



Single Electricity Market

MODIFICATIONS COMMITTEE MEETING MINUTES

MEETING 74

THE OVAL, EIRGRID OFFICES, DUBLIN

09 JUNE 2017

10.30 – 13.00

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Document History

Version	Date	Author	Comment
1.0	10 July 2017	Modifications Committee Secretariat	Issued to Modifications Committee for review and approval
2.0	17 July 2017	Modifications Committee Secretariat	Committee and Observer review complete

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 and Agreed Procedures: Version 20.0
Mod_02_17 Unsecured Bad Energy Debt & Unsecured Bad Capacity Debt Timelines.
Mod_03_17 Treatment of Transmission Losses for Trading Sites with Contiguous Autoproducers in ISEM
Mod_04_17 Solar in the SEM
Mod_05_17 Amendment to the Part B Form of Authority for the Purpose of removing the Restricted Authority Provision
Slidepack – Mod_03_17 Treatment of Transmission Losses for Trading Sites with Contiguous Autoproducers in ISEM
Slidepack – Mod_04_17 Solar in the SEM

In Attendance

Name	Company	Position
Modifications Committee		
Adele Watson	NIE Networks	MDP Member
Brian Mongan	AES	Generator Member
Clive Bowers	ESB	Generator Alternate
William Steele	Power NI	Supplier Member
Eamonn O'Donoghue	ElectroRoute	Interconnector Member
Julie-Anne Hannon (Vice Chair)	Bord Gais	Supplier Member
Chris Goodman	SEMO	MO Member
Marc Senouci	Eirgrid	SO Member
Sheena Byrne	CER	RA Alternate
Kris Kennedy	SONI	SO Member
Jim Wynne	Electric Ireland	Supplier Member
Kenny Dane	UREGNI	RA Member
Kevin Hannafin (Chair)	Energia	Generator Member
Barry Hussey	CER	RA Member
Connor Powell	SSE	Supplier Member
David Connolly	IWEA	Generator Member
Secretariat		
Esther Touhey	SEMO	Secretariat
Observers		
Tim Steele	SEMO	Observer
Brendan O'Sullivan	SEMO	Observer
Martin Kerin	SEMO	Observer
Thomas O'Sullivan	Aughinish	Observer
Carlo Rossini	Aughinish	Observer
Conor O'Doherty	SONI	Observer

1. SEMO UPDATE

The Minutes from Meeting 73 were read and approved by the Secretariat. The final version of the Minutes is available [here](#).

Programme of Work

Secretariat presented the Programme of Work and a review of previous meeting actions.

2. REVIEW OF ACTIONS

<i>ACTIONS RECORDED AT PREVIOUS MEETING</i>	
Mod_02_16 Changes to MEC for DSU	<ul style="list-style-type: none"> • TSOs to forward working group invite to Secretariat - Closed • Secretariat to issue working group invite to Modifications & Market Rules registered contacts – Closed • Secretariat to request proposal extension from RA's – Closed • Proposer to forward requested information to SO Member – Closed
Mod_02_17 Unsecured Bad debt	<ul style="list-style-type: none"> • MO to investigate other options in relation to the timelines, review the process in relation to warning about bad debt occurring & to investigate system efficiencies and current internal and external timelines – Closed • All Members to submit comments to the Secretariat by close of business Thursday 20th April – Closed
Mod_04_17 Solar in the SEM	<ul style="list-style-type: none"> • Secretariat to circulate RAs letter re treatment of Solar - Closed

3. NEW MODIFICATIONS PROPOSALS

I. MOD_03_17 TREATMENT OF TRANSMISSION LOSSES FOR CONTIGUOUS TRADING SITES WITH AUTOPRODUCERS IN I-SEM

Modification Proposer (observer) presented a set of slides detailing the effect of and motivation for the proposed Modification as well as detailing the impact on their business of not implementing the proposal. They then compared SEM and ISEM loss factoring approaches at a high level to illustrate that, where in SEM a blended loss factor applies to net export, and they are a net exporter 363 days of the year, a loss factor of 1 applies to every day in the current ISEM drafting. The proposer estimated that the cost of this discrepancy to their business if not remedied would be of the order of 0.5 Million Euro annually.

