

Single Electricity Market

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| Modifications Committee Meeting Minutes  Meeting 57  hilton hotel,  2 october 2014  10:30 – 14:00 |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 8 October 2014 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 24 October 2014 | Modifications Committee Secretariat | Committee review complete. Comments tracked |
| 3.0 | 5 December 2014 | Modifications Committee Secretariat | Final approved version published |

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

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| --- |
| **Document Name** |
| [Trading and Settlement Code](http://semopub/MarketDevelopment/MarketRules/TSC.docx) and Agreed Procedures: Version 15.0 |
| [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) |
| [Mod\_16\_11 Banking Eligibility Requirements V3](http://semopub/MarketDevelopment/ModificationDocuments/Modification%20Proposal%20V3.doc) |
| [Mod\_12\_13 Amendment to Special Units Pumped Storage definition to include Energy Storage](http://semopub/MarketDevelopment/ModificationDocuments/Mod%2012_13%20V1.0.docx) & [Market Analyst Report](http://semopub/MarketDevelopment/ModificationDocuments/Battery%20Storage%20Test%20July%202014%20(2)%20Word%20doc.doc) |
| [Mod\_08\_14 Collateral Reserve Accounts](http://semopub/MarketDevelopment/ModificationDocuments/Mod_08_14%20Collateral%20Reserve%20Accounts.docx) |
| [CMS Slides](http://semopub/Publications/General/CMS%20Slides%20Meeting%2056.pptx) |

In Attendance

|  |  |  |
| --- | --- | --- |
| Name | Company | Position |
| **Modifications Committee** | | |
| Adelle Watson | NIE T&D | MDP Member |
| Brian Mongan | AES | Generator Member |
| Connor Powell | Airtricity | Supplier Member |
| Clive Bowers | CER | RA Member |
| Elaine Gallagher | CER | RA Alternate |
| Emma Morris | SONI | SO Alternate |
| Gerry Halligan | ESB Networks | MDP Alternate |
| Jean-Pierre Miura | NIAUR | UR Member |
| Julie-Anne Hannon | Bord Gais | Supplier Alternate |
| Katia Compagnoni | MO Alternate | SEMO |
| Kevin Hannafin-Chair | Energia | Generator Member |
| Mary Doorly | IWEA | Generator Member |
| Michael Preston | EirGrid | SO Member |
| Patrick Liddy | Activation Energy | DSU Member |
| William Carr | Electric Ireland | Supplier Member |
| William Steele | Power NI | Supplier Member |
| **Secretariat** | | |
| Esther Touhey | SEMO | Secretariat |
| Sherine King | SEMO | Secretariat |
| **Observers** | | |
| Alison Wilson | Powerni | Observer |
| Brian Kennedy | Gaelectric | Observer |
| Gary McCullough | SONI | Observer |
| Sinead O’ Hare | Power NI | Observer |

# SEMO Update

The Minutes from Meeting 56 were read. Comments were received from the Chair and those changes have been noted and published online. The final approved version of the [Minutes](http://semopub/Meetings/Minutes%20Meeting%2055.docx) is now published on the [SEMO website](http://semopub/).

Secretariat presented the Programme of Work.

In relation to Mod\_18\_11 Definition of Availability, RA Alternate advised that as soon as a timeline for the consultation becomes available, Participants will be notified. SO Member provided an update on Mod\_21\_12 Amendment to ATC Definition advising that an alternative version of the proposal may be submitted to address the issue.

MO Alternate presented the CMS update.

MO Alternate advised that all timelines have been met to date and that deployment is on schedule for November 14th.

In relation to the May 2015 Release, Chair questioned if there would be any impact on Market Participants from these changes. MO Member advised that there will be no impact to Market Participants from the technical changes planned as these relate to IT Infrastructure.

MO Alternate provided update in relation to REMIT.

Generator Member asked if there was a plan to liaise with Market Participants regarding any cost implications or other impacts relating to the new reports, in particular if any authorization was required from Market Participants for data publication.

MO Member advised that there is no need for authorization as these reports contain data already publicly available and the IA was not yet finalised.

Generator Member queried as to whether a draft template of the report is available. MO Alternate advised that the fields are to be agreed with ACER shortly and that the REMIT reporting requirements will be issued for Participant review as soon as they are available.

Chair sought further clarity around the timelines for adoption of the Implementing Acts. RA Alternate advised that the Implementing Acts will be adopted 6 months after entering into force following publication of the Act in the Official Journal of the EU.

