

Single Electricity Market

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| Final REcommendation Report  Mod\_31\_18 imbalance pricing during outages of the imbalance pricing system  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_31_18%20Imbalance%20Pricing%20During%20Outages%20of%20the%20Imbalance%20Pricing%20System.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** | | |
| Eamon 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 June 2018.

This proposed modification is adding a further backup to the steps outlined in Section E2.2.3 if the Market Operator cannot calculate the Imbalance Price following a scheduled outage of greater than one hour of the Market Systems. The Market Operator is proposing that if the Imbalance Price cannot be calculated following an outage then the price associated with the Day-Ahead Trade Quantities is used instead. There is a separate modification proposal submitted for using the price associated with the Day-Ahead Trade Quantities (see ref Mod\_30\_18).

# PURPOSE OF PROPOSED MODIFICATION

**3A.) justification of Modification**

While it is expected that scheduled outages will be of short duration, it is not possible to exclude the possibility of a long duration scheduled outage, or an outage over-run. This modification seeks to make the operation of the market more robust and controlled under this unlikely scenario. The current system design and implementation is such that it is not practical to pause and resume the Imbalance Price if the duration of the outage is greater than one hour. This modification is necessary to allow an Imbalance Price to be utilised which is not a static value based on the most recent Imbalance Price. This is especially valuable to the market if the outage is of extended duration as this modification would deliver a price more reflective of the prevailing market conditions.

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

Following a scheduled outage the Market Operator must calculate the Imbalance Price once the Market Systems return. There is a requirement to have Imbalance Prices available for initial settlement by 14:00 on D+1. There could be times whereby the Imbalance Price may not be available by then unless this interim modification is adapted.

**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. This was raised as part of a separate mod (ref: ref Mod\_30\_18).

# 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

# 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 Tay basis following receipt of the Regulatory Authorities decision.

# Appendix 1: Mod\_31\_18 imbalance pricing during outages of the imbalance pricing system

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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\_31\_18** |
| **Contact Details for Modification Proposal Originator** | | | | | |
| **Name** | | **Telephone number** | | **Email address** | |
| Michael Kelly | |  | | Michael.Kelly@Eirgrid.com | |
| **Modification Proposal Title** | | | | | |
| **Imbalance Pricing during outages of the Imbalance Pricing System** | | | | | |
| **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.2.2.3 | | Version 20 | |
| **Explanation of Proposed Change**  *(mandatory by originator)* | | | | | |
| This proposed modification is adding a further backup to the steps outlined in Section E2.2.3 if the Market Operator cannot calculate the Imbalance Price following a scheduled outage of greater than one hour of the Market Systems. The Market Operator is proposing that if the Imbalance Price cannot be calculated following an outage then the price associated with the Day-Ahead Trade Quantities is used instead. There is a separate modification proposal submitted for using the price associated with the Day-Ahead Trade Quantities (see ref XXX). | | | | | |
| **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.2.2.3 In the event of a scheduled outage of the Imbalance Pricing System of no longer than one hour, the Market Operator may delay the calculation and publication of Imbalance Prices for the Imbalance Pricing Periods, and Imbalance Settlement Prices for the Imbalance Settlement Periods, during the scheduled outage and until such time as the relevant system returns to service and the Market Operator is able to calculate those prices. Where the outage is not scheduled or is of greater length than one hour, E.2.2.4 then applies and the price is set to the Market Back-Up Price in accordance with section E.5. The Market Operator shall notify Participants of any scheduled outage of the Imbalance Pricing System, and of the time at which it intends to recommence publishing Imbalance Prices and Imbalance Settlement Prices after the scheduled outage. | | | | | |
| **Modification Proposal Justification**  *(Clearly state the reason for the Modification)* | | | | | |
| While it is expected that scheduled outages will be of short duration, it is not possible to exclude the possibility of a long duration scheduled outage, or an outage over-run. This modification seeks to make the operation of the market more robust and controlled under this unlikely scenario. The current system design and implementation is such that it is not practical to pause and resume the Imbalance Price if the duration of the outage is greater than one hour. This modification is necessary to allow an Imbalance Price to be utilised which is not a static value based on the most recent Imbalance Price. This is especially valuable to the market if the outage is of extended duration as this modification would deliver a price more reflective of the prevailing market conditions. | | | | | |
| **Code Objectives Furthered**  *(State the Code Objectives the Proposal furthers, see Section 1.3 of T&SC for Code Objectives)* | | | | | |
| Implementation of this proposed modification 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 a scheduled outage. | | | | | |
| **Implication of not implementing the Modification Proposal**  *(State the possible outcomes should the Modification Proposal not be implemented)* | | | | | |
| Following a scheduled outage the Market Operator must calculate the Imbalance Price once the Market Systems return. There is a requirement to have Imbalance Prices available for initial settlement by 14:00 on D+1. There could be times whereby the Imbalance Price may not be available by then unless this interim modification is adapted. | | | | | |
| **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. This was raised as part of a separate mod (ref: XXX) | | |
| ***Please return this form to Secretariat by email to*** [***modifications@sem-o.com***](mailto:modifications@sem-o.com) | | | | | |