28/04/2025

FASS Programme

System Services Code Development Working Group

April 2025

Agenda

Working Group Meeting 6

28th April 2025

1. Welcome and Introduction
2. All-Island System Services Supplier Charge
3. 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
- SEM 24 – 074 System Services Future Arrangements – Product Review Decision Paper
- SEM 25-007 System Services Future Arrangements - All-Island System Service Supplier Charge Decision Paper
- SEM-25-011 Future Arrangements for System Services – DASSA Volume Forecasting Methodology Decision Paper

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

EirGrid SONI

Table of Contents - PEV 1

Section Ref.	Code Section
2	Background and Interpretation
3	Legal and Governance
4	Participation, Accession and Registration
5	Qualification
6	Auction format of DASSA
7	Secondary and Bilateral Trading
8	Obligations
9	Residual Availability Determination
10	All- island System Service Supplier Charge
11	Long Term Contracts
12	Delivery – Performance Monitoring
13	Transition Arrangements for existing DS3 contracts - Migration
14	Settlement
15	Appendices

Deliverables:

Per the PIR, the Plain English draft of the System Services Code was published in **Q1 2025**.

Future SEM Committee Decisions:

- Parameters and Scalars Consultation (Price Caps, Commitment Obligations)*
- DASSA Top-Up Mechanism*
- Second Product Review*

The timing of the following activities are also considered:

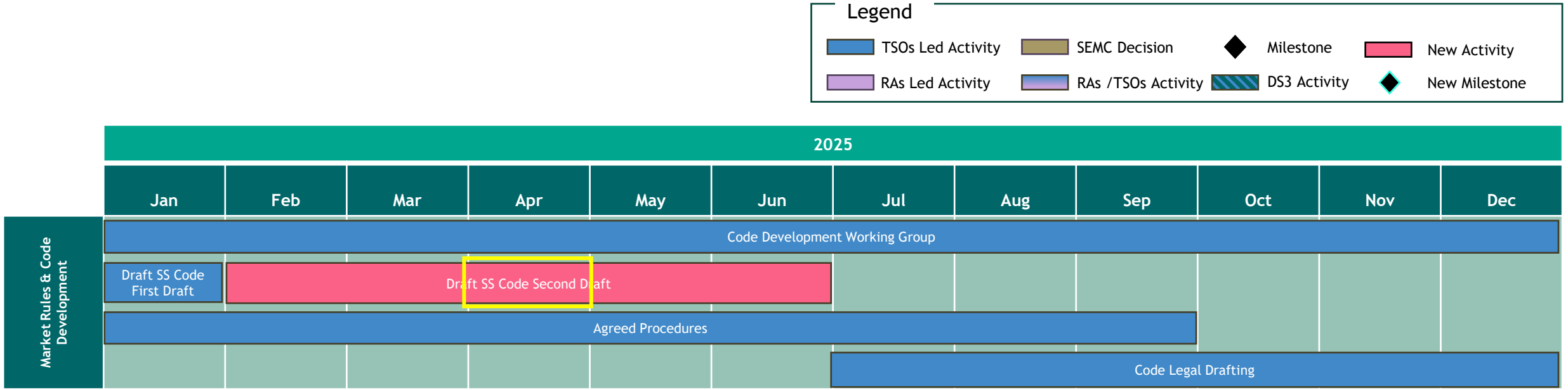
- Licence modification required to implement this framework (Q4 2025)Therefore, it is proposed to commence work on these topics later in the process in line with publication of the relevant SEM Committee decisions.

To be restructured as part of PEV2

6	System Services and Products
7	Zones and Product Requirements
8	TSO Operational Preferences
9	Day Ahead System Services Auction

***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.



- 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.

Chapter 9: All-Island System Services Supplier Charge

Overview

EirGrid SONI

Key Features of the All-Island System Services Supplier Charge

Key Points

It will be reviewed at least annually.

It will cover the payments that the TSOs will make via the DASSA processes, the Layered Procurement Framework and Fixed Contracts Framework (e.g.: Low Carbon Inertia Services (LCIS)), and other All-Island System Services procurement methods.

Suppliers will be charged the All-Island System Services Charge Rate based on their Loss-Factored Metered Quantity bought in the SEM (QMLF)*.

