

Single Electricity Market

|  |
| --- |
| Final REcommendation ReportMod\_11\_17 Deferral of information imbalance charges 7 november 2017  |

COPYRIGHT NOTICE

All rights reserved. This entire publication is subject to the laws of copyright. This publication may not be reproduced or transmitted in any form or by any means, electronic or manual, including photocopying without the prior written permission of EirGrid plc and SONI Limited.

DOCUMENT DISCLAIMER

Every care and precaution is taken to ensure the accuracy of the information provided herein but such information is provided without warranties express, implied or otherwise howsoever arising and EirGrid plc and SONI Limited to the fullest extent permitted by law shall not be liable for any inaccuracies, errors, omissions or misleading information contained herein.

Document History

|  |  |  |  |
| --- | --- | --- | --- |
| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 7 November 2017 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 28 November 2017 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

|  |
| --- |
| **Document Name** |
| [Trading and Settlement Code](http://www.sem-o.com/MarketDevelopment/MarketRules/TSC.docx) |
| [Modification Proposal](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_11_17%20Deferral%20of%20Information%20Imbalance%20Charges.docx) |
| [Presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_11_17%20Presentation.pdf) |
|  |
|  |

Table of Contents

[1. MODIFICATIONS COMMITTEE RECOMMENDATION 3](#_Toc497295229)

[**Recommended for approval subject to legal drafting – unanimous Vote** 3](#_Toc497295230)

[2. Background 3](#_Toc497295231)

[3. PURPOSE OF PROPOSED MODIFICATION 3](#_Toc497295232)

[**3A.) justification of Modification** 3](#_Toc497295233)

[**3B.) Impact of not Implementing a Solution** 4](#_Toc497295234)

[**3c.) Impact on Code Objectives** 4](#_Toc497295235)

[4. Assessment of Alternatives 4](#_Toc497295236)

[5. Working Group and/or Consultation 4](#_Toc497295237)

[6. impact on systems and resources 4](#_Toc497295238)

[7. Impact on other Codes/Documents 4](#_Toc497295239)

[8. MODIFICATION COMMITTEE VIEWS 4](#_Toc497295240)

[**Meeting 76 – 5 october 2017** 4](#_Toc497295241)

[9. Proposed Legal Drafting 5](#_Toc497295242)

[10. LEGAL REVIEW 5](#_Toc497295243)

[11. IMPLEMENTATION TIMESCALE 5](#_Toc497295244)

[1 Appendix 1: Mod\_09\_17 version 2.0 : solar in i-sem 5](#_Toc497295245)

# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval– unanimous Vote

|  |
| --- |
| **Recommended for Approval by Unanimous Vote**  |
| Conor Powell | Supplier Member | Approved |
| Derek Scully | Generator Alternate | Approved |
| Clive Bowers | Generator Alternate | Approved |
| Jim Wynne | Supplier Member | Approved |
| David Gascon | Generator Alternate | Approved |
| Brian Mongan | Generator Member | Approved |
| Philip Carson | Supplier Alernate | Approved |
| Julie-Anne Hannon | Supplier Member (Chair) | Approved |

# Background

This Modification Proposal was raised by SEMO and was received by the Secretariat on 5 October 2017.

This change removes the obligation on the Market Operator to include values for the Information Imbalance Charge in Settlement Statements and Settlement Reports as an interim measure until the date that is the Day 2 Deployment Date. This will allow for the prioritisation of more urgent and material Central Market Systems functionality for the delivery of I-SEM, thus reducing material delivery risk for go live, noting that this charge will be zero at go live as discussed in more detail in section 3.

The Modification Proposal was discussed and voted on at Meeting 76 on 19 October 2017.

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

Within T&SC Clause F.10.3.1 the Information Imbalance Charge ($CII\_{uγ}$) is calculated as the product of the Information Imbalance Price (PIIuγ) and a calculated Loss-Adjusted Information Imbalance Quantity (QIILFuγ). On 02/06/2017, the Regulatory Authorities determined that the Information Imbalance Price for I-SEM Go-Live will be set to zero (see Table 5.1 [SEM-17-034](https://www.semcommittee.com/sites/semcommittee.com/files/media-files/SEM-17-034%20Tranche%201%20Parameters%20Decision.pdf)). As a result, the Information Imbalance Charge calculated will be equal to zero (until there is a Regulatory Authority decision to set the Information Imbalance Price to a value not equal to zero).

SEMO is therefore proposing that the T&SC obligations in respect of the publication of Information Imbalance Charges are deferred until the Day 2 Deployment Date.

This will allow for the prioritisation of more urgent and material Central Market Systems functionality for the delivery of I-SEM, thus reducing material delivery risk for go live.

The glossary definitions proposed in this Modification allow for a similar approach to that taken for SEM Market Go Live in relation to Interim Provisions between the Cutover Time and the Day 2 Deployment Date.

**3B.) Impact of not Implementing a Solution**

If this Modification is not implemented then there is a risk that the requirement to deliver the obligation to publish Information Imbalance Charges at zero may result in increased delivery risk for more urgent and material items or that the T&SC will not accurately reflect the publication of Settlement Statements and Settlement Reports.

