Parameters & Scalars Consultation

Workshop 2

9 July 2025

Q&A (written responses to queries raised at the workshop)

DASSA Pricing (1 of 2)

#	Asked by	Question	TSOs Response
1	Nick Heyward; Statkraft	How does Afrys methodology account for variable opex costs for BESS, i.e import energy cost at market prices to maintain SoC (which can be substantial)?	Assuming a BESS can clear for all products (FFR-RR), it can then capture 500 EUR/MW/h for upward reserve. The same applies for downward reserve. To provide upward reserve, a BESS unit would need to be charged. This entails a cost equal to the electricity price at the time. However, when the unit is activated, it also captures an electricity price as it injects to the grid. Typically, units inject to the grid over high priced periods. In any case, when providing reserve, a unit is not committing to a specific utilisation price and has the opportunity to set its activation price in the BM. The implicit assumption AFRY make is that, on average, the cost of charging is fully recovered from the Balancing Energy price when activated.
2	Will Carr	In high wholesale price periods why would the DASSA prices not track upwards to maintain an incentive to participate?	In instances of volume insufficiency, the DASSA clearing price is adjusted upwards when wholesale prices rise above 500 EUR/MWh (scarcity pricing). This increase is relative to level of the DAM price.
3	Will Carr	Why would a service provider contract for a service if the wholesale price is above the service cap price?	A service provider would not be willing to contract for reserve if the potential margin (not wholesale price) is greater than that from the provision of reserve. For example, a thermal provider with a variable cost of 100 EUR/MWh would not be willing to provide only RR if the wholesale price is 150 EUR/MWh with an RR cap of 44 EUR/MW/h, as the potential margin from energy provision is 50 EUR/MWh (which is greater than the 44 EUR/MW/h). This may not apply though to service providers with a higher variable cost and/or if the service provider also clears for additional reserve products.
4	Eoghan Cudmore	For scarcity surely it should be the Max (DASSA bid price, Max(DAM,IDA,IDC)) for the period in question to reflect real-time conditions?	We agree that ID prices can rise above the DAM. However, if there is volume insufficiency in the DASSA that would trigger the Scarcity Price, ID prices would not be known yet.
5	Andy Burke, Enerco	Why €500/MWh and will this change overtime, if so, what is it linked to and how does it change?	500 EUR/MWh is the implicit cap currently used under the RO scheme. This can increase if commodity prices are too high, and we are including for periodic (annual) revision in case of very high commodity prices. If the capacity market design changes and/or the RO Strike Price changes, the DASSA Bid Caps will be revisited.

DASSA Pricing (2 of 2)

#	Asked by	Question	TSOs Response
6	James Ryan TRC	Is there any international example of system service price caps that follow the suggested solution? The incentives under scarcity don't seem sufficient.	No, there is no international precedent that follows a similar logic. As discussed in the AFRY paper, the caps used for reserve and frequency response products elsewhere are higher than our proposals. However, in most cases 1MW of provision can only cover one of the reserve products and not multiple, so the SEM markets are not necessarily directly comparable with others.
7	Will Carr	Will the price caps limit bids that can be submitted into the secondary market?	No. The proposed DASSA Price Caps limit the price that can be offered in the daily auction by service providers. The DASSA will clear on a pay-as-clear basis. The DASSA Clearing Price for a service will apply to all DASSA Orders, even if Orders are transferred in secondary trading, and will persist to settlement. A Secondary Trading Clearing Price, which is not to be confused with the DASSA Clearing Price, will apply to the settlement of secondary trades between buyers and sellers.
8	Pranav Kakkar	How can sync costs be expected to be recovered in energy markets and at the same time be assumed to be opportunity cost for FASS?	In their analysis, AFRY tested (on a theoretical basis) what the price should be assuming thermal units' synchronisation costs need to be recouped though the DASSA prices; AFRY are not suggesting they would or should be.
9	Andy Burke, Enerco	Is the €500/MWh dynamic, like the reliability price cap, e.g. if gas went to 200p/th?	No, the Total Bid Price Cap of 500 EUR/MW/h is not fully dynamic, but we are including for periodic (annual) revision in case of very high commodity prices.