The TSOs will hold a working capital fund which will help to manage cashflow risk. There will also be provision for:
a) Within Year Adjustment
b) minor adjustments on a quarterly basis and
c) as a final backstop, a pro rata reduction in payments to System Service Providers in circumstances in which a shortfall remains despite any quarterly or Within Year adjustments, and exhaustion of the working capital fund

*Where QMLF$_{v\gamma}$ is negative, the QMLF$_{v\gamma}$ shall be set to zero in the calculation of the All-Island System Services Charge to prevent a payment to the Supplier

EirGrid SONI

Setting the All-Island System Service Supplier Charge Rate

The Charge Rate is the rate at which Suppliers are charged for their MWh demand to recover System Services costs. It will be set annually for a Tariff Year Y based on forecast costs and forecast demand:

$$\text{All-Island System Service Charge Rate}_Y\ (€/MWh) = (\text{Forecast Cost}_Y + \text{k-factor}) \ / \ \text{Forecast Demand}_Y$$

Forecast Costs: will be estimated by the TSOs and include:

a) costs of procuring System Services in the DASSA*;
b) any contracts awarded under the Layered Procurement Framework and Fixed Contracts Framework; and
c) any other All-Island System Service costs.

* *DASSA costs will be net of Compensation Payments and will include any payments related to RAD*

True-up differences in actual payments (based on forecast costs) and actual costs.

Two k-factor terms will be included:

- The estimated k-factor for Year Y-1
- The actual k-factor for Year Y-2

All-Island Demand Forecast used in the Market Operator tariffs and Imperfections Charge

The TSOs will propose and submit a Charge Rate to the Regulatory Authorities for review and approval each year, the RAs may also undertake an industry consultation as part of the review.

EirGrid SONI

Calculation and Settlement of the All-Island System Services Supplier Charge

- The System Services Charge is to be levied to Supplier Units on the loss-adjusted metered quantity (QMLF, MWh) of a Supplier Unit (v). It will be calculated on an Imbalance Settlement Period basis (γ) as follows:

$$\text{All-Island System Service Charge}_{v\gamma}\ (€) = \text{QMLF}_{v\gamma}\ (\text{MWh}) \times \text{All-Island System Service Charge Rate}\ (€/\text{MWh})\ \text{X}\ \text{FCSS}_{\gamma}$$

- Where $\text{QMLF}_{v\gamma}$ is negative, the $\text{QMLF}_{v\gamma}$ shall be set to zero in the calculation of the All-Island System Services Charge to prevent a payment to the Supplier. The FCSS_{γ} term is the System Services Charge Factor and will be used to make any required adjustments to the rate of recovery of System Services costs.
- The All-Island System Service Charge will be recovered over a Charging Period and for a Supplier Unit in a Charging Period CP will be:

$$\text{All-Island System Service Charge}_{v,\,\text{CP}} = \sum_{\gamma \in \text{CP}} \text{All-Island System Service Charge}_{v\gamma}$$

- A Charging Period will be the same as the existing TUoS settlement timeframes i.e. a calendar month.
- Suppliers will be required to provide credit cover for the All-Island System Service Charge but these arrangements will be determined in future work.

EirGrid SONI

Cashflow Risk and Deficits

Cashflow imbalances may arise because:

- The All-Island System Service Charge Rate is set in advance based on forecasts of cost and demand
- The All-Island System Service Charge is set on an annual basis while DASSA settlement occurs monthly and will vary based on auction outcomes in that month.

To manage cashflow imbalances:

- Payments to System Service Providers will be offset to occur after payments from Suppliers are due.
- The TSOs will maintain a working capital facility, the size of which will be determined through regulatory processes in each jurisdiction.
- There will be an Adjustment Mechanism to All-Island System Services Charge Rate (via the Charge Factor term, FCSS).

Adjustment Mechanisms	
A **Within Year Adjustment** would be used for under- or over-recovery of costs. • This would require a submission from the TSOs for Regulatory Authority approval. • A notice period would apply to allow Suppliers to give notice of required price changes. • Can occur at any time, but at minimum the TSOs would undertake a review at the Tariff Year midpoint.	A **Quarterly Adjustment** will be used to make minor adjustments to the Charge Rate. • This will be triggered if deviations are within an upper and lower bound. • Bounds are to be determined during the legal drafting process.

EirGrid SONI

Cashflow Risk and Deficits

Cashflow imbalances may arise because:

- The All-Island System Service Charge Rate is set in advance based on forecasts of cost and demand
- The All-Island … vary based on auction outcomes in …

To manage …

- Payments to …
- The TSOs wi… sses in each jurisdiction.
- There will b… FCSS).

The adjustments mechanisms and the working capital fund are intended to avoid cashflow shortfalls.

Nonetheless, if there is a shortfall, then payments to System Service Providers will be reduced on a pro-rata basis, to be re-imbursed when funds allow.

This is a last-resort arrangement, and mirrors arrangements in the Trading and Settlement Code – see Section F.22.3 Payment Deferral.

… or Regulatory Authority approval. • A notice period would apply to allow Suppliers to give notice of required price changes. • Can occur at any time, but at minimum the TSOs would undertake a review at the Tariff Year midpoint.	… in an upper and lower bound. • Bounds are to be determined during the legal drafting process.

AOB