

Single Electricity Market

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| Modifications Committee Meeting Minutes  Meeting 52  morgan hotel,  05 december 2013  10:30 – 13:00 |

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Document History

|  |  |  |  |
| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 12 December 2013 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 20 December 2013 | Modifications Committee Secretariat | Review of content by Modifications Committee complete, published track changed version on SEMO website and notified Market Participants. |
| 3.0 | 13 February 2013 | Modifications Committee Secretariat | Approved at Meeting 53 |

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 14.0 |
| [Mod\_11\_12 Proposal to extend the definition of Special Units to include Compressed Air Energy Storage](http://semopub/MarketDevelopment/ModificationDocuments/Mod_11_12%20Gaelectric.docx) |
| [Mod\_02\_13 Registration of Charges\_v2](http://semopub/MarketDevelopment/ModificationDocuments/Mod_02_13_v2%20V1.0.docx) & [Presentation Slides](http://semopub/MarketDevelopment/ModificationDocuments/Meeting%2052%20Slides.pptx) |
| [Mod\_11\_13 Amendment of AP5 to update the encryption key standard from 1024 bit to 2048 bit](http://semopub/MarketDevelopment/ModificationDocuments/Mod_11_13_AP5.docx) |
| [Mod\_12\_13 Amendment to Special Units Pumped Storage definition to include Energy Storage](http://semopub/MarketDevelopment/ModificationDocuments/Mod%2012_13%20V1.0.docx) |
| [Mod\_13\_13 Update to AP14 ‘Disputes'](http://semopub/MarketDevelopment/ModificationDocuments/Mod_13_13_AP14.docx) |
| [Mod\_14\_13 Update of references to the SEM Bank in Agreed Procedure 17](http://semopub/MarketDevelopment/ModificationDocuments/Mod_14_13%20AP17.docx) |
| [CMS Slides](http://semopub/Publications/General/CMS%20Slides%20Meeting%2052.pptx) |
| REMIT Slides |

In Attendance

|  |  |  |
| --- | --- | --- |
| **Name** | **Company** | **Position** |
| **Modifications Committee** | | |
| Aine Dorran | ESB | Generator Alternate |
| Brian Mongan | AES | Generator Alternate |
| Clive Bowers | CER | RA Member |
| Connor Powell | Airtricity | Supplier Alternate |
| Denis Kelly | NIE T&D | MDP Member |
| Derek Scully | Energia | Generator Alternate |
| Elaine Gallagher | CER | RA Alternate |
| Jill Murray | Bord Gáis | Supplier Member |
| Karen Vickery | EirGrid | SO Alternate |
| Kris Kennedy | SONI | SO Member |
| Mary Doorly | IWEA | Generator Member |
| Michael Preston | EirGrid | SO Member |
| 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 |
| Chukwuma Onu | SEMO | Observer |
| Gary McCullough | SONI | Observer |
| John Doherty | SEMO | Observer |
| Juliet Corbett | DETI | Observer |
| Leigh Williamson | SONI | Observer |
| Maebh Enright | SEMO | Observer |
| Philip Moore | AES | Observer |
| Sinead O’ Hare | Power NI | Observer |

# SEMO Update

The Minutes from Meeting 51 were read and approved. The final approved version of the Minutes is now published on the SEMO website.

Secretariat presented the programme of work.

Secretariat provided an overview on the status of the 2012 market audit outstanding issue amendments advising that one issue remains outstanding.

MO Member presented slides in relation to the CMS update advising that SEM R2.3.0 was deployed successfully on November 15th 2013.

The next release is SEM 2.4.0 April 2014. MO Member advised that there are no approved Modification Proposals for this release, however a number of CRs will be included for implementation which amount to 2,652 vendor hours.

MO Member further advised that the release cut-off date for SEM R2.5.0 October 2014 is Friday February 21st 2014.

