

Single Electricity Market

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| Final REcommendation Report  Mod\_30\_18 Market Back up price ammendment  18 September 2018 |

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Document History

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| **Version** | **Date** | **Author** | **Comment** |
| 1.0 | 18 September 2018 | Modifications Committee Secretariat | Issued to Modifications Committee for review and approval |
| 2.0 | 21 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_30_18%20Market%20Back%20Up%20Price%20Ammendment.docx) |
| [Presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/18%2009%2006%20%20Imbalance%20Price%20Modification.pptx) |
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# MODIFICATIONS COMMITTEE RECOMMENDATION

## Recommended for approval – unanimous Vote

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| --- | --- | --- |
| **Recommended for Approval by Unanimous Vote** | | |
| Eamonn O’Donoghue | Interconnector member | Approved |
| Cormac Daly | Generator Member | Approved |
| Sinead O’Hare | Generator Member | Approved |
| Paraic Higgins | Generator Member | Approved |
| Jim Wynne | Supplier Member | Approved |
| Philip McDaid | Supplier Member | Approved |
| Kevin Hannafin | Generator Member | Approved |
| William Steele (Chair) | Supplier member | Approved |
| Robert McCarthy | DSU Alternate | Approved |

# Background

This Modification Proposal was raised by SEMO and was received by the Secretariat on 30 August 2018. This Modification Proposal was discussed and voted on at Meeting 86 on 6 September 2018.

This proposed modification is adding a further backup to the steps outlined in Section E.5.1.3. This section currently outlines that in the event that if the market systems do not generate a Backup Imbalance Price that values from the most recent Imbalance Settlement Period should be used. Instead of reverting to most recent value the Market Operator are proposing that we publish the price associated with the Day-Ahead Trade Quantities for that Imbalance Settlement Period. If this price is not available then the price will revert to the values from the most recent Imbalance Settlement Period.

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

The Market Operator feels that it is prudent to add a further fall back process in the event that the backup price cannot be calculated by the system which may happen during an unscheduled outage of the system. This price would be published once for each trade date based on the prices from the Day-Ahead Trade Quantities and would be used in settlement if the backup price does not get produced. This process improves transparency as an Imbalance Prices will always be available to market participants instead of the value being set equal to the values from the most recent Imbalance Settlement Period.

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

If this is not implemented then in the case that a Backup Imbalance Price cannot be generated by the system then the Imbalance Price will default to the values from the most recent Imbalance Settlement Period. i.e. if the Imbalance Price and Backup Price is not available from 21:00 until 23:30 then the Imbalance Price from 20:30 – 21:00 will apply between 20:20 and 23:30.

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

Implementation of this proposed modifications helps to provide further transparency in the operation of the Single Electricity Market by ensuring that an Imbalance Price associated with the Day-Ahead Trade Quantities is available in the event that a Backup Imbalance Price cannot be generated by the system during an outage.

# ASSESSMENT OF ALTERNATIVES

N/A

# impact on systems and resources

The Market Operator needs to develop a day ahead process to publish the price associated with the Day-Ahead Trade Quantities for that Imbalance Settlement Period. This will be made available on the [www.sem-o.com](http://www.sem-o.com) website. The Market Operator will also make reasonable endeavours to publish a market message to participants in the event that the Imbalance Price has reverted to the price associated with the Day-Ahead Trade Quantities

# Impact on other Codes/Documents

N/A

# MODIFICATION COMMITTEE VIEWS

## Meeting **86 – 6 September 2018**

The proposer delivered a [presentation](http://www.sem-o.com/MarketDevelopment/ModificationDocuments/18%2009%2006%20%20Imbalance%20Price%20Modification.pptx%20) summarising the requirement for this proposal and Mod\_31\_18. The proposer summarised that Mod\_30\_18 and Mod\_31\_18 were there to add an enhancement to the steps currently outlined on E.5.1.3 in relation to the Market Back Up Price.

DSU Alternate raised a point that Intraday Market results in addition to Day Ahead Market results needed to be factored into the manual backup Imbalance Price. Proposer gave assurance that the proposed modification was an improvement on the current process outlined in the Trading and Settlement Code. and that the majority of trading currently takes place in the Day Ahead Market. The current process in the code will result in the most recent Imbalance Price i.e. a static value being applied if there was a full failure of the market systems.

Generator member had concerns about only using the day ahead price and not including Intraday prices and expressed the view that until we have real data we don’t know what the impact of this will be.

