

Single Electricity Market

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| Final REcommendation ReportMod\_17\_18 Transitional Provisions for Cutover31 August 2018 |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 31 August 2018 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 12 September 2018 | Modifications Committee Secretariat | Issued to Regulatory Authorities for final decision |

Reference Documents

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| **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_17_18%20Transitional%20Provisions%20for%20Cutover.docx) |
| [Proposal Version 2](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_17_18%20Transitional%20Provisions%20for%20Cutover%20Version%202.0.docx) |
| [Presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_17_18%20Transitional%20Provisions%20for%20Cutover%20Version%202.pptx) |
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Table of Contents

[1. MODIFICATIONS COMMITTEE RECOMMENDATION 3](#_Toc522266646)

[**Recommended for approval– Unanimous Vote** 3](#_Toc522266647)

[2. Background 3](#_Toc522266648)

[3. PURPOSE OF PROPOSED MODIFICATION 5](#_Toc522266649)

[**3A.) justification of Modification** 5](#_Toc522266650)

[**3B.) Impact of not Implementing a Solution** 5](#_Toc522266651)

[**3c.) Impact on Code Objectives** 5](#_Toc522266652)

[4. Working Group and/or Consultation 5](#_Toc522266653)

[5. impact on systems and resources 5](#_Toc522266654)

[6. Impact on other Codes/Documents 6](#_Toc522266655)

[7. MODIFICATION COMMITTEE VIEWS 6](#_Toc522266656)

[**Meeting 83 – 25 April 2018** 6](#_Toc522266657)

[**Meeting 84 – 21 June 2018** 6](#_Toc522266658)

[8. Proposed Legal Drafting 6](#_Toc522266659)

[9. LEGAL REVIEW 6](#_Toc522266660)

[10. IMPLEMENTATION TIMESCALE 6](#_Toc522266661)

[1 Appendix 1: Mod\_17\_18 transitional provisions for cutover version 2.0 7](#_Toc522266662)

# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval– Unanimous Vote

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| **Recommended for Approval by Unanimous Vote**  |
| Cormac Daly | Generator Member | Approved |
| Brian Mongan | Generator Member | Approved |
| William Steele | Supplier Member | Approved |
| Jim Wynne | Supplier Member | Approved |
| Julie-Anne Hannon (Chair) | Supplier Member | Approved |
| Colm O’Gormain | Supplier Member | Approved |
| Paraic Higgins | Generator Alternate | Approved |
| Robert McCarthy | DSU Alternate | Approved |

# Background

This Modification Proposal was raised by SEMO and was received by the Secretariat on 11 April 2018.

This proposal seeks to introduce two provisions to facilitate the transition from SEM Part A rules to ISEM Part B rules. It also includes a correction for a typo in the preface to Part C

A summary of the proposed changes is as follows;

* Correct a typo in the preface to part C where there appear to be omitted words
* Explicitly define transitional Billing Periods and a Capacity Periods for the final Part A and initial Part B periods and address the calculation of Eligible Availability for Energy Limited and Storage Units in the final Part A Capacity Period
* Provide for the cancellation of the final Within Day MSP Software Run to facilitate Interconnector Transition

Please see below for additional details in relation to each transitional change which this modification proposes

1. Transitional Billing Periods and Capacity Periods

Although TSC Part C Section 3 clearly defines the Cutover Time and stipulates that Part A provisions apply to Trading Periods before this time and Part B applies thereafter, the definition of Billing Period is still one week commencing at 00:00 each Sunday and the definition of Capacity Period is still a Month commencing at 00:00 on the first day of each Month in both Parts A and B. As such, the rules are not clear that there will be final SEM/Initial ISEM periods which will be less than a week or a month for Trading Payments and Charges or Capacity respectively. This has implications for settlement processes and calculations most notably for Make Whole Payments, treatment of Energy Limited and Pumped Storage Units for Capacity and for the issuance of settlement publications and the periods to which they apply.

This proposal takes a simple approach to the issue by defining transitional periods for each item so that the existing settlement rules can be applied to arrive at the correct outcome including for cost recovery via Make Whole Payments and Capacity treatments for payments and charges and for special units where applicable.