Actions

* SEMO to circulate the scope for the REMIT reporting requirements for Participant review-**Open**
* SEMO to circulate detail of the scope for Release 2.6.0 (May 2015)-**Open**

Secretariat provided an update on the Legal advice re-tender advising that responses to the request for proposal (RFP) have been received and will be evaluated and the Committee will be updated accordingly.

# Review of Actions

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| Actions Recorded At previous meetings | |
|  | |
| Legal Support | * Re-tender for the provision of independent legal support  to be procured-**Open: tenders have been received and will be evaluated** |
| * Committee to review comments submitted by Viridian and EirGrid’s response to those comments that was circulated by Secretariat, and submit any further feedback on the draft RFP by Wednesday 20th August – **Closed** |
| * Secretariat to re-circulate updated draft of RFP to Committee for further review when comments received have been incorporated/addressed– **Closed** |
| Mod\_11\_12: Definition of Special Units | * TSO to procure Impact Assessment -**In progress** * Secretariat to arrange for discussion of Mod\_11\_12 at the Grid Code Panel – **In progress-** **Requested-Grid Code agenda to be finalised Oct 15thd** |
| Mod\_02\_13: Registration of Charges | * Proposer to draft updated Deed of Charge reflective of the trust arrangements, to be circulated to the Committee & WG Members as soon as possible (for a review period of 3 weeks)-**Open-circulated for 3 week review** |
| * Secretariat to organise conference call to discuss Deed of Charge (for no sooner than 3 weeks from date of circulation of updated draft)-**Open-in progress** |
| * Participants to ensure adequate legal representation from their respective companies is present for the call-**Open** |
| * SEMO to continue to pursue Participants in relation to signing the Deeds of Charge- **Open** |
| Mod\_12\_13 Amendment to Special units Pumped Storage Definition to include Energy Storage | * SOs to discuss outcomes of testing with ABB- **Closed, test results received** |
| * Secretariat to schedule conference call for 1 months time, to discuss and/or vote on the proposal, upon receipt of the SO RCUC IA results**- Closed, proposer was agreeable that conf call is not necessary** |
| I-SEM Presentations & Discussion: [RA slides](http://semopub/Publications/General/RA%20I-SEM%20Slides%20Meeting%2056.pptx) & [EirGrid slides](http://semopub/Publications/General/EirGrid%20I-SEM%20Slides%20Meeting%2056.pdf) presented | * Participants to submit feedback on presentations by COB 5th September for circulation in advance of Meeting 57-**Closed, feedback received** * Participant feedback to be discussed under AOB at Meeting 57-**Closed** |

# 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

SO Member advised that a scope for internal studies is still being agreed upon internally.

Secretariat advised that there is a remaining open action in relation to the proposal being discussed at the Grid Code panel upon completion of the SO RCUC IA. Secretariat advised that the Grid Code Secretariat has advised that the agenda for the November Grid Code meeting is being agreed internally on Oct 15th and it will be confirmed then whether a slot for discussion of Mod\_11\_12 will be available.

Actions

* Secretariat to request 6 month extension request

Decision

* The proposal was deferred

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| **Deferred** |

## II. Mod\_02\_13\_registration of charges

*Proposer: EirGrid*

Secretariat advised that an updated draft of the Deed of charge was issued on 24th September for a Committee review period of 3 weeks. Secretariat advised that a conference call with legal representation is due to take place following the Committee review. Secretariat advised that Viridian have issued comments in relation to the updated Deed of Charge, further advising that External Counsel have not been instructed to carry out a review of the comments as this would incur a further cost. Secretariat sought Committee view on whether External Counsel should be directed to undertake a review of all Participant comments, prior to scheduling the conference call. The Committee were agreeable that the Secretariat should collate and circulate all Participant feedback regarding the updated Deed of Charge, at which point the Committee should advise via email whether External Counsel should be directed to review all comments, with a conference call scheduled subsequent to that. The conference call is likely to take place approximately two weeks following the Deed of charge review period deadline of 15th October. Secretariat advised that a scope of cost for review of the comments will be requested from External Counsel.

Observer drew reference to Viridian’s comment of whether a charge is necessary at all. MO Alternate advised that this point has been re-visited repeatedly and that External Counsel who are providing legal advice to the Modifications Committee have advised that a charge is necessary in order to ensure market security. Generator Member sought clarity around the process of voting on options to date. Secretariat advised that the original proposal sought to remove the requirement to register a charge, however following legal review, External Counsel advised that the current provisions in the Code are not enforceable hence three options were proposed, with the Committee opting for Option 2 Stricter Enforcement and Additional Security around existing and future charges, as opposed to Option 1: Do nothing and Option 3:Title Transfer.

Chair emphasised the importance of Participants ensuring their legal representatives review the updated Deed of Charge. RA Member advised that the RAs will actively read the comments submitted by Participants, however emphasised that ultimately it is Participants who must decide on this proposal.

Actions

* Secretariat to collate all Participant feedback and circulate
* Following circulation of all feedback received, Committee to advise via email whether external counsel (Pinsent Masons) should be directed to provide a response to Viridian’s (and any other Participant) feedback- Open
* Committee to encourage internal legal review of the updated Deed of Charge that has been circulated
* Secretariat to schedule conference call once Committee decision  in relation to external counsel review has been taken

Decision

* The proposal was deferred

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

*Proposer: AES*

SO Member advised that the RCUC IA was completed and that the additional Pumped Storage unit was tested successfully. SO Member advised that the SOs are satisfied that the unit works in RCUC.

Proposer requested a summary of what was carried out in the RCUC IA. SO Member advised that the testing involved replicating another Turlough Hill pumped storage unit and checking the functionality within RCUC and the relevant data feeds for RCUC within the market systems. MO Member advised that the testing within the Market systems had previously been carried out successfully with two different unit scenarios.

Discussion ensued in relation to a concern raised by MO Member at the previous Meeting in relation to the current wording of the proposal being generic, as it refers only to “Energy storage”. MO Member had proposed re-wording the proposal to “Pumped Storage and Battery Storage” as opposed to “Energy storage”. This suggestion was put forward to prudently include the categories of storage technology that have undergone some testing and also to ensure that areas such as Capacity Payments would be handled correctly.

Proposer advised that AES would prefer for a generic definition to be introduced to ensure no restriction is introduced into the Code, however accept SEMO’s justification to re-word the proposal to “Pumped Storage and Battery Storage”.

RA Alternate queried as to whether the legal drafting proposed by SEMO would have any undue effect on the Code. MO Alternate advised that the legal drafting change is being proposed in order to ensure that no unintended errors in relation to the Code arise as a result of the proposal. Secretariat advised that at the FRR stage a full legal review is taken by the internal legal department to ensure legal robustness of all proposals.

DSU Member queried as to what would happen in the instance of another Battery or Pumped Storage unit that does not have the same parameters as Turlough Hill is seeking to enter the market and whether further testing would be necessary within RCUC. SO Member advised that additional testing for impact assessments would be required if the parameters varied from the existing parameters. Any different technology type different from existing units would require testing to ensure compatibility with RCUC. Supplier Alternate advised that if the Units can meet the parameters, then access should not be limited.

DSU Member expressed discontent with the fact that a Compressed Air unit or some other form of storage that had the same parameters as Turlough Hill would not be able to enter the market. DSU Member expressed the view that the Modifications Committee should not be a barrier to entry.

MO Member advised that it would be imperative to seek an IA to ensure an indication of costs and compatibility with the systems. Generator Alternate expressed the view that it is reasonable to have the necessity of IAs for new technologies. DSU Member expressed concern that a new form of storage technology could be presented at the Modifications Committee in the future seeking to enter the market and that a barrier for entry would exist, due to the proposed re-wording of the modification.

Generator Alternate queried as to whether there may be potential to hold a Working Group dedicated to new storage projects. Secretariat advised that there was discussion in relation to this at the first Compressed Air Energy storage Working Group. Secretariat advised that a call was put out to industry requesting detail on any other forms of storage to be discussed at the second Working Group in relation to CAES however nothing was put forward. Observer drew reference to DS3 expressing the view that an expeditious process is imperative in order to adequately deal with new technologies.

Actions

* N/A

Decision

* The proposal was Recommended for Approval subject to legal drafting change from “Energy storage” to “Pumped Storage and Battery storage”

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| **Recommended for Approval (by Majority Vote)** | | |
| Aine Dorran | Generator Member | Approved |
| Brian Mongan | Generator Member | Approved |
| Connor Powell | Supplier Member | Approved |
| Julie-Anne Hannon | Bord Gáis | Approved |
| Kevin Hannafin-Chair | Generator Member | Approved |
| Mary Doorly | Generator Alternate | Approved |
| Patrick Liddy | DSU Member | Abstain |
| William Carr | Supplier Member | Approved |
| William Steele | Supplier Member | Approved |

# NEW Modification Proposals

## III. Mod\_08\_14 collaterAL RESERVE ACCOUNTS

*Proposer: SEMO*

MO Alternate provided overview advising that the proposal seeks to reflect the fact that SEM Collateral Reserve Accounts may be held in either Ireland or the United Kingdom rather than in either Ireland or Northern Ireland as currently implied by Section 6.19.

Observer noted that this proposal is tied into Registration of Charges and further advised that in relation to Mod\_16\_11 Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks, it was not NIE’s intention when raising the proposal that UK Banks would be utilised. However as it was deemed discriminatory under European Legislation to disallow UK Banks, they were included and consequently the CRAs were moved out of NI to London due to Northern Bank becoming ineligible when Mod\_16\_11 Credit Worthiness Test for the SEM Bank and Credit Cover Provider bankswas RA Decision approved. Observer expressed preference to remove UK Banks and have the CRAs moved back to NI. Observer expressed discontent with use of UK Banks as this will introduce English Law into the SEM.

Secretariat drew attention to Section 12.2 of the updated Deed of Charge which has removed the need for NI Participants to employ an agent of service when signing the Deed of charge over the CRAs located in London.

Observer expressed preference for Committee to review the proposal in parallel with the updated Deed of Charge and the previous Mod\_16\_11 Credit Worthiness Test for the SEM Bank and Credit Cover Provider banks when considering Mod\_08\_14 Collateral Reserve Accounts.

MO Member advised that it is not possible to move the accounts back to NI as the SEM Bank does not have a branch in NI, and also the SEM Bank Tender is in effect until November 2016. MOD\_08\_14 initiated after comments were received from Participants with regards to section 6.19 of the Code not in line with previously approved MOD\_16\_11.

Chair advised that it is important that this discrepancy has been highlighted by the proposal.

Supplier Alternate expressed the view that it would be useful to allow time for Participants to review the proposal in light of the updated deed of charge.

Generator Member queried as to whether the legal advice re-tender covered English Law. Secretariat advised that the Code is governed by NI Law and there should not be an issue with the SEM Bank being based in London. Secretariat further advised that the RFP for the re-tender specified that firms should possess the relevant expertise in both NI and ROI law.

***Actions***

* Participants to consider the proposal in terms of both the related modification Mod\_16\_11 Credit Worthiness Test for the SEM Bank and Credit Cover Provider Banks and the updated deed of charge in relation to Mod\_02\_13 Registration of Charges and bring feedback to Meeting 58-**Open**
* Participants to encourage internal legal review of the proposal and to encourage their legal representatives to raise any issues or questions on the conference call to be convened regarding Mod\_02\_13-**Open**

***Decision***

* The proposal was Deferred

# AOB/upcoming events

I-SEM Presentations & Discussion

Secretariat advised that at Meeting 56 an action was placed on Participants to submit feedback in relation to the slides presented at the Meeting in relation to what aspects of the SEM could be carried over into the new market. RA Member advised that the action is now closed off and thanked the Participants who issued feedback. Further advised that this feedback has been circulated and published on the SEMO website. Chair requested that the feedback received from Committee Members and Observers during Meeting 55 (and reflected in the minutes of that meeting) should also be noted alongside any feedback subsequently received.

Make Whole Payment Issues

RA Member drew attention to an issue regarding an increase in the level of Make Whole Payments advising that action should be taking to address this increase in volume. Discussion ensued on whether an Extraordinary Meeting should be convened to address the issue. Committee advised of a requirement to see a Modification Proposal and more information prior to deciding whether an extraordinary Meeting should be convened. Discussion around CMS timelines ensued with the MO Alternate advising that an emergency release could be arranged however there could be cost implications. MO Alternate further advised that the April 2015 is a light release which may be able to include an additional change however his would need to be confirmed by SEMO IT

***Actions***

* RAs to submit draft Modification Proposal and further information for 1 week Committee review
* Committee to consider possibility of Extraordinary Meeting/Call following receipt of the above
* SEMO to initiate IA

Calendar updates

* Meeting 58 is scheduled for 4th December 2014 (Dublin)
* Modification Proposal submission deadline is 20th November 2014

# Appendices

## Appendix 1 - Secretariat Programme of Work