DSU Alternate requested that the legal text drafting for E.5.1.3.be amended so that instead of the data from the same time on the previous Trading Day being used data from the same time on the same day from the previous week would be used noting that if this was a public holiday that the same day from two weeks ago should be used. Supplier Member requested that the proposer looks into what is involved in including Intraday Market trades in the manual backup price calculation and then presents this analysis at a future modifications committee meeting. At this stage real data will be available and it can then be considered whether there would be merits in whether this should be included.

The committee agreed to move to a vote on both mod\_30\_18 and mod\_31\_18 subject to a legal drafting change to capture use of data from the same day the previous week in mod\_30\_18.

# Proposed Legal Drafting

As set out in Appendix 1 with the following minor wording change to capture use of data from the same day last week as opposed to the preceding day.

E.5.1.3 Where the Market Operator is unable to calculate the Market Back-Up Price in accordance with paragraphs E.5.1.1 and E.5.1.2 by the time it is required to publish the Imbalance Settlement Price in accordance with paragraphs E.2.2.2 and E.2.2.3, the Market Back-Up Price will be set equal to the price associated with the Day-Ahead Trade Quantities for that Imbalance Settlement Period. Where this value is not available for the Imbalance Settlement Period, the most recent available price associated with the Day-Ahead Trade Quantities for the Imbalance Settlement Period which occurs at the same time on a previous Trading Day, which is the same day of the week and is not a Week Day which is a Non-Working Day, shall be used.

# LEGAL REVIEW

N/A

# IMPLEMENTATION TIMESCALE

It is proposed that this Modification is implemented as the Modifications Committee have recommended it for approval and on a Trading Day basis following receipt of the RA Decision.

# Appendix 1: Mod\_30\_18 market back up price ammendment

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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 | **30/08/18** | | Standard | | **MOD\_30\_18** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| Michael Kelly | |  | | Michael.Kelly@Eirgrid.com | |
| **Modification Proposal Title** | | | | | |
| **Market Back Up Price Ammendment** | | | | | |
| **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 Glossary | | Part B Section E | | Version 20 | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| This proposed modification is adding a further backup to the steps outlined in Section E.5.1.3. This section currently outlines that in the event that if the market systems do not generate a Backup Imbalance Price that values from the most recent Imbalance Settlement Period should be used. Instead of reverting to most recent value the Market Operator are proposing that we publish the price associated with the Day-Ahead Trade Quantities for that Imbalance Settlement Period. If this price is not available then the price will revert to the values from the most recent Imbalance Settlement Period. | | | | | |
| **Legal Drafting Change**  *(Clearly show proposed code change using* ***tracked*** *changes, if proposer fails to identify changes, please indicate best estimate of potential changes)* | | | | | |
| E.5.1.3.  Where the Market Operator is unable to calculate the Market Back-Up Price in accordance with paragraphs E.5.1.1 and E.5.1.2 by the time it is required to publish the Imbalance Settlement Price in accordance with paragraphs E.2.2.2 and E.2.2.3, the Market Back-Up Price will be set equal the price associated with the Day-Ahead Trade Quantities for that Imbalance Settlement Period. Where this value is not available for the Imbalance Settlement Period, the most recent price associated with the Day-Ahead Trade Quantities available for that Imbalance Settlement Period from a previous Trading Day shall be used. | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| The Market Operator feels that it is prudent to add a further fall back process in the event that the backup price cannot be calculated by the system which may happen during an unscheduled outage of the system. This price would be published once for each trade date based on the prices from the Day-Ahead Trade Quantities and would be used in settlement if the backup price does not get produced. This process improves transparency as an Imbalance Prices will always be available to market participants instead of the value being set equal to the values from the most recent Imbalance Settlement Period. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| Implementation of this proposed modifications helps to provide further transparency in the operation of the Single Electricity Market by ensuring that an Imbalance Price associated with the Day-Ahead Trade Quantities is available in the event that a Backup Imbalance Price cannot be generated by the system during an outage. | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| If this is not implemented then in the case that a Backup Imbalance Price cannot be generated by the system then the Imbalance Price will default to the values from the most recent Imbalance Settlement Period. i.e. if the Imbalance Price and Backup Price is not available from 21:00 until 23:30 then the Imbalance Price from 20:30 – 21:00 will apply between 20:20 and 23:30. | | | | | |
| **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.)* | | |
| Not required | | | The Market Operator needs to develop a day ahead process to publish the price associated with the Day-Ahead Trade Quantities for that Imbalance Settlement Period. This will be made available on the [www.sem-o.com](http://www.sem-o.com) website. The Market Operator will also make reasonable endeavours to publish a market message to participants in the event that the Imbalance Price has reverted to the price associated with the Day-Ahead Trade Quantities | | |
| ***Please return this form to Secretariat by email to*** [***modifications@sem-o.com***](mailto:modifications@sem-o.com) | | | | | |