DASSA Bidding & Secondary Trading

#	Asked By	Question	TSOs Response
10	Andy Burke, Enerco	Will secondary trading be through a power exchange (or similar) where collateral is posted with the exchange or bilaterally?	The TSOs continue to investigate the options for the settlement of secondary trades between buyers and sellers, i.e. the payment of the Secondary Trading Clearing Price per traded MW volume. An update will be provided to industry through appropriate channels in due course.
11	Andy Burke, Enerco	Did you say that bids carry over? E.g. if I submit a bid for Period 36 and it doesn't clear it rolls into Period 37? Surely not?	The "good till" feature allows for a bid to be valid until a Trading Period specified by the bidder, i.e. a bid could be applicable to more than one Trading Period. In addition, if a bid has been partially matched in a batch, the residual volume can be carried over to the subsequent batches applicable to the same trading period if there is any. However, these are not mandatory features and can be used by bidders to facilitate the bidding process as they wish.
12	Will Carr	Will the cash flow from the primary auction DASSA order follow a secondary trade or remain with the initially contracted provider?	Following a successful secondary trade, all or part of a DASSA Order will transfer from the Seller to the Buyer. The Buyer will therefore become a DASSA Order Holder. The TSOs will pay DASSA Order Holders the clearing price per MW for service provision, subject to the Order's commitment obligations being met.

Secondary Trading Matching & Volume Insufficiency (1 of 2)

#	Asked By	Question	TSOs Response
13	Andy Burke, Enerco	So this won't be a akin to simple power exchange where I can see a bid or offer and hit it to clear my position? It will be an algorithm???	The TSOs have proposed two options for the matching of secondary trades: simple matching of Buy and Sell Orders and optimisation of Buy and Sell Orders. The TSOs have a preference for the optimisation of secondary trades, as it ensures economic efficiency and maximises gains for participants. The TSOs have noted that the optimisation solution, which would require the development of an algorithm, is subject to implementation considerations for DASSA go-live.
14	Kate Garth	How much additional time would this more complex optimised mechanism take- have SEMC confirmed this needs to happen (even if it delays DASSA further)?	The SEMC will not make decision on the proposals until autumn 2025. The TSOs will consider what is required to implement an optimisation solution and whether it can be delivered for DASSA go-live.
15	Philip Blythe (SSE)	This mechanism appears to be a full auction every hour with market wide welfare max. (similar to the DAM), what is the need for the DASSA if this is the case?	The day-ahead auction will be the primary means of procuring reserve services: the TSOs will specify service volume requirements daily in advance of the auction. The secondary trading mechanism will be used for DASSA Order holders to adjust their positions and for service providers with capacity to bid to take on DASSA Orders.
16	Andy Burke, Enerco	Who will build this algorithm and how will participants test it, given everything else that we will be testing in regard to DASSA and FAM?	For clarity, the SEMC did not approve the Final Assignment Mechanism (FAM). The TSOs' consulted-upon proposal for an alternative DASSA top-up mechanism – the Residual Availability Determination (RAD) – is subject to a TSO recommendations paper and SEMC decision. The optimisation algorithm – should this option be approved by the SEMC – will be developed by the DASSA platform IT vendor.

Secondary Trading Matching & Volume Insufficiency (2 of 2)

#	Asked By	Question	TSOs Response
17	Andy Burke, Enerco	Has batch matching been used elsewhere in the world for this purpose and if so, where?	The TSOs cannot comment on whether batch matching is being used in other markets. It is being implemented following the SEMC's decision on this matter in SEM-24-066.
18	Will Carr	Under volume insufficiency and TSO secondary trading does a buy order price represent the discount below the Scarcity Price?	In an instance of volume insufficiency, which may apply to any total service requirement, higher quality of service provision (dynamic) requirement and zone (jurisdiction) requirement, the value of applicable DASSA Orders will be the Scarcity Price. The TSOs will enter secondary trading to sell DASSA Orders at a secondary trading sell price of zero. Buyers will bid in prices to buy the DASSA order. Assuming an optimisation solution in secondary trading, the net price applicable to the accepted Buy Orders will be the Scarcity Price minus the buy-side secondary trading clearing price. In case of using simple matching for clearing secondary trades, the net price applicable to an accepted Buy Order will be the Scarcity Price minus the secondary trading clearing price for the individual Buy Order.
19	Andy Burke, Enerco	When will we know there is a volume insufficiency and how?	An instance of volume insufficiency for any total service requirement, higher quality of service provision (dynamic) requirement or zone (jurisdiction) requirement, will be known when the DASSA has executed and the auction results have been published (by 16:30 daily D-1).

