steele | NIE Energy Supply |
| Generator Member | Andrew Burke | ESBI  |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | William Carr | ESB Electric Ireland |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |
| Supplier Member  | Iain Wright | Airtricity |

## Mod\_28\_11 alignment of ap11 with bi-annual release strategy

Proposer: SEMO-AP only

SEMO Alternate provided brief outline of the proposal advising that the Modification Proposal seeks to align AP11 with the current process for making changes within the CMS. Discussion arose around the text and it was decided to replace the text with “As defined in the Code”. Supplier Alternate queried as to where the SDS changes are captured. SEMO Alternate advised that SDS is not covered in the Code and that it is purely for non-Code changes,

Actions

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

Decision

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| **Recommended for Approval (subject to Legal Drafting changes)** |
| MO Member | Niamh Delaney | SEMO |
| SO Member | Sonya Twohig | EirGrid |
| Generator Alternate | Brian Mongan | AES |
| MDP Member | Aileen O’ Connor | ESB Networks MRSO |
| MDP Alternate | Karen Meneely | NIE T & D |
| Generator Alternate | Mary Doorly | IWEA |
| SO Alternate | Kris Kennedy | SONI |
| Supplier Member | William Steele | NIE Energy Supply |
| Generator Member | Andrew Burke | ESBI |
| Supplier Member | Jill Murray | Bord Gáis Energy Supply |
| Supplier Alternate | William Carr | ESB Electric Ireland |
| Generator Member | Kevin Hannafin | Viridian Power & Energy |

# Any Other Business

Conference call to discuss Mod\_18\_10 *Intra-Day Trading* Functional Group 3 will be held on14th September.

Working Group 10 of Mod\_18\_10 *Intra-Day Trading* will take place in Belfast on 27th September.

Working Group for Mod\_16\_11 *Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks* is convened for 15th September in the Clarion Hotel, Dublin.

Modifications Meeting 38 will take place on 11th October 2011 in Dublin.

# Appendices

## Appendix 1 - Secretariat Programme of Work

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| **Status as at 09 August 2011** |
| **FRRs ‘Recommended for Rejection’ in draft** |
| Mod\_19\_11 Modification Committee Representation | Circulated to Committee | 08 August 2011 |
| **FRRs ‘Recommended for Rejection’ awaiting RA Decision** |
| **Title** | **Status** | **Sent By / Achieved By** |
| Mod\_37\_10 Constraint Payment for Energy Limited Units | Awaiting Decision | 20 April 2011 |
| **FRRs ‘Recommended for Approval’ with systems impacts awaiting RA Decision** |
| 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 |
| Mod\_42\_10 Changes to the Single Ramp Up Rate and the Single Ramp Down Rate Calculation | Awaiting Decision | 03 March 2011 |
| Mod\_01\_11 UI Payments for Generator Units | Awaiting Decision | 19 May 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\_38\_10 Treatment of Errors under the Code | Awaiting Decision | 26 May 2011 |
| **RA Decision Approved Modifications** |
| **Title** | **Sections Modified** | **Effective Date** |
| 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\_20\_11 SEMO Cash Pooling  | T & SC Section 6Glossary | 12th July 2011 |
| Mod\_22\_11 Housekeeping 4 | T & SC Section 4,5,6AP 12 | 12th July |
| **RA Decision Approved Modifications with System Impacts** |
|  **Title** |  **Sections Modified** |  **Effective Date** |
| 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 | TBC |
| Mod\_43\_10 Variable Price Taker Generator Units & Firm Access | T & SC Section 5 | 11th Scheduled Release |
| Mod\_06\_11 Increasing Maximum Daily Submission Number and Automating Cancellation of Settlement Reallocation Agreements | AP 10 | TBC |
| Mod\_10\_11Interconnector Under Test | T & SC Section 5 | TBC |
| Mod\_12\_11 Interconnector Unit Loss Adjustment when Exporting | T & SC Section 4 | TBC |
| **RA Decision Rejected Modifications** |
| Mod\_11\_11 Interconnector Data Submission Point | T & SC Section 5 | 05 July 2011 |
| **Working Groups, Consultations & Other Meetings** |
| Mod\_18\_10 Intra-Day Trading | Working Group 9 | 29 June 2011 |
| **Work in Progress** |
| Mod\_18\_10 Intra-Day Trading | Working Group 10 | 27 September 2011 |
| Mod\_18\_10 Intra-Day Trading | Working Group 11 | 10 November 2011 |
| **T&SC Version 10 October 2011** |
| Six approved Modification Proposals pending implementation in Version 10.0 of the Code. |