It would also result in a lack of clarity around the timelines which apply to interim provisions.

**3c.) Impact on Code Objectives**

This Modification furthers Code Objectives 1 and 5:

*1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;*

*5. to provide transparency in the operation of the Single Electricity Market;*

In particular, this Modification enables the Market Operator to focus on delivering material obligations For I-SEM Go-Live (i.e. those which result in material settlement outcomes for Participants) by removing the obligation to publish Information Imbalance Charge for the period for which it will be zero anyway.

This modification also introduces four Glossary definitions which help to clarify timelines for this interim provision.

1. **Assessment of Alternatives**

N/A

# Working Group and/or Consultation

N/A

# impact on systems and resources

N/A

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting  **76 – 19 october 2017**

Proposer delivered a [presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_11_17%20Presentation.pdf) summarising the requirement for this proposal. Proposer indicated that the Modification seeks to defer the obligation on SEMO, to include publication of Information Imbalance Charges in Settlement Documents, until Day 2. Proposer briefly described the Information Imbalance Charge and advised that this will be zero at ISEM go live due to the decision to set the Information Imbalance Price to zero for go live. Proposer advised that the charge relates to potential future mitigation against abuse of market power via variation of Physical Notifications.

Proposer stated that, since the charge will be zero for go live so that it has no material impact, deferral of this functionality would allow for prioritisation of more material functionality in the market systems for go live, thus reducing material delivery risk. RA alternate asked whether this could be reinstated prior to D+2. MO Member indicated that this may be possible but would have to be investigated at a the time.

Committee were in agreement to vote on this proposal.

# Proposed Legal Drafting

As set out in Appendix 1below.

#  LEGAL REVIEW

N/A

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification is implemented on a Trading Day basis with effect from one Working Day after an RA Decision.

# Appendix 1: Mod\_11\_17 : deferral of information imbalance charges

|  |
| --- |
| **MODIFICATION PROPOSAL FORM** |
| **Proposer***(Company)* | **Date of receipt***(assigned by Secretariat)* | **Type of Proposal***(delete as appropriate)* | **Modification Proposal ID***(assigned by Secretariat)* |
| **SEMO** | **5th October 2017** | **Standard** | **Mod\_11\_17** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Christopher Goodman** |  | **christopher.goodman@sem-o.com** |
| **Modification Proposal Title** |
| **Deferral of Information Imbalance Charges** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC Part B****T&SC Part B Appendices****T&SC Part B Glossary** | **Part B Section H.6****Part B Appendix G paragraph 14****Part B Glossary** | **V.20** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| This change removes the obligation on the Market Operator to include values for the Information Imbalance Charge in Settlement Statements and Settlement Reports as an interim measure until the date that is the Day 2 Deployment Date This will allow for the prioritisation of more urgent and material Central Market Systems functionality for the delivery of I-SEM, thus reducing material delivery risk for go live.Deferring functionality which cannot be included in the solution delivered for go-live requires the Day 2 Request (D2R) process to be followed. It has not been possible to follow the D2R process before raising this modification.Raising this modification in parallel with the D2R process ensures that the progress of the associated T&SC changes will not be delayed unnecessarily. SEMO acknowledge that this is not the intended approach; however, we feel that it is appropriate in this instance. This change also introduces new Part B Interim Provisions and Glossary definitions for Interim and Day 2 terms similar to SEM provisions in Part A. This is necessary to capture interim measures and is equivalent to the treatment of similar items for SEM in T&SC Part A. |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| T&SC Part BInterim ProvisionsH.6 Each of the Interim Provisions set out in the following paragraphs shall have effect for the duration of the relevant Applicable Interim Period, and each Interim Provision which replaces an Original Provision shall have effect in place of that Original Provision until the end of the Applicable Interim Period, from which time that Original Provision shall commence and apply: H.7 Until the date that is the Day 2 Deployment Date, Appendix G paragraph 14 shall be replaced by the following:“The Market Operator shall ensure that a Settlement Statement and Settlement Reports for Trading Payments and Trading Charges issued to a Participant for its Generator Units provides to Participants, when considered in conjunction with other supplementary reports made available to the Participant under the same timeframes and over the same Communication Channels, inter alia, for the relevant Generator Unit u in each Imbalance Settlement Period γ for the relevant Settlement Day in Billing Period b, values of:1. total Daily Amounts for the Participant (Settlement Day value);
2. the Imbalance Component Payment or Charge for the Generator Unit;
3. the Premium Component Payment for the Generator Unit;
4. the Discount Component Payment for the Generator Unit;
5. the Offer Price Only Accepted Offer Payment or Charge for the Generator Unit;
6. the Bid Price Only Accepted Bid Payment or Charge for the Generator Unit;
7. the Curtailment Payment or Charge for the Generator Unit;
8. the Uninstructed Imbalance Charge for the Generator Unit;
9. the Fixed Cost Payment or Charge for the Generator Unit (where calculable over the Billing Period and included in the last Settlement Day of the Billing Period);
10. the Testing Charge for the Generator Unit;
11. Metered Quantity for the Generator Unit;
12. Actual Availability Quantity for the Generator Unit;
13. Ex-Ante Quantity for the Generator Unit;
14. Dispatch Quantity for the Generator Unit;
15. Loss-Adjusted Accepted Offer Quantities, with corresponding Bid Offer Prices, for the Generator Unit;
16. Loss-Adjusted Accepted Bid Quantities, with corresponding Bid Offer Prices, for the Generator Unit;
17. Loss-Adjusted Offer Price Only Accepted Offer Quantities for the Generator Unit;
18. Loss-Adjusted Bid Price Only Accepted Bid Quantities for the Generator Unit;
19. Biased Accepted Offer Quantities for the Generator Unit;
20. Biased Accepted Bid Quantities for the Generator Unit;
21. Loss-Adjusted Non-Firm Accepted Bid Quantities for the Generator Unit;
22. Loss-Adjusted Trade Opposite TSO Accepted Offer Quantities for the Generator Unit;
23. Loss-Adjusted Trade Opposite TSO Accepted Bid Quantities for the Generator Unit;
24. Curtailment Quantities for the Generator Unit;
25. System Service Flag for each Generator Unit;
26. System Service Difference Quantity for each Generator Unit;
27. Start Up Costs for the Generator Unit;
28. No Load Costs for the Generator Unit;
29. Imbalance Settlement Price;
30. Curtailment Price; and
31. Market Back Up Price.