Proposer indicated that the modification preserves the SEM approach for ISEM rather than introducing any new concept. They also stated that the modification applies an appropriate treatment since transmission losses do not occur within the Trading Site.

Proposer went on to detail how the modification includes validation so that the blended loss factor treatment would appropriately only apply where a Trading Site Supply Unit is registered, Maximum Export Capacity exceeds Maximum Import Capacity for a given Trading Site based on the associated Connection Agreement, and the on site Generator Unit is generating.

SEMO observer commented that, although the approach to ISEM rules drafting was to preserve anything that didn't need to change for ISEM, this provision had unintentionally been changed. As such they indicated that the modification resulted in the correct outcome and indicated that SEMO are in favour of implementing the proposed change. The Proposer stated that they would have to make changes to their business model if the proposal was not implemented. SEMO observer stated that the blended approach already applies to the Trading Unit and re-iterated that not applying the same logic to the Trading Site Supply Unit was an oversight as opposed to an intentional change. They also stated that the proposal was aligned with the SEM Committee decision on the subject and that it addresses the issue for Trading Site Supply Units which are not on an Autoproducer Site. SEMO observer confirmed that the change tracks through the settlement algebra as intended and results in the correct settlement outcomes.

SEMO observer indicated that they were not certain that the updated approach could be applied for ISEM go live but that it was expected to be a relatively simple change that would be impact assessed. RA Member questioned whether it was appropriate to proceed to a vote without sight of an impact assessment. MO Member indicated that it seemed reasonable to vote before having the impact assessment in this instance since the Modifications Committee appeared comfortable that the change is to correct a material error so that the impact assessment should not alter the decision to implement the proposal. SEMO observer indicated that, because the proposal corrects a material error, it should be effective from ISEM go live and if the market systems functionality isn't in place at that time then the corrected approach should either be applied as a manual workaround or via resettlement.

SEMO observer stated that Maximum Import and Export Capacities aren't recorded at present but that if necessary this could be applied as a pre-validation during the registration process. SEMO Observer indicated that they didn't anticipate any impact on Participant systems as a result of the proposal and that they would target ISEM go live as opposed to market trial for implementation of the proposal if approved.

Discussion moved to whether there was a need to update the registration Agreed Procedure. SEMO Observer suggested that this could be investigated during the impact assessment. SEMO Observer advised that they had identified a typo with one of the subscripts in the proposal. Modification Proposer agreed to liaise with ISEM project and submit a second version of the Modification with any typos or omissions corrected. MO Member indicated that any such non material drafting updates could be captured in the Final Recommendation Report.

Chairperson asked whether the Committee were happy to move to a vote on the proposed Modification. The Committee agreed to proceed to a vote.

Decision

The proposal was Recommended for Approval.

Recommended for Approval

Recommended for Approval by Unanimous Vote		
Brian Mongan	Generator Member	Approved
Clive Bowers	Generator Alternate	Approved
William Steele	Supplier Member	Approved
Eamonn O'Donoghue	Interconnector Member	Approved
Julie-Anne Hannon	Supplier Member	Approved
Jim Wynne	Supplier Member	Approved
Kevin Hannafin - Chair	Generator Member	Approved
Connor Powell	Supplier Member	Approved
David Connolly	Generator Member	Approved

Actions :

- SEMO Member to progress impact assessment and advise of progress at meeting 75 – **Open**
- SEMO Member to follow up with ISEM registration team with regards pre validation for Maximum Import and Export Capacities and inclusion of values and their validation in Registration Pack/Agreed Procedure if required (depending on system implementation) – **Open**
- Proposer to liaise with ISEM project to correct typo and submit a second version of the proposal – **Open**
- Secretariat to draft Final Recommendation Report - **Open**.