# Review of Actions

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| --- | --- |
| Actions Recorded At previous meetings | |
| Mod\_21\_12: Amendment to the Available Transfer Capacity Definition | * Participants to submit dissenting views for inclusion in the FRR within a 2 week timeline i.e. by Tuesday 23 October   **-Closed: Views received from Airtricity, Mutual Energy and Viridian-awaiting updated spreadsheet from TSO** |
| * Any alternative versions of the proposal must also be raised within the 2 week timeline **–Closed: No Alternative Versions raised** |
| 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 | * SEMO to ensure all newly registered users are added to the relevant Market Message distribution lists and that all lists are up to date- **Closed:MO Member presented slides on the issue** |
|  | * SEMO IT to issue a clarification between type 2 and Market Alert distribution lists- **Closed:MO Member presented slides on the issue** |
|  |
| Mod\_11\_12: Definition of Special Units | * TSO to procure IA-**In progress; See deferred section for greater detail** |
| Mod\_02\_13: Registration of Charges | * SEMO to submit alternative version of proposal for consideration at Meeting 52-**Closed.Proposal submitted.** |
| * SEMO to continue to pursue Participants in relation to signing the Deed of Charge-**In progress;**   **See deferred section for greater detail** |
| REMIT | * Committee to consider REMIT reporting mechanism in advance of Meeting 52-**Closed: No feedback received** |

# Deferred Modification Proposals

## [Mod\_11\_12](http://semopub/MarketDevelopment/ModificationDocuments/Mod_08_12%20MIUNs.docx) proposal to extend the definition of special units to include caes

Proposer: Gaelectric

The SO Member advised that the Impact Assessment has not been processed due to the number of RCUC Impact Assessments underway with the vendor at present. A full assessment is expected to incur a significant cost. The SO Member suggested that EirGrid and SONI investigate internalising the work by conducting the modelling and relevant analysis on the existing Plexos and RCUC systems to gain a greater understanding of how a CAES Unit may perform on the system.

Gaelectric representative was supportive of this strategy provided the committee would progress the modification with this work and noted that a Grid Code discussion of the proposal will take pace following completion of the SOs work. SO agreed to report on the progress of work at the first Mods Meeting in the New Year and a greater indication of timescales should become clear at that point.

Actions

* N/A

Decision

* The proposal was deferred.

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| **Deferred** |

## **II.** [Mod\_02\_13](http://semopub/MarketDevelopment/ModificationDocuments/Mod_08_12%20MIUNs.docx) registration of charges\_v2

*Proposer: EirGrid*

EirGrid legal representative presented slides on the alternative version of the proposal outlining the changes within the sections affected. EirGrid legal representative advised that currently there are approximately 10 unsecured accounts remain outstanding within the SEM, in addition to the 29 unsecured accounts transferred to Danske Bank. Vice-chair noted that all accounts could be unsecured as the rules currently in place are not sufficient. The concern is that there may be a previous charge registered over a Participant’s assets which could call into question whether the MO could draw down on collateral in an instance of a Participant going into liquidation.

Generator Member requested that the proposal be again deferred as the proposed changes are extensive, advising that additional time is required for Participants to conduct their in-house legal review.

MO Member confirmed that the legal advice delivered is specialist and delivered by an external legal firm specifically for the Mods Committee. MO Member further advised that market security is at risk while the accounts remain unsecured and drew attention to the continued risk to the market as a result of delaying a vote on the proposal. Chair queried as to whether SEMO can try and procure signage of the outstanding Deed of Charge by the relevant Participants. MO Member advised that as the Deed of Charge is currently being amended by this proposal, it is preferable that the updated secure Deed of Charge be signed.

MO Member put forward a suggestion that a call (Extraordinary Meeting) could take place between now and the next Mods Meeting to vote on the proposal in order that the time in which the collateral accounts remain unsecured is minimised.

The Committee agreed that Participants should review the draft proposal and revert with comments to the Secretariat by January 6th

Secretariat drew attention to the necessity for Participants to review the Modification Proposals before coming to each Meeting, however, the Secretariat acknowledged that there is a significant amount of change proposed within this proposal.

Secretariat advised that all comments will be circulated unless marked as confidential.

Actions

* Participants to submit comments by COB 6th January.

Decision

* The proposal was deferred

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| **Deferred** |

# New Modification Proposals

## I. Mod\_11\_13 Amendment of AP5 to update the encryption key standard from 1024 bit to 2048 bit

*Proposer: SEMO*

*AP Only*

MO Member presented overview of proposal. The proposal updates the encryption for all digital certificates to a higher level. MDP Member noted that this is aclarification to reflect the current encryption standard, a 2048-bit standard for all new and renewed Digital Certificates issued to Market Participants was adopted in 2010. Generator Member sought confirmation that the change does not have an impact in the market. MO Member confirmed that it does not.