The Settlement Statement version will be indicated.”For the avoidance of doubt, this supersedes the obligation contained in Agreed Procedure 15 section 2.3 to publish the Information Imbalance Charge for Generator Units within Settlement Documents until the date that is the Day 2 Deployment Date.T&SC Part B Glossary

|  |  |
| --- | --- |
| **Applicable Interim Period** | means, in respect of each of the Interim Provisions, the period commencing at the Cutover Time and ending at the date specified in the paragraph of Section H in which that Interim Provision is set out.  |

|  |  |
| --- | --- |
| **Day 2 Deployment Date** | means the date of I-SEM Day 2 deployment as proposed by the Market Operator and approved by the Regulatory Authorities, such date to be published on the Market Operator web site at least three Working Days in advance of the date concerned. |

|  |  |
| --- | --- |
| **I-SEM Day 2** | means the defined scope of changes to the Central Market Systems agreed with all parties to the Trading and Settlement Code Part B and with the Regulatory Authorities, to be deployed at an agreed date post Cutover Time |

|  |  |
| --- | --- |
| **Interim Provisions** | means the provisions referred to in section H commencing at clause H.6, each of which shall apply, in accordance with paragraph H.6, for the Applicable Interim Period. |

 |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| Within T&SC Clause F.10.3.1 the Information Imbalance Charge ($CII\_{uγ}$) is calculated as the product of the Information Imbalance Price (PIIuγ) and a calculated Loss-Adjusted Information Imbalance Quantity (QIILFuγ). On 02/06/2017, the Regulatory Authorities determined that the Information Imbalance Price for I-SEM Go-Live will be set to zero (see Table 5.1 [SEM-17-034](https://www.semcommittee.com/sites/semcommittee.com/files/media-files/SEM-17-034%20Tranche%201%20Parameters%20Decision.pdf)). As a result, the Information Imbalance Charge calculated will be equal to zero (until there is a Regulatory Authority decision to set the Information Imbalance Price to a value not equal to zero).SEMO is therefore proposing that the T&SC obligations in respect of the publication of Information Imbalance Charges are deferred until the Day 2 Deployment Date. This will allow for the prioritisation of more urgent and material Central Market Systems functionality for the delivery of I-SEM, thus reducing material delivery risk for go live. The glossary definitions proposed in this Modification allow for a similar approach to that taken for SEM Market Go Live in relation to Interim Provisions between the Cutover Time and the Day 2 Deployment Date. |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| This Modification furthers Code Objectives 1 and 5:*1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;**5. to provide transparency in the operation of the Single Electricity Market;* In particular, this Modification enables the Market Operator to focus on delivering material obligations For I-SEM Go-Live (i.e. those which result in material settlement outcomes for Participants) by removing the obligation to publish Information Imbalance Charge for the period for which it will be zero anyway.This modification also introduces four Glossary definitions which help to clarify timelines for this interim provision. |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| If this Modification is not implemented then there is a risk that the requirement to deliver the obligation to publish Information Imbalance Charges at zero may result in increased delivery risk for more urgent and material items or that the T&SC will not accurately reflect the publication of Settlement Statements and Settlement Reports.It would also result in a lack of clarity around the timelines which apply to interim provisions. |
| **Working Group***(State if Working Group considered necessary to develop proposal)* | **Impacts***(Indicate the impacts on systems, resources, processes and/or procedures; also indicate impacts on any other Market Code such as Capacity Marker Code, Grid Code, Exchange Rules etc.)* |
| No | No market system/process ImpactsNo Participant System impacts anticipated; however, this will be clarified during the Modifications Committees discussions. |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |