



# Balancing Market Modification Proposal

Mod\_12\_22 Expansion of the System Service Flag to include units providing Replacement Reserve in line with the detailed design

16 September 2022

# Change from mod\_14\_21 to 12\_22

j. where the Generator unit,  $u$ ,

- i. is listed by the TSO in its latest published Operational Constraints Update as a resource providing Replacement Reserve; and
- ii. its Minimum Complex Price ( $PCMIN_{u\phi}$ )  $\leq$  Strike Price ( $PSTR_m$ )

then the System Service Flag ( $FSS_{u\phi}$ ) for that Generator Unit,  $u$ , shall be set equal to zero for that Imbalance Pricing Period,  $\phi$ .

Where:

- (a)  $PCMIN$  is the Minimum Complex Price for that unit in that Imbalance Pricing Period,  $\phi$ .
- (b)  $PSTR_m$  is the Strike Price for Month,  $m$ , which contains Imbalance Settlement Period,  $Y$

- ii. Where not covered by (i), the System Operators shall set the System Service Flag ( $FSS_{u\phi}$ ) for that Generator Unit,  $u$ , equal to one for that Imbalance Settlement Period

## Glossary

**Minimum Complex Price** is the price associated with the first set of Incremental Price Quantity Pairs, where the quantity is greater than zero, submitted in the Generator's Complex Bid Offer Data for each Period,  $h$ .

PCMIN replaces PINC from the previous modification

# Rationale for the change

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## P1 to be used

PCMIN (Minimum Complex Price), the first set of complex PQ pairs, is proposed as the basis for the calculation due to:

- The ratio of Q1 to total capacity is very high, for most of these units their Q1 is the max capacity of the unit, well above the obligated quantity, average across all the units is 83% of max capacity.
- Complex bids are subject to compliance with the Bidding Code of Practice.
- Ease of implementation of the modification

## Still potentially subject to difference charges

Whether these units are providing Replacement Reserve that covers their Obligated Capacity Quantity is already taken into consideration in the calculation of Difference Charges ie the current algebra for calculating difference charges will apply. When the FSS flag is zero the system is still calculating a proportion of CDIFFFCNP based on AA/QEX/DQ below the QCOB. Therefore, if the unit's availability is below QCOB they will be proportionately subject to difference charges.

# Modification Proposal Justification

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- The nature of the constraints in the Irish network and the management of resources when faced with forecasted system distress the TSOs maintain flexible plant as a last resource irrespective of price.
- The impact for peaking units is that it is likely to become uneconomic for them to continue to operate as they continue to be subject to this largely uncontrollable dispatch risk, leading to large RODP.
- Adopting the proposed modification will help ensure that the Code Objectives are further enhanced as:
  - Failure to implement this modification will continue to see discrimination against peaking plant
  - Failure to implement will reduce the economic viability of flexible plant undermining security of supply.