FASS Programme

System Services Code Development Working Group

October

Agenda

Working Group Meeting 2

02nd October 2024

1. Welcome and Introduction

2. Updated Work Plan

3. Issues arising from First Meeting

4. Registration Pack

5. Accession Pack

6. AOB

Scope

The decisions as set out in the SEM Committee publications need to be transposed into a binding set of market rules which require extensive input and review from the Working Group. The System Services market rules should reflect the decisions included in the following SEM Committee decision documents:

- SEM-21-021 System Services Future Arrangements - Decision Paper 1

- SEM-22-012 System Services Future Arrangements High Level Design Decision Paper 2

- SEM-23-103 System Services Future Arrangements – Detailed Design & Implementation – Phased Implementation Roadmap - Decision Paper 3

- SEM-24-066 System Services Future Arrangements – DASSA Design Decision Paper

Note: The System Services Code Working Group will not re-open any previous SEMC Decisions.

Background Documentation

Published by	Document Name	Document Reference	Link
DotEcon/Afry	Future Arrangements for System Services (FASS) Proposals for enduring arrangements and Transition	SOEF Markets - Future Arrangements for System Services - Auction Design - DotEcon Afry Recommendations Paper	EirGrid Link SONI Link
TSOs	Supporting cover note from the TSOs on DotEcon proposal for enduring arrangements and Transition	SOEF Markets - Future Arrangements for System Services - Auction Design - DotEcon Afry Recommendations Paper - Supporting Note	EirGrid Link SONI Link
TSOs	FASS – Proposals for enduring arrangements and transition - DotEcon / Afry Industry Workshop presentation	Future Arrangements for System Services – Auction Design – DotEcon Afry Workshop Slides	EirGrid Link SONI Link
TSOs	DotEcon/Afry Proposals for enduring arrangements and transition - Questions captured in the 20th September Industry Workshop and TSOs' responses	Future Arrangements for System Services – Auction Design – DotEcon Afry Workshop Q&A	EirGrid Link SONI Link
TSOs	Day-Ahead System Services Auction (DASSA) Design Recommendations Paper	SOEF Markets - Day-Ahead System Services Auction (DASSA) Design Recommendations Paper	EirGrid Link SONI Link
TSOs	All-Island System Services Supplier Charge	All-Island System Services Supplier Charge Consultation Paper	EirGrid Link SONI Link

Background Documentation

- There are several European Directives, Regulations and Decisions which have a bearing on how System Services are procured. The European Commission published a Regulation (EU) 2017/2195 establishing a guideline on electricity balancing (the 'EBGL') on November 23rd, 2017; Regulation (EU) 2017/1485 establishing a guideline on electricity transmission system operation, on 2nd August 2017; and Regulation (EU) 2017/2196 establishing a network code on electricity emergency and restoration, on 24 November 2017.

- The European Commission published a Regulation (EU) 2019/943 and Directive (EU) 2019/944 relating to the Clean Energy Package and the internal market for electricity (collectively referred to as 'CEP') on June 5th, 2019.

  Regulation - 2017/2195 - EN - EUR-Lex (europa.eu)
  Regulation - 2017/1485 - EN - EUR-Lex (europa.eu)
  Regulation - 2017/2196 - EN - EUR-Lex (europa.eu)
  REGULATION (EU) 2019/ 943 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL - of 5 June 2019 - on the internal market for electricity (europa.eu)
  DIRECTIVE (EU) 2019/ 944 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL - of 5 June 2019 - on common rules for the internal market for electricity and amending Directive 2012/ 27/ EU (europa.eu)

Where relevant in each jurisdiction.

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Deliverables:

Per the PIR, the Plain English draft of the System Services Code is due for completion by **Q1 2025**. It is envisioned that the Q1 2025 deliverable will consist of a **consolidated word document**, comprising a Plain English Version of each section of the code.