1. Cancellation of the final Within Day MSP Software Run

In order to facilitate an orderly cutover of Interconnector operation from SEM to ISEM it is necessary to cancel the final Within Day MSP Software Run. Although this would mean five hours of lost Within Day Interconnector Trading opportunity in SEM it would also mean that the traded position on Moyle and EWIC at the Cutover Time would be known 20.5 hours sooner (at 13:00 the day before cutover as opposed to 09:30 on the day of cutover). This would allow the Market Operator and EirGrid and SONI significantly more time to carry out activities associated with an orderly cutover of Interconnector operation from SEM to ISEM.

More specifically this will enable the following noting that there are a number of other activities which need to be carried out on the day before the first I-SEM Trading Day in both Market and System Operator systems, some of which must also be carried out in sequentially i.e. database cutovers, registration data inputs, initialisation of I-SEM software applications and closing out of SEM software applications ;

* Allows the TSOs to carry out cutover activities in a suite of in house systems without having to also process System Operator Trades on the Interconnectors on the day prior to the first I-SEM Trading Day
* Facilitates a smoother transition of Interconnector Dispatch by allowing the final SEM position to be known sooner facilitating any necessary System Operator Trades on the Interconnectors
* Facilitates the setting of the initial interconnector position in I-SEM in a timely manner allowing the TSOs more time to align the plant position on the island to reflect this position.  Especially as the cutover time of 23:00hrs represents a low demand period during which  generation would normally be taken off the system for the overnight low demand period.
* Removes the possibility of significant ramping resulting from the WD1 schedule, the impact of which on operational schedules and dispatch of the fleet would otherwise have to be addressed in-day in parallel with other cutover activities
* Reduces the likelihood of needing to synchronize or desynchronize units at relatively short notice since agreeing any necessary trades the previous day will mean that the dispatch schedule is less susceptible to change.
* The Electronic Dispatch Instruction Logger (EDIL) tool, which is required for dispatching all generation, needs to be upgraded on the day to facilitate the transition to I-SEM and a more stable dispatch schedule will allow for more time to carry out this work in a controlled manner
* Retirement of the Auction Management Platform (AMP), used for producing Interconnector schedules, and installation of the Interconnector Management Platform (ICMP), the replacement for AMP, which requires an initial position for the interconnectors, can be carried out in a more controlled manner if the Interconnector cutover position is known earlier
* Facilitates a smoother transition in National Grid to ICMP without having to also handle short notice System Operator Trades from SEM

It is also worth noting that, since the new go live date of 1st October 2018 is on a Monday these activities will have to be carried out on a Sunday so that workloads and resourcing will need to be carefully managed which will be easier to do in a robust way if the Interconnectors cutover positions and associated transitional activities can be finalised ahead of time.

We note also that conventional unit bids received in this gate window will still apply if the MSP Software Run Cancellation goes ahead.

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

1. Transitional Billing Periods and Capacity Periods and Cost Recovery

At present, the Trading and Settlement Code defines a Cutover Time being the time at which the Part B arrangements commence on a Trading/Imbalance Settlement Period basis but does not define partial Billing Periods or Capacity Periods for final SEM or initial ISEM periods. As a result, the rules are at best unclear and at worst ambiguous or internally inconsistent on how such transitional periods should be treated.

This is particularly so in terms of cost recovery over Billing Periods via Make Whole Payments for Generators. This is also the case for rules governing data submission/application and also for other provisions which depend on these periods (e.g. optimisation of Eligible Availability for Pumped Storage and Energy Limited Units).

This proposal seeks to clarify these points in a simple way by defining transitional periods in these areas and including additional details on how they apply where relevant.

1. Cancellation of the final Within Day MSP Software Run

Cancelling the final Within Day MSP Software Run means that the Interconnector traded position at the Cutover Time is known 34 hours before the Cutover Time as opposed to 13.5 hours. This would facilitate cutover activities including system updates to reflect the initial Interconnector positions at the Cutover Time and any System Operator Trades which may be required to smooth the transition, ensure efficient dispatch and minimise error flows. See ‘Explanation of Proposed Change’ section for more detail on the specific activities which would be facilitated by this change.