Actions

* N/A

Decision

* The proposal was Recommended for Approval

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| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote** | | |
| Aine Doran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Connor Powell | Supplier Alternate | Approved |
| Denis Kelly | MDP Member | Approved |
| Derek Scully | Generator Alternate | Approved |
| Gerry Halligan | MDP Member | Approved |
| Jill Murray | Supplier Member | Approved |
| Kris Kennedy | SO Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Michael Preston | SO Member | Approved |
| Niamh Delaney | MO Member | Approved |
| Patrick Liddy | DSU Member | Approved |
| Philip Carson | Supplier Alternate | Approved |
| William Carr | Supplier Member | Approved |

## II. Mod\_12\_13 Amendment to special units pumped storage definition to include energy storage

*Proposer: AES*

Proposer outlined the intention of the proposal; to introduce a more generic definition for energy storage as opposed to defining rules for every new storage technology that has similar capabilities to that of pumped storage that may operate in the market and expressed the view that the current rules are discriminatory.

Vice-chair noted that a broad definition of energy storage may not be accurate enough to encompass all types of storage. Generator Member was in agreement with this. The CAES proposal was also discussed as it too is a storage unit, but it was acknowledged by the proposer that a CAES unit has a fuel element which makes it unique, however batteries, fly wheels and pumped storage are all storage types that may have similar characteristics.

DSU Member questioned why the rules were written with a section specific to Pumped Storage. SO Member advised that Pumped Storage was the only type in existence at Market start and is treated differently in the market, which needed to be reflected in the Market Rules. The issue of discrimination was also discussed with varying views as to whether developing rules for specific units is discriminatory to other units.

MO Member requested that the proposer provide a greater level of detail with regard to the compatibility of the unit type under consideration, with the existing rules for Pumped Storage. MO Member stated that it would be necessary to confirm that the technical characteristics of battery storage are analogous to that of a Pumped Storage unit and said that it would be helpful if the proposer would give a presentation in this regard. . Proposer agreed to deliver a presentation on battery storage to the Committee at the next meeting.

Proposer advised that the timescale for implementing this unit type is early 2015 emphasising preference that the proposal be developed in time for the February 2014 CMS cut-off date.

Generator Member advised that it will most likely be necessary to test to see if characteristics of a battery storage unit are compatible with that of Pumped Storage.

Proposer believes that unit specific rules act as a barrier to entry for energy storage technologies other than that of Pumped Storage.

Generator Member added that new technologies must be defined prior to becoming active in the SEM, otherwise there is a risk of undermining some of the characteristics of the technology. MO Member advised that it is necessary to have detail on technical offer data of a unit in advance of a unit becoming registered.

Airtricity observer noted that, should the wording change be implemented, the risk of the rules being incompatible with the unit type lies with the Participant.

Proposer questioned if modifying the definition from specific to the general may have any unintended consequences. SO member appreciated that the MO’s request for additional information is reasonable to ensure such a unit will fit with both the rules and system, emphasising that the MO has a responsibility to ensure compatibility of all aspects.

SO Member requested a view from the committee that if the current MW De-Minimus level should require relatively small energy storage devices to participate in the market, should there be an energy MWh De-Minimus level.

Actions

* Bi-lateral meeting to take place between AES and SEMO regarding additional information to allow SEMO to conduct an IA
* AES to present at the next Mods Meeting on the technical analogies between Pumped Storage and Battery Storage.
* Participants to consider whether an energy storage MWh De-Minimus level should be put in place for energy storage

Decision

* The proposal was deferred

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| **Deferred** |

## III. Mod\_13\_13 Update to AP14 Disputes

*Proposer: SEMO*

*AP Only*

MO Member advised that the proposal seeks to align the Dispute resolution steps in AP14 with that of the T&SC Settlement Dispute requirements. For clarification purposes, MO Member suggested removal of sentence reading, “A Competent Authority shall for these purposes include the Dispute Resolution Board”.

Chair queried as to why a Competent Authority is needed if there is an amicable agreement.

MO Member advised that this is in the interest of the Participant that the timelines for resettlement are overseen by a Competent Authority.

Actions

* N/A

Decision

* The proposal was Recommended for Approval subject to legal drafting

|  |  |  |
| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote subject to legal drafting** | | |
| Aine Doran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Connor Powell | Supplier Alternate | Approved |
| Denis Kelly | MDP Member | Approved |
| Derek Scully | Generator Alternate | Approved |
| Gerry Halligan | MDP Member | Approved |
| Jill Murray | Supplier Member | Approved |
| Kris Kennedy | SO Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Michael Preston | SO Member | Approved |
| Niamh Delaney | MO Member | Approved |
| Patrick Liddy | DSU Member | Approved |
| Philip Carson | Supplier Alternate | Approved |
| William Carr | Supplier Member | Approved |

## IV. Mod\_14\_13 Update of reference to the sem bank in ap 17

*Proposer: SEMO*

AP only

MO Member outlined proposal advising that as Northern Bank and National Irish Bank have been fully rebranded as Danske Bank since November 2012, the modification proposes removal of any references to these banks from AP17. MO Member advised that his modification proposal would not impact on any other areas of the Market Rules and Participants will not be affected by the change.