SEM Committee Decisions:

- Parameters Consultation (Price Caps, Commitments and Obligations)*

- Real Time Security Solution*

- Product Review and Locational Methodology (Q4 2024) *

- System Services Supplier Charge (Q1 2025)*

- Volume Forecasting Methodology (Q1 2025)*

The timing of the following activities are also considered:

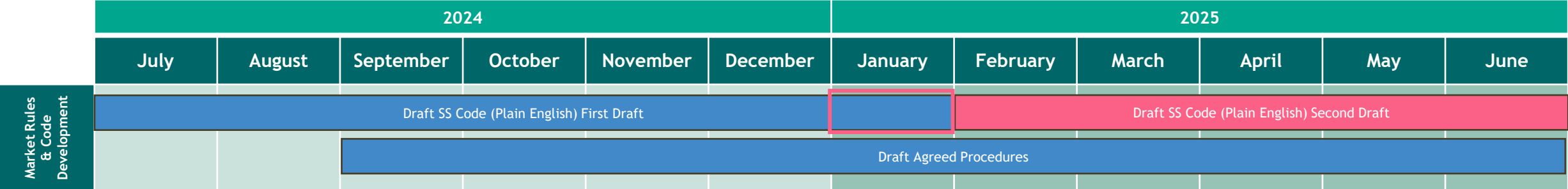- Licence modification required to implement this framework (Q4 2025)

Therefore, it is proposed to commence work on these topics later in the process in line with publication of the relevant SEM Committee decisions.

*Note: Finalisation of the Plain English Version (PIR milestone FASS.M22) is dependent on the timely progression of business design activities concluding with the publication of the respective SEMC Decisions.

Market Rules & Code Dev.

Legend

▭ TSOs Led Activity	▭ SEMC Decision	◆ Milestone	▭ New Activity
▭ RAs Led Activity	▭ RAs /TSOs Activity	▨ DS3 Activity	◆ New Milestone

	2024						2025					
	July	August	September	October	November	December	January	February	March	April	May	June
Market Rules & Code Development	Draft SS Code (Plain English) First Draft							Draft SS Code (Plain English) Second Draft				
			Draft Agreed Procedures									

Workstream Summary

- System Services Code Plain English Version First draft extended to January 2025 due to extension of DASSA Design Consultation.
- Second draft of the code added to the plan.

EirGrid   SONI

Ways of Working: Provisional Schedule

	Initial Proposal of Rules	Plain English Version	Updated Plain English Version
1		Terms of Reference Discussion One-Draft Sections	-
2			One-Draft Sections
3	Auction Format of DASSA* Secondary and Bilateral Trading*		
4	Long Term Contracts	Auction Format of DASSA* Secondary and Bilateral Trading*	
5	System Services Supplier Charge** Delivery – Performance Monitoring Appendices	Long Term Contracts	Auction Format of DASSA* Secondary and Bilateral Trading*
6	-	System Services Supplier Charge** Delivery – Performance Monitoring Remaining One-Draft Sections Appendices	Long Term Contracts
7	-	-	System Services Supplier Charge** Delivery – Performance Monitoring Remaining One-Draft Sections Appendices
8	**Close Out Plain English Version of Code**		

Notes:
* Finalisation of the PEV (PIR milestone FASS.M22) is dependent on the timely progression of business design activities concluding with the publication of the respective SEMC Decisions.
** Work may commence on certain topics in advance of SEMC Decisions given the TSOs will have significant industry feedback following conclusion of relevant industry consultations and submission of recommendation papers, such topics may require amendments following publication of SEMC Decisions.
*** Inclusion of Obligations and Alternative FAM Topics will be scheduled when the TSOs have more clarity on related work streams

DASSA Mechanics

Section	Topic
6.1	Services to be Procured
6.2	DASSA Timings
6.3	DASSA Auction Timeframe
6.4	DASSA Trading Period
6.5	DASSA Volume Requirements
6.6	DASSA Bidding Structure
6.61	Bidding Format and Process
6.62	Volume Cap DASSA Bids
6.63	Divisibility of Bids
6.64	Price Caps
6.7	Validation of Bids
6.8	Volume Insufficiency
6.9	DASSA Clearing Overview
6.10	DASSA Clearing Optimisation
6.10.1	Valuation Functions
6.11	DASSA Clearing Prices
6.11.1	Single Clearing Price per Service
6.12	DASSA Outcomes