II. MOD_05_17 AMENDMENT TO THE PART B FORM OF AUTHORITY FOR THE PURPOSE OF REMOVING THE RESTRICTED AUTHORITY PROVISION

Proposer: Regulatory Authorities

RA Alternate presented a set of slides detailing the effect of and motivation for the proposed Modification. RA alternate stated that the intent of the modification was to remove reference to Restricted Authority on the form as this has since been rendered redundant due to an amended SEM Committee decision.

Supplier Member highlighted the administrative burden of the current approach for Participants with intermediary arrangements and inquired as to whether the Form of Authority requirement could be removed for the Capacity Market Code in its entirety. RA Member stated that they were happy to consider the more general requirements too but, given the tight timelines for Capacity Market Registration, they would like to proceed with the current proposal and look at the more general item separately. RA Member agreed to revert on the general requirement in due course.

Supplier Member asked whether current Forms of Authority which had been signed and returned would still be valid. RA Member advised that forms already returned using the existing template would still be valid and legally robust. RA Member further indicated that they had been in touch with ISEM registration who had confirmed that they are happy to accept existing forms which had already been returned.

Supplier Member expressed the view that they felt that director sign off during Capacity Market qualification should be sufficient. RA Member advised that sign off for qualification is an arrangement with the Transmission System Operator and that SEMO sign off via Form of Authority is separate.

MO Member indicated that there may be a need to follow up with Participants to clarify the removal of Restricted Authority. Supplier Member highlighted the administrative burden for Participants who had already contacted customers for sign off. MO Member clarified that the following would not entail new forms or sign off but that there would potentially be a need for the Capacity Market registration to confirm updated provisions in the context of the amended SEM Committee decision.

MO Member agreed to follow up with the Capacity Market registration team to ensure that details of the change are communicated as soon as practicable and that the administrative burden on Participants would be minimised.

Generator Alternate suggested that the change be made with an implementation date after the 25th July 2017 when the first round of forms will have been processed. RA Member indicated that they felt that this was a sensible approach.

Chairperson asked whether the Committee were happy to move to a vote on the proposed Modification. The Committee agreed to proceed to a vote.

Decision

- The proposal was recommended for approval subject to an implementation date after the first round of forms have been processed (25th July 2017)

Recommended for Approval

Recommended for Approval by Unanimous Vote		
Brian Mongan	Generator Member	Approved
Clive Bowers	Generator Alternate	Approved
William Steele	Supplier Member	Approved

Eamonn O'Donoghue	Interconnector Member	Approved
Julie-Anne Hannon	Supplier Member	Approved
Jim Wynne	Supplier Member	Approved
Kevin Hannafin - Chair	Generator Member	Approved
Connor Powell	Supplier Member	Approved
David Connolly	Generator Member	Approved

Actions:

- RAs to revert with regards to potentially removing the requirement to provide authorisation for the Capacity Market Code in general – **Open**
- MO Member to follow up and ensure that details are circulated to Participants as soon as practicable and the administrative burden is minimised – **Open**
- Secretariat to draft Final Recommendation Report - **Open**.

III. MOD_04_17 SOLAR IN SEM

Proposer: SEMO

MO Alternate presented a set of slides detailing the effect of and motivation for the proposed Modification. MO Member indicated that SEMO had received a letter from the Regulatory Authorities requesting that SEMO raise a Modification Proposal that would make solar powered generation legitimate under the Trading and Settlement Code. MO Member stated that the intention of the proposal was to make robust provision for solar powered generation in the Trading and Settlement Code and to treat this in the same way as wind given the similarities in terms of Priority Dispatch and Variable Fuel Type. MO Member went on to state that the modification would provide for solar as a Price Taker or Price Maker, registration as autonomous unit type prior to operational certification and variable thereafter and would also allow for similar treatment for forecasting, scheduling and settlement.