Commitment Obligations & Incentives (1/4)

#	Asked by	Question	TSOs Response
20	Padraig D (Grid BESS)	Does this apply 24 hours per day or is it only applicable to daytime grid?	The DASSA Auction Timeframe will be 24 hours, i.e 23:00 D-1 to 23:00 D.
21	Will Carr	How would a provider Self-Lapse? Is this only assessed at Gate Closure? If before Gate Closure could it trigger Volume Insufficiency and TSO Secondary trading?	Service providers may inform the TSOs that an Order is being self-lapsed up to the gate closure for a given Trading Period, i.e one hour before the Trading Period. An instance of volume insufficiency will apply only when a service volume requirement is not procured in the daily auction itself, i.e. volume insufficiency will not be triggered by lapsed DASSA Orders. The TSOs' proposed RAD is designed to address any real-time service volume deficits resulting from lapsed DASSA Orders.
22	Andy Burke, Enerco	How are FPNs for PD units determined?	Priority dispatch units will have their DASSA Order automatically confirmed. The slide deck for Workshop 2 contains a process flow that illustrates this (slide 75).
23	Eoghan Cudmore	The post-gate closure delivery incentive only mentions the event performance scalar. What is the impact on the DASSA payment for non-delivery of a service?	The consultation paper proposes two post-gate closure incentive mechanisms – one for maintaining service availability and one for delivering a service when called upon to do so. The proposed Event Performance Scalar will be a value between 1 and 0 and will be a multiplier against DASSA payments, i.e any value less than 1 will reduce DASSA payments for a given settlement month.
24	Will Carr	Could the final secondary clearing price be able to a compensation payment calc, as representing the market value of a lapsed order?	Buyers and sellers of DASSA Orders in secondary trading will offer prices knowing the DASSA clearing prices for Orders. In this context, secondary trading clearing prices would not represent the market value of DASSA Orders that have been lapsed.

Commitment Obligations & Incentives (2/4)

#	Asked by	Question	TSOs Response
25	Mairead Cousins	Slide 51. When we say that the delta is €6, and that the participant who lapsed must pay compensation, does the participant pay 6€ for the number of . [Post Workshop: My own question related to the Compensation Payment on Lapsed Orders, as I was unsure if the Participant would have to pay the 'delta €€' for all MW in the re-adjusted DASSA clearing, or only on the number of MW which the Participant had 'lapsed'.]	As per the illustrative example in slide 51 of the Workshop 2 presentation deck, the delta between an Ex-Post Adjusted DASSA Price and the DASSA Price is €6. €6 would therefore be the value of the Compensation Payment, which would apply to each MW of a DASSA Order that lapsed. For example: if a DASSA Order volume is 20 MW and 10 MW of the Order is lapsed at gate closure, then the DASSA Order Holder will be required to pay the TSOs a Compensation Payment of 10 MW x €6 = €60.
26	Nick Heyward; Statkraft	What other markets use persistent style scalars in an auction design- wont it just distort future bidding and push up overall clearing and costs?	In GB, the payment within an Electricity Forward Agreement (EFA) block (4-hour duration) can be scaled down if a provider is not available in a prior settlement period. All risks faced by service providers affect bidding behaviour. If there is no incentive for service providers to be available, then prices may be low, but availability may be poor. Poor availability may in turn push costs up. The proposed design allows for a tolerance to account for technical unavailability. Service providers will also have the tools to manage their exposure to scalars e.g. secondary trading.
27	Paul McGuckin	Two questions. 1. How long would the scalar apply for 2. Have you considered that a scalar may then discourage participation for the period that it applies for?	Examples of the persistence of the Availability and Event Performance Scalars are set out in slides 62 and 70 of the Workshop 2 presentation deck respectively. Scalars can make units that have poor performance less competitive, but can also encourage improved performance to avoid facing a scalar in the future.
28	Pranav Kakkar	Do participants receive payment and return the difference between the adjusted DASSA and actual DASSA price, or do they just pay the difference instead?	The TSOs propose that a DASSA Order Holder will pay the TSOs a Compensation Payment proportionate to the volume of a DASSA Order that has lapsed. In practice, the value of any Compensation Payment(s) will be netted off any DASSA payments being made to a service provider as part of the monthly settlement process.
29	Nick Heyward; Statkraft	Couldn't deliberate breach of service be handled via MMU style approaches/investigations; rather than penalising heavily all lapses, ie unavoidable outages?	The TSOs consider that the proposed commitment obligation and incentive framework provides the best approach to maintain a reliable cohort of service providers in the long term. Inherent in our proposals is the principle that service providers, where possible, do not suffer financially due to circumstances beyond their control.