Dependency

Product Review and Locational Methodology Recommendation Paper

Pending SEM C decision

Volume Forecasting Methodology Recommendation Paper

Consultation to be published ASAP

Parameters and Scalars Recommendation Paper

Consultation planned for Dec 24

DASSA Mechanics

Section	Topic	Details
6.1	Services to be Procured	The DASSA will initially procure reserve services on an individual service basis. The specific reserve services to be procured will be confirmed following the outcome of the reserve services Product Review and Locational Methodology SEM Committee Decision .
6.2	DASSA Timings	
6.3	DASSA Auction Timeframe	
6.4	DASSA Trading Period	
6.5	DASSA Volume Requirements	The Volume requirement for each system service for each Trading Period in the Auction Timeframe will be published before the DASSA gate closure on the day of the auction (D-1). Publication of the Volume Forecasting Methodology (VFM) consultation is scheduled to take place next week.
6.6	DASSA Bidding Structure	Per SEM 24-066, the SEM Committee has decided that service providers be able to submit bids for each service for each Trading Period within the auction timeframe, with no interdependency between bids. Subject to the outcome of the product review, the procurement of explicit bundles of services as individual products will be facilitated, which would address service providers' concerns relating to costs and inefficient auction outcomes.
6.6.1	Bidding Format and Process	
6.6.2	Volume Cap DASSA Bids	
6.6.3	Divisibility of Bids	
6.6.4	Price Caps	Per SEM 24-066, Price caps will be allowed for in the design of the DASSA, the TSOs are requested to consult on the methodology and conditions to apply to the use of price caps. The SEM Committee will decide upon the value and application of any price caps.
6.7	Validation of Bids	

DASSA Mechanics

Section	Topic	Details
6.8	Volume insufficiency	The SEM Committee (SEM 24-066) has decided that the design of the DASSA allows for the specification of a scarcity price cap per service to address volume insufficiency in the DASSA. The scarcity price cap will apply to all completed DASSA Orders in instances of volume insufficiency for a service
6.9	DASSA Clearing Overview	The SEM Committee has approved the TSOs' recommendation, that the DASSA design will allow for the procurement of the following: • Individual reserve services • Explicit bundles of reserve services, which would be defined as separate products in the auction. • An implicit bundle of reserve services, which would be expressed by the TSOs as an operational requirement to procure the continuous provision of individual services from service providers. • An operational requirement to procure different qualities or types of individual services.
6.10	DASSA Clearing Optimisation	
6.10.1	Valuation Functions	The precise nature of the services to be procured will be subject to the outcome of the DASSA Product Review and Locational Methodology Consultation. Additionally, value functions in the objective function will allow for the TSOs to capture the TSOs' cost-sensitivity or willingness to pay in clearing implicit bundles of services and different qualities or types of service provision above and beyond the specified minimum operational requirements for an implicit bundle or quality of service.
6.11	DASSA Clear Prices	
6.11.1	Single Clearing Price per Service	
6.12	DASSA Outcomes	

Section 2

Update from Previous Meeting

Key Updates: Legal and Governance

Section 3.1: Code Scope and Objectives

- through the development of the System Services Market, to promote the short-term and long-term interests of consumers of electricity with respect to price, quality, reliability, market integrity and security of supply of electricity across the island of Ireland

Section 3.1.2: Governing Law

- This Code and any disputes arising under, out of, or in relation to the Code shall be interpreted, construed and governed in accordance with the laws of Northern Ireland

Section 3.1.3: Jurisdiction

- Subject to the provisions relating to the Dispute Resolution Process, the Parties hereby submit to the exclusive jurisdiction of the Courts of Ireland and the Courts of Northern Ireland for all disputes arising under, out of, or in relation to the Code.

Section 3.1.5: System Services Code Hierarchy/Priority

- In the event of any conflict between any Party's obligation pursuant to any Legal Requirements and the Code, such conflict shall be resolved according to the following order of priority….. (f) the TSC; and (g) this Code.