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

If this proposal is not implemented then the practical activities required to cutover from Part A to Part B will be unclear and undertaking them will technically result in breaching the Code. It would also result in a lack of clarity on how some specific items should be approached including in terms of cost recovery and treatment of a partial capacity period.

**3c.) Impact on Code Objectiv****es**

1. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;
2. to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;
3. to provide transparency in the operation of the Single Electricity Market;

# Working Group and/or Consultation

N/A

# impact on systems and resources

Changes to period durations for cutover requires a change to SEM settlement systems and Within Day cancellation would require SEMO to carry out its cancellation procedures outside the usual triggers.

Participant impacts to be garnered during committee deliberations but the main impact there is expected to be on trading processes in the context of changed gate opening times.

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting  **83 – 25 April 2018**

Proposer advised that due to the recent change to the go-live date additional planning was required for this proposal and asked if the committee would defer the proposal to allow for further information to be provided at the next meeting. The committee agreed to the deferral.

## Meeting  **84 – 21 June 2018**

Proposer delivered a [presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/Mod_17_18%20Transitional%20Provisions%20for%20Cutover%20Version%202.pptx) summarising how the intention was to adopt a pragmatic approach to cutover. This proposal seeks to cancel the final Within Day MSP Software Run resulting in minimal impact in terms of lost Interconnector trading opportunity but extending the tight timelines thus facilitating a suite of cutover activities for both System and Market Operations. Discussion took place covering interconnector trades, EDIL outages, settlement and the convention for referring to other paragraphs within section F11.

The drafting alternatives were discussed at length – agreed drafting to be reflected in the Final Recommendation Report based on agreement between proposer and Regulatory Authorities. A number of minor drafting issues were raised with the proposer happy to reflect those in legal drafting changes. There was clear agreement with the approach being taken and the committee were satisfied to take a vote.

# Proposed Legal Drafting

As set out in Appendix 1 and with the following agreed change to section 13.1

13.1     For the final Part A Capacity Period, defined in Part C paragraph 12.1, the factor of 0.75 contained in condition 1 of Part A paragraphs 5.105, 5.108, 5.132, 5.132A, 5.136 and 5.136A shall be replaced with 17/24 to reflect the fraction of a Trading Day which falls within that Capacity Period.

# LEGAL REVIEW

N/A

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification implemented as the Modifications Committee have Recommended it for Approval and on a trading day following receipt of the RA Decision.

# Appendix 1: Mod\_17\_18 transitional provisions for cutover version 2.0

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| **MODIFICATION PROPOSAL FORM** |
| **Proposer***(Company)* | **Date of receipt***(assigned by Secretariat)* | **Type of Proposal***(delete as appropriate)* | **Modification Proposal ID***(assigned by Secretariat)* |
| **SEMO** | **07 June 2018**  | **Standard** | **Mod\_17\_18 version 2.0** |
| **Contact Details for Modification Proposal Originator** |
| **Name** | **Telephone number** | **Email address** |
| **Christopher Goodman** |  | **christopher.goodman@sem-o.com** |
| **Modification Proposal Title** |
| **Transitional Provisions for Cutover** |
| **Documents affected***(delete as appropriate)* | **Section(s) Affected** | **Version number of T&SC or AP used in Drafting** |
| **T&SC Part C** | **Part C Sections 12 through 14 (new sections)** | **Version 20** |
| **Explanation of Proposed Change***(mandatory by originator)* |
| This proposal seeks to introduce two provisions to facilitate the transition from SEM Part A rules to ISEM Part B rules. It also includes a correction for a typo in the preface to Part CA summary of the proposed changes is as follows;* Correct a typo in the preface to part C where there appear to be omitted words
* Explicitly define transitional Billing Periods and a Capacity Periods for the final Part A and initial Part B periods and address the calculation of Eligible Availability for Energy Limited and Storage Units in the final Part A Capacity Period
* Provide for the cancellation of the final Within Day MSP Software Run to facilitate Interconnector Transition

Please see below for additional details in relation to each transitional change which this modification proposes1. Transitional Billing Periods and Capacity Periods