Actions

* N/A

Decision

* The proposal was Recommended for Approval

|  |  |  |
| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote subject to legal drafting** | | |
| Aine Doran | Generator Alternate | Approved |
| Brian Mongan | Generator Alternate | Approved |
| Connor Powell | Supplier Alternate | Approved |
| Denis Kelly | MDP Member | Approved |
| Derek Scully | Generator Alternate | Approved |
| Gerry Halligan | MDP Member | Approved |
| Jill Murray | Supplier Member | Approved |
| Kris Kennedy | SO Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Michael Preston | SO Member | Approved |
| Niamh Delaney | MO Member | Approved |
| Patrick Liddy | DSU Member | Approved |
| Philip Carson | Supplier Alternate | Approved |
| William Carr | Supplier Member | Approved |

## AOB/Upcoming Events

1. The Regulation on wholesale Market Integrity and Transparency (REMIT)

MO Member presented slides providing an overview and an update on the status of REMIT.

MO Member advised that an EirGrid Group response was issued to ACER in relation to the draft Implementing Acts. MO Member stated that the timeline for REMIT indicates that the implementing acts should be adopted in Q2 2014 with reporting due to start in Q4 2014.

MO Member drew attention to the action placed on Participants at Meeting 51:

* Committee to consider REMIT reporting mechanism in advance of Meeting 52

MO Member further advised that if Participants preference is for SEMO to act as the centralised reporting platform, this should be indicated to SEMO as soon as possible in order to allow adequate timing for implementation of an IT project that would facilitate it.

MO Member advised that while the implementing acts allow for either an organised market place, trade matching or trade reporting system to report wholesale energy market transactions stakeholder discussions have indicated a preference to utilise one centralised platform on behalf of a market.

DSU Member queried as to whether SEMO would be responsible for the accuracy of the information provided. MO Member clarified that the onus is on the Participant to submit accurate information.

MO Member advised that the Implementing Acts are currently being finalised, inclusive of confirmation of the specific detail around what must be reported. MO Member further advised that the reporting requirement will be on Participants by the end of next year.

Generator Alternate expressed the view that it seems prudent that SEMO would carry out the reporting mechanism.

MO Member emphasised that if Participants are in favour of SEMO to act as the centralised reporting platform, it will be necessary to advise SEMO of this soon as possible to ensure sufficient time to implement the relevant IT project.

Generator Alternate commented that it is difficult to decide on a reporting preference without having full detail.

Chair queried as to whether the RAs would be concerned with regard to SEMO taking on such a role.

RA Member advised this concern must be examined. RA Member further advised that the Implementing acts are imminent and that further clarity should be provided once they are finalised.

Chair commended SEMO for providing Participants with an option for submission of the reporting requirements to ACER, further advising that Participants must decide how they wish to proceed.

MO Member expressed concern that if the registered reporting mechanism is not decided upon soon, Participants may be in breach as the timeline for implementation of this is due for completion in 2014.

Chair drew attention to the possibility of a Working Group to discuss the progress of REMIT.

RA Member advised that the RAs will follow up on the progress of the Working Group.

There was general consensus that REMIT could therefore be removed from the Modifications Committee Meeting agendas.

Actions

* RAs to facilitate Working Group to progress REMIT outside of Modifications Committee forum

Calendar updates

* 2014 Meeting Dates will be scheduled by the end of the year and circulated to the Committee for review.

# Appendices

## Appendix 1 - Secretariat Programme of Work

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Status as at 05 December 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 ‘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** | | | | |
| NA | NA | | NA | |
| **AP Notifications** | | | | |
| NA | NA | | NA | |
| **Modification Proposal Extensions** | | | | |
| Mod\_11\_12 Proposal to extend definition of Special Units to include Compressed Air Energy Storage | Extension Granted | | 31 March 2014 | |
| **CMS cut-off date** | | | | |
| October 2014 CMS Release | | RA Decision Approved Mods only | | 21 February 2014 |
| **V14.0 of the T&SC was published on 15th November 2013** | | | | |