Key Updates: Legal and Governance

Section 3.3.1: Membership of System Services Modification Committee

The System Services Modifications Committee shall comprise of no more than 20 members, which shall include at least the following at all times:

- A chairperson to be appointed by the SEM Committee
- A representative from the CRU
- A representative from the UR
- A representative from EirGrid
- A representative from SONI
- A representative from ESBN DSO
- A representative from NIEN DSO
- At least 1 Generator Unit representatives

- At least 1 DSU representative
- At least 1 Interconnector representative
- At least 1 Assetless representatives
- At least 1 Flexible Participant representative
- At least 1 Supplier representative
- At least 1 Renewable Generator representative
- At least 1 Storage representative

The chairperson shall have the right to add additional members should it be deemed necessary.

Section 3.4.3: System Services Dispute Resolution Board

The SSDRB shall be comprised of either a sole member or three members, except where the Disputing Parties cannot agree on the number of members. In this case, it shall be comprised of three members.

Queries arising from First Meeting (1/2)

No	Action/Query	Response
1	TSOs to provide feedback to RAs regarding Code Working Group Attendance	Gavin Miller (CRU) and Bronagh McKeown (UR) to attend SS Code Working Group Meetings
2	TSOs to bring query to RAs on whether there is an intent to check the code against regulations such as EBGL	This will be covered as part of Licensing Workstream
3	TSOs to bring query to RAs on issue around market monitoring	Market Monitoring to be implemented but details will be determined at a later stage
4	Proceed on the basis of NI law in the first instance to get alignment, and if not revert to Irish law	PEV has been updated to reflect this
5	Review System Services Code hierarchy	Trading and Settlement Code to take precedence over SS Code
6	TSOs to bring query to RAs on whether there should be an obligation on the TSOs in the licence or the code to monitor market arrangements to ensure it is working efficiently	Addition of Market Integrity to Objectives
7	Consider whether a voting process will conflict with the TSOs decision making ability	Following discussion with RAs voting is not included in updated PEV
8	Confirm quorum, upper limit, and supplier representation for the Mods Committee	PEV has been updated to reflect this. Quorum, similar to T & SC, Upper limit of 20

Queries arising from First Meeting (2/2)

No	Action/Query	Response
9	Consider cut-off on timing of submission of alternative modifications	PEV has been update in line with Trading and Settlement Code
10	Determine how we identify the administrator as part of the dispute resolution process as part of legal drafting	This will be per processes for Grid Code (10.4.3)
11	Further investigate streamlining the DRB membership process	RAs and TSOs are in favour of this approach
12	Further investigate whether the DRB can go beyond its vires in relation to decision making	It is proposed that, where the Parties do not agree on the number of members on the SSDRB, it shall be comprised of 3 members
13	Further discussion needed in relation to Dispute Resolution Board fees/costs	This should align with Trading & Settlement Code
14	Investigate whether or not alluding to Registration in the T&SC affects the legal hierarchy proposed and whether waiving the registration fee is allowed	Trading and Settlement Code will take precedent over System Services Code and Registration fee will be maintained.
15	Investigate legalities of using DocuSign or a similar tool as part of the Accession process	There is currently no widely accepted electronic means for affixing a company seal. As such, TSOs' position is that the Accession Deed will need to be executed via wet ink signature and have the company seal manually affixed.

Section 3

Registration and Accession Packs

Overview of Required Documentation

Accession Pack

- Accession Application Form
- Director's Declaration regarding due execution of the Accession Deed and authorisation to bind the entity
- Form setting out documents the TSO may request to ensure satisfaction of due execution (e.g. company constitution extracts, Board Resolutions etc.)
- Payment of the Accession Fee;
- Be registered as a Party under the Trading and Settlement Code where necessary as per section 4.1; and
- When provided, execute the Accession Deed to adhere to the System Services Framework Agreement and this Code (template Framework Agreement & Accession Deed to be included in the pack)

Registration Pack

- Contact Details of the Tenderer
- General Declaration
- Exclusionary Criteria
- Financial and Economic Standing
- Self-Declaration of Financial and Economic Capacity
- Tax Clearance
- Insurance (employers' liability and public liability)
- Health & Safety, environment and employment

Qualification Pack

- Party Name
- Unit Name
- System Service Product
- Reserve Characteristic
- PQ Capability
- Eligible Capacity