MO Member indicated that in the context of maintenance mode for the SEM systems, the intention was to flag solar units as having the fuel type wind to avoid system changes. MO Member indicated that this would result in solar forecast data being submitted and published along with wind. Supplier Member asked whether there was anyway to identify the solar units. MO Member indicated that the intention was to identify these by manually updating the SEM Registered Capacity report and also to indicate in the General Publication Update Document that the wind forecast publication contains wind and solar forecast data.

MO Member indicated that the Modification Proposal removes solar from the Margin and Loss of Load Probability variables that wind is excluded from, but that it does not include a provision for a solar capacity credit where there is a Wind Capacity Credit. TSO Member commented that this was the current status since the impact of solar on Loss of Load Probability is minimal given the current volumes and that Margin tends to be tighter in winter months when solar generation is expected to be at its lowest. TSO Member advised that this could be revisited in future if the situation changed. MO Member commented that Loss of Load Probability will not be used in the ISEM Capacity Remuneration Mechanism in the same direct way as it is in the SEM Capacity Mechanism.

Supplier Member asked what the approach to solar forecasting was. TSO Member advised that a third party solar forecast provider had been engaged and that the intention was to use this third party data similar to what is used for wind.

Supplier Member asked how solar was expected to work in ISEM. MO Member advised that the proposed Modification only addresses SEM/Part A. MO Member stated that, given the urgency with which the current rules needed to be updated, the intention was to make provision in Part A now and follow up to make provision in Part B after.

Chairperson asked whether the Committee were happy to move to a vote on the proposed Modification. The Committee agreed to proceed to a vote.

Decision

- The proposal was recommended for approval

Recommended for Approval

Recommended for Approval by Unanimous Vote		
Brian Mongan	Generator Member	Approved
Clive Bowers	Generator Alternate	Approved
William Steele	Supplier Member	Approved
Eamonn O'Donoghue	Interconnector Member	Approved
Julie-Anne Hannon	Supplier Member	Approved
Jim Wynne	Supplier Member	Approved
Kevin Hannafin - Chair	Generator Member	Approved
Connor Powell	Supplier Member	Approved
David Connolly	Generator Member	Approved

Actions :

- MO Member to ensure that list of solar units is published – **Open**
- MO Member to update General Publication Update Document to reflect inclusion of solar forecast volumes within wind forecast publication – **Open**
- MO Member to follow up to ensure that provision for solar for ISEM is made in Part B of the Code – **Open**
- Secretariat to draft Final Recommendation Report - **Open**

4. DEFERED MODIFICATIONS PROPOSALS

I. MOD_02_16 CHANGES TO MEC FOR DSU

Proposer: Electricity Exchange

Secretariat passed on apologies on behalf of the proposer who was unable to attend. Secretariat explained that the proposer had confirmed that they wish to withdraw the Modification and allow the issue to progress via the TSOs Hybrids working group. This working group will progress under the Joint Grid Code Review Panel and the Modifications Committee will be kept informed via updates by TSO members.

SONI Observer responsible for the Hybrids working group presented details of the Terms of Reference and scope for the working group. SONI Observer also advised that a discussion document on the topic and a call for expressions of interest would be circulated after the meeting.

Decision

The proposal was withdrawn.

Actions :

- TSO Members to keep Modifications Committee informed of working group progress – **Open**
- Secretariat to draft withdrawal notification - Open

II. MOD_02_17 UNSECURED BAD DEBT

Proposer: SEMO

MO Member thanked the Committee for submitting comments in relation to this Modification per the action recorded at meeting 73. MO Member stated that summary responses to the comments received had been circulated prior to meeting 74.

MO Member indicated that the suggestion of finding ways to reduce the time taken to carry out the bad debt smearing process had been investigated and that it is not possible to complete the process, based on the current Trading and Settlement Code timelines, due to the time needed to process the calculations and ensure robust checking and approval. MO Member also advised that it is not possible to move the banking deadline for same day payments as this is a universal deadline set by the central banks.