Although TSC Part C Section 3 clearly defines the Cutover Time and stipulates that Part A provisions apply to Trading Periods before this time and Part B applies thereafter, the definition of Billing Period is still one week commencing at 00:00 each Sunday and the definition of Capacity Period is still a Month commencing at 00:00 on the first day of each Month in both Parts A and B. As such, the rules are not clear that there will be final SEM/Initial ISEM periods which will be less than a week or a month for Trading Payments and Charges or Capacity respectively. This has implications for settlement processes and calculations most notably for Make Whole Payments, treatment of Energy Limited and Pumped Storage Units for Capacity and for the issuance of settlement publications and the periods to which they apply.This proposal takes a simple approach to the issue by defining transitional periods for each item so that the existing settlement rules can be applied to arrive at the correct outcome including for cost recovery via Make Whole Payments and Capacity treatments for payments and charges and for special units where applicable.1. Cancellation of the final Within Day MSP Software Run

In order to facilitate an orderly cutover of Interconnector operation from SEM to ISEM it is necessary to cancel the final Within Day MSP Software Run. Although this would mean five hours of lost Within Day Interconnector Trading opportunity in SEM it would also mean that the traded position on Moyle and EWIC at the Cutover Time would be known 20.5 hours sooner (at 13:00 the day before cutover as opposed to 09:30 on the day of cutover). This would allow the Market Operator and EirGrid and SONI significantly more time to carry out activities associated with an orderly cutover of Interconnector operation from SEM to ISEM.More specifically this will enable the following noting that there are a number of other activities which need to be carried out on the day before the first I-SEM Trading Day in both Market and System Operator systems, some of which must also be carried out in sequentially i.e. database cutovers, registration data inputs, initialisation of I-SEM software applications and closing out of SEM software applications ;* Allows the TSOs to carry out cutover activities in a suite of in house systems without having to also process System Operator Trades on the Interconnectors on the day prior to the first I-SEM Trading Day
* Facilitates a smoother transition of Interconnector Dispatch by allowing the final SEM position to be known sooner facilitating any necessary System Operator Trades on the Interconnectors
* Facilitates the setting of the initial interconnector position in I-SEM in a timely manner allowing the TSOs more time to align the plant position on the island to reflect this position.  Especially as the cutover time of 23:00hrs represents a low demand period during which  generation would normally be taken off the system for the overnight low demand period.
* Removes the possibility of significant ramping resulting from the WD1 schedule, the impact of which on operational schedules and dispatch of the fleet would otherwise have to be addressed in-day in parallel with other cutover activities
* Reduces the likelihood of needing to synchronize or desynchronize units at relatively short notice since agreeing any necessary trades the previous day will mean that the dispatch schedule is less susceptible to change.
* The Electronic Dispatch Instruction Logger (EDIL) tool, which is required for dispatching all generation, needs to be upgraded on the day to facilitate the transition to I-SEM and a more stable dispatch schedule will allow for more time to carry out this work in a controlled manner
* Retirement of the Auction Management Platform (AMP), used for producing Interconnector schedules, and installation of the Interconnector Management Platform (ICMP), the replacement for AMP, which requires an initial position for the interconnectors, can be carried out in a more controlled manner if the Interconnector cutover position is known earlier
* Facilitates a smoother transition in National Grid to ICMP without having to also handle short notice System Operator Trades from SEM

It is also worth noting that, since the new go live date of 1st October 2018 is on a Monday these activities will have to be carried out on a Sunday so that workloads and resourcing will need to be carefully managed which will be easier to do in a robust way if the Interconnectors cutover positions and associated transitional activities can be finalised ahead of time.We note also that conventional unit bids received in this gate window will still apply if the MSP Software Run Cancellation goes ahead. |
| **Legal Drafting Change***(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* |
| **Transitional Billing Periods and Capacity Periods****NOTE:**The SEM Trading and Settlement Code consists of three parts A, B and C. This is Part C of the SEM Trading and Settlement Code (**Part C of the Code**).  This Part C of the Code consists of these Sections 1 to 14 and the Part C Glossary. This Part C of the Code sets out certain transitional and savings provisions to manage the implementation of, and transition to, the new trading and settlement arrangements under Part B of the Code. Part C of the Code has priority over the other Parts of the Code.**12 Transitional Billing Periods and Capacity Periods**12.1The Billing Periods and Capacity Periods which contain the Cutover Time will be defined as follows;1. **Final Part A Billing and Capacity Periods**