Commitment Obligations & Incentives (3/4)

#	Asked By	Question	TSOs Response
30	Jenn Brooks: RWE	How will scalars be reset if there were agreed "exceptions" for why availability / performance may have been less than confirmed in the DASSA?	A dispute process, which may be used for the circumstances described, will be set out in the System Services Code.
31	Rory Quinn	What source/signal will be used to determine the unavailable DASSA order volumes? (E.g. FPNs, System Service Availability signals, etc.)	The TSOs will leverage existing inputs and processes used in DS3, including SCADA availability signals and FPNs, to determine a DASSA Order Holder's availability to provide a service.
32	Eoghan Cudmore	Is the scaling factor for month in question based of prior 5 months, or can do they change dynamically within month in response to events within that month?	Scalars are calculated ex-post on a monthly basis. With regard to the proposed Availability Performance Scalar, slide 62 of the Workshop 2 presentation deck illustrates how the value of the scalar increases over the course of 5 months following the instance(s) of unavailability. Regarding the proposed Event Performance Scalar, slide 70 of the Workshop 2 presentation deck illustrates how the value of the scalar increases over the course of 3 months following the instance(s) of not delivering the service when called upon to do so.
33	Philip Blythe (SSE) [Mairead Cousins (Post Workshop)]	How will Scalars work in Secondary trading and the transfer of responsibility? [Post Workshop: I'm not sure I heard the answer correctly (given by Joe Deegan), that the Scalars will carry into the Secondary Trade. Please could this question and answer be explained more fully when the Q&A is published next week. I cannot see how the Scalars could be passed to another participant in the Secondary-Trade-Platform. I guess that no participant would pick up a Secondary-trade, if they could see that they would only earn a small percentage of the Buy/Sell price. How could there be transparency.]	The proposed scalars will only apply to DASSA Orders post-gate closure, which is after the secondary trading window has closed for a Trading Period. A DASSA Order may be obtained through the daily auction or in secondary trading. If a DASSA Order, or part thereof, is transferred from one party to another in secondary trading, the Order's commitment obligation (proportionately) will also transfer. A DASSA Order Holder will be paid the DASSA Clearing Price for the Order subject to the service provider's performance in real time: if a service provider maintains its availability for the service volume and delivers the service if called upon to do so, then there will be no reduction in the DASSA payment.

Commitment Obligations & Incentives (4/4)

#	Asked By	Question	TSOs Response
34	Will Carr	Is there a risk that the combination of scalars and bid caps may result in some providers being unable or disincentivised to participate in DASSA?	The TSOs have endeavoured to develop a holistic DASSA design that meets all of the fundamental requirements of a competitive auction for system services. Our proposed Total Bid Price Cap strikes a balance between allowing market efficiency (providing required price signals) and protecting consumers from excessively high prices. Our proposals allow for a periodic price cap revision. The TSOs consider that the proposed commitment obligation and incentive framework provides the best approach to maintain a reliable cohort of service providers in the long term. While scalars can make units that have poor performance less competitive, they can also encourage improved performance to avoid facing a scalar in the future.
35	Will Carr	Do the scalars only apply to DASSA orders? I.e the scalars will not apply to secondary trades?	The proposed scalars will only apply to DASSA Orders post-gate closure, which is after the secondary trading window has closed for a Trading Period.
36	Rory Quinn	How will industry be consulted on calculating unavailable volumes? Need to avoid underpayment issues seen initially with DS3 and EDIL declarations are too manual	The TSOs do not intend consulting on the calculation of available / unavailable volumes in the DASSA. The TSOs will leverage existing inputs and processes used in DS3, including SCADA availability signals and FPNs, to determine a DASSA Order Holder's availability to provide a service.