Generator Member reiterated concerns in relation to revenue certainty and stated that the proposal tabled at meeting 73 to reset payment due timelines where Unsecured Bad Debt is invoked remains unacceptable. MO Member stated that SEMO were not pursuing this approach; however, were the proposed Modification not to be applied, SEMO would be in the position of having a Trading and Settlement Code obligation that it is not in a position to satisfy.

MO Member stated that SEMO understand the two main Participant concerns to be that Suppliers wish to maintain the time to remedy as 12:00 the day after the payment due date and that Generators wish to avoid any delay in being paid.

Generator Member stated that credit/collateral is held by SEMO to cover any shortfall and that this should be drawn on prior to initiating Unsecured Bad Debt. SEMO Member confirmed that credit/collateral is, and will continue to be, drawn down prior to initiating Unsecured Bad Debt and that by definition an Unsecured Bad Debt is a Shortfall which has not been remedied either through payment or posted Credit Cover.

MO Member advised that the alternative proposed by the Generator Member, to apply the smearing process prior to Unsecured Bad Debt being called in order to facilitate payment in line with the existing

timelines, had been considered by SEMO. MO Member stated that they understood the appeal of this approach, in terms of preserving the time to remedy while still allowing for payment timelines to be maintained. MO Member stated that despite the benefits of this approach, it could result in SEMO smearing a Shortfall which was remedied prior to becoming an Unsecured Bad Debt. MO Member stated that this would be a fundamental change which would require further changes to the Trading and Settlement Code and that SEMO would not advocate an approach of reducing payments where Unsecured Bad Debt has not occurred.

MO Member went on to state that the intention of the proposal was not to change any underlying principle but to extend payment timelines by one day, in the event that Unsecured Bad Debt occurs, so that the payment obligation on SEMO is practically achievable. Generator Member stated that they wished to preserve the principle of being paid on the correct day.

Generator Member asked how many Shortfalls had occurred and how many of these had been remedied during the morning after the payment due date. MO Member stated that of five Shortfalls two were remedied the next morning. Generator Member stated that the Committee had requested SEMO to provide details of the historic amounts of Shortfalls and asked why this detail had not been provided. MO Member replied that SEMO have concerns over the disclosure of data on remedied defaults including as a percentage of total generator payments. MO Member also indicated that they felt that historic figures are not necessarily a good indication of likely future Shortfalls in any event, particularly given the small dataset.

Supplier Member asked why a point raised by the Committee in relation to treating the smearing of Unsecured Bad Debt and any subsequent Debit Note Excess as an iterative loop had not been addressed by SEMO in its summary responses. MO Member stated that although they were not certain that this was the intention of the Trading and Settlement Code drafting, SEMOs process results in a similar outcome and system changes are not an option in any event.

Generator Member asked MO Member how concerned they were about the prospect of not being able to meet the current Trading and Settlement Code obligations given the limited amount of time until the ISEM cutover date and the fact that the Unsecured Bad Debt smearing provision has not been called upon to date. MO Member asked the Generator Member how concerned they were about the prospect of payments being delayed by a day in the same context of the limited time until ISEM. MO Member went on to re-state that without the proposed change SEMO are in the position of having a Trading and Settlement Code obligation that they are not in a position to fulfil.

Supplier Member asked whether SEMO anticipated any similar issue for processing payment reductions resulting from Unsecured Bad Debt within the existing timelines for ISEM. MO Member stated that the Modification Proposal only applied to Part A of the Trading and Settlement Code and that system and process requirements for ISEM were based on the existing timelines. Supplier Member stated that they remained concerned about setting a precedent for ISEM.

Chairperson asked whether the Committee were happy to move to a vote on the proposed Modification. The Committee agreed to proceed to a vote.