**Billing Period or BP -** means the period commencing at 00:00 on Sunday of the week containing the Cutover Time and ending at the Cutover Time. It is the period of time over which Trading Payments and Trading Charges are based for the final Part A billing period.**Capacity Period or CP -** means the period commencing at 00:00 on the first day of the Month containing the Cutover Time and ending at the Cutover Time. It is the period of time over which Capacity Payments and Capacity Charges are based for the final Part A capacity period.1. **Initial Part B Billing and Capacity Periods**

**Billing Period or BP -** means the period commencing at the Cutover Time and ending at the 00:00 on the subsequent Sunday. It is the period of time over which Trading Payments and Trading Charges are based for the first Part B billing period.**Capacity Period or CP -** means the period commencing at the Cutover Time and ending at 00:00 on the first day of the subsequent calendar Month. It is the period of time over which Capacity Payments and Capacity Charges are based for the first Part B capacity period.**13 Transitional Eligible Availability for Energy Limited, Pumped Storage and Battery Storage Units**13.1 For the final Part A Capacity Period, defined in Part C clause 12(a), the factor of 0.75 contained in condition 1 of Part A clauses 5.105, 5.108, 5.132, 5.132A, 5.136 and 5.136A shall be replaced with 17/24 to reflect the fraction of a Trading Day which falls within that Capacity Period.**Cancellation of the Final Within Day MSP Software Run****14 Transitional MSP Software Run Cancellation**14.1 The Market Operator shall determine that an MSP Software Run Cancellation shall apply in respect of the Within Day One MSP Software Run for the Trading Day which contains the Cutover Time. The result of this MSP Software Run Cancellation shall be as detailed in Part A clause 4.82H.  |
| **Modification Proposal Justification***(Clearly state the reason for the Modification)* |
| 1. Transitional Billing Periods and Capacity Periods and Cost Recovery

At present, the Trading and Settlement Code defines a Cutover Time being the time at which the Part B arrangements commence on a Trading/Imbalance Settlement Period basis but does not define partial Billing Periods or Capacity Periods for final SEM or initial ISEM periods. As a result, the rules are at best unclear and at worst ambiguous or internally inconsistent on how such transitional periods should be treated. This is particularly so in terms of cost recovery over Billing Periods via Make Whole Payments for Generators. This is also the case for rules governing data submission/application and also for other provisions which depend on these periods (e.g. optimisation of Eligible Availability for Pumped Storage and Energy Limited Units). This proposal seeks to clarify these points in a simple way by defining transitional periods in these areas and including additional details on how they apply where relevant.1. Cancellation of the final Within Day MSP Software Run

Cancelling the final Within Day MSP Software Run means that the Interconnector traded position at the Cutover Time is known 34 hours before the Cutover Time as opposed to 13.5 hours. This would facilitate cutover activities including system updates to reflect the initial Interconnector positions at the Cutover Time and any System Operator Trades which may be required to smooth the transition, ensure efficient dispatch and minimise error flows. See ‘Explanation of Proposed Change’ section for more detail on the specific activities which would be facilitated by this change.  |
| **Code Objectives Furthered***(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* |
| to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences; to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;to provide transparency in the operation of the Single Electricity Market;  |
| **Implication of not implementing the Modification Proposal***(State the possible outcomes should the Modification Proposal not be implemented)* |
| If this proposal is not implemented then the practical activities required to cutover from Part A to Part B will be unclear and undertaking them will result in breaching the Code. It would also result in a lack of clarity on how some specific items should be approached including in terms of cost recovery and treatment of a partial capacity period. |
| **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 | Changes to period durations for cutover requires a change to SEM settlement systems and Within Day cancellation would require SEMO to carry out its cancellation procedures outside the usual triggers.Participant impacts to be garnered during committee deliberations in relation to WD cancellation |
| ***Please return this form to Secretariat by email to*** ***modifications@sem-o.com*** |