Decision

- The proposal was recommended for rejection.

Recommended for Rejection

Recommended for Rejection by Majority Vote		
Brian Mongan	Generator Member	Reject
Clive Bowers	Generator Alternate	Approve
William Steele	Supplier Member	Reject
Eamonn O'Donoghue	Interconnector Member	Reject
Julie-Anne Hannon	Supplier Member	Approve
Jim Wynne	Supplier Member	Approve
Kevin Hannafin - Chair	Generator Member	Reject
Connor Powell	Supplier Member	Reject
David Connolly	Generator Member	Reject

Actions :

- Secretariat to draft Final Recommendation Report - Open

5. AOB/UPCOMING EVENTS

Upcoming Modifications

MO Member advised that they would be following up with regards to making provision for solar powered generation in ISEM.

Committee Membership & Housekeeping

Secretariat gave a brief update with regards to elections to be run during July 2017 for Two Supplier and Generator seats and one Interconnector seat.

Calendar updates

- Mods Meeting 75: 10th August 2017 in Belfast
- Deadline for new proposals : 27th July 2017

APPENDICES

APPENDIX 1 - SECRETARIAT PROGRAMME OF WORK AS DISCUSSED AT MEETING 74

Status as at 9th June 2017		
Modification Proposals 'Recommended for Approval' without System impacts		
Title	Sections Modified	Sent
N/A	N/A	N/A
Modification Proposals 'Recommended for Approval' with System impacts		
N/A	N/A	N/A
Modification Proposals 'Recommended for Rejection'		
N/A	N/A	N/A
RA Decision 'Further Work Required'		
N/A	N/A	N/A
RA Decision Approved Modifications with no System Impacts		
Title	Sections Modified	Effective Date
Mod_12_13 Amendment to Special Units Pumped Storage definition to include Energy Storage	T&SC Section 2; T&SC Section 4; T&SC Section 5; T&SC Appendix H; T&SC Appendix I; T&SC Appendix M; T&SC Appendix N; T&SC Appendix O; T&SC Glossary	12 November 2015
Mod_08_14 Clarification of SEM Collateral Reserve Accounts	T&SC 6.19	09 September 2016
Mod_02_13 Registration of Charges	T&SC Section 2 and Section 6, AP 1, AP 9 AP 17 , Glossary	09 September 2016
Mod_01_16 Proposal to Reduce Dispute Window after I-SEM Market Go-Live	T&SC –Section 2.278 6.47, 6.69- 6.71 Appendix E – Table E.9 Appendix J – Tables J.7 & J.8 AP06 – Appendix 2 AP13 – 2.1.3, 2.2.4 AP14 – Disputes Section 2.1 (1a) AP15 – 2.1.2, 3.2 AP16- Section 2.1, 2.2, 3 (Table & Provision of Meter Data Graph) Glossary	19 April 2017
Mod_08_15 Clarification of Outturn Availability	Glossary	19 April 2017

Mod_01_17 Changes to enable I-SEM (Part A)	Sections 1 and names only of all Appendices, Glossary and all APs; also additional changes to all AP names listed within Appendix D	25 May 2017
RA Decision Rejected		
Mod_10_14 Make Whole Payments to Interconnector Units	N/A	19 May 2017
Mod_11_14 Pay-as-bid/Paid-as-bid Interconnector Units	N/A	19 May 2017
Mod_12_14 Amendment to Make Whole Mechanism to remove Settlement Periods of simultaneous import and export flows.	N/A	19 May 2017
AP Notifications		
Mod_09_15 Amendment to Update Process re Submission Failure	AP07	5 February 2016
Withdrawal Notifications		
Mod_02_16 MEC for DSU	N/A	09 June 2017
Modification Proposal Extensions		
N/A	N/A	N/A
<ul style="list-style-type: none"> • Meeting 75 – 10 August 2017 : Belfast • Submission deadline for new proposals – 27 July 2017 		