Consultation Report

Revised Balancing Market Principles Statement

14 October 2020

Introduction

The objective of the BMPS and associated documents is to provide a clear and comprehensible description of the scheduling and dispatch process. This consultation report has been prepared for the Regulatory Authorities following consultation with industry on revisions to the Balancing Market Principles Statement (BMPS).

We published Version 1.0 of the BMPS in September 2017 following a consultation on the format, style and content of the document. Version 2.0 was published in April 2018 following a consultation on revisions which reflected further development of the revised SEM arrangements and relevant developments external to the I-SEM project. Version 3.0 was published in June 2019 following consultation on revisions.

On 23 July 2020 we published for consultation Version 3.1 of the BMPS which included numerous proposed revisions.

The consultation closed on 1 September 2020. We received representations from:

- Aughinish Alumina
- Bord Gáis Energy
- Bord Na Móna Powergen
- ESB Generation and Trading
- Power NI – Power Procurement Business
- Tynagh Energy Limited.

This consultation report sets out a summary of the consultation representations we received. We have sought to address representations at an aggregated level in this document and, where appropriate, in the updated BMPS – Version 4.0.

The evolution of the BMPS is set out in an appendix.

Scope of Revisions

As per Condition 10B and 22B of EirGrid and SONI's Transmission System Operator Licences respectively we are required to ensure that the BMPS is accurate and up-to-date, to propose revisions as necessary and to consult market participants on the changes. The more significant revisions in the document are tabulated below.

Table 1 lists the revisions which were proposed in the consultation.

Table 1: Proposed Revisions to the BMPS (Consultation Version 3.1)

Section	Update / Reason for Update
Important Information	New versions of SONI Transmission Licence, and SONI and EirGrid Grid Codes published. Introductory text updated.
Terms and Definitions	Clarification of definitions and terms used in the document, and addition of newly introduced terms such as SOGL, EGBL and NCER. References to these terms have been updated throughout the document.
2.3 Efficient Operation of the SEM	Rephrased text from 'Third Electricity Directive' to 'Electricity Directive of the Third Energy Package'. Added a reference to Regulation 2017/1485 (SOGL).
2.4 Provision of Transparency	Added reference to Regulation 2017/1485. Rephrased text around Electricity Directive of the Third Energy Package
3.1.1 Priority Dispatch	Text updated to reflect that sub categories apply to solar and tidal in addition to wind, and introducing Power Park Modules as a collective name for solar, tidal and wind.
3.2.1 Scheduling and Dispatch Policy Parameters	Text updated to reflect SEMC decision SEM-19-065 of 14 November 2019, deciding LNAF and SIFF will remain zero until 2021. Text has been updated throughout the document to reflect this decision.
3.2.4 Availability and System Services Capability Declaration	Footnote regarding the approach for solar generation updated to reflect current methodology.
3.4.1 Demand Forecast	Text updated to reflect that demand forecasting is now also based on solar.
3.4.3 Constraints	Figure updated as "Moneypoint Must Run" constraint been renamed to "400 kV Network".
3.4.4 System Service Requirements	Operating reserve requirement definition updated to be in line with the definition in the Synchronous Area Operational Agreement Article 3.
3.4.5 Interconnector Technical Data	Reference to LFCBOA added.
3.4.6 Prices and Volumes for Cross-Zonal Actions	Clarification text on system security added.
4.2 Input Data Processing	Clarification text added on priority dispatch up to PN.
4.3.2 Ramping Margin Tool	Section added on the new Ramping Margin Tool.
4.4.4 Priority Dispatch	Reference added with information note on wind dispatch tool constraint groups.

4.6 Data to Pricing and Settlement Systems	Short Term Reserve Requirement renamed with Operating Reserve Requirement Quantity to be in line with the Trading & Settlement Code definition. Addition of new text and image explaining MOD_19_19.
5.3 Audit	Text updated to reflect current timeline in the audit.
6.2 Operational Data	Reference to Information Note on Wind Dispatch Tool Constraint Groups added.
6.4 Methodologies	Text updated to include methodologies from SAOA and LFCBOA.
Appendix 1.1	CRU and UR decision on SAOA and LFCBOA added.
Appendix 1.5	Regulation 2017/1485 added.

The following table summarises revisions which are in addition to revisions proposed in Version 3.1 and are a result of the consultation process with industry and the Regulatory Authorities. These have been included in Version 4.0.

Table 2: Additional Revisions to the BMPS (Revised Version 4.0)

Section	Update / Reason for Update
Terms and Definitions	LSI and LSO terms included for clarity.
3.1.1 Priority Dispatch	Reference to the SEM Committee letter to the TSOs on the 24th March 2017 added.
3.4.3 Constraints	A reference to an information note on flagging for inter-area flow constraints added.
3.4.4 System Service Requirements	Reference Incident term capitalised for clarity. Text has been updated to explicitly refer to the loss of the Largest Single Infeed or Outfeed.
3.4.6 Prices and Volumes for Cross Zonal Actions	Text has been added here to for further transparency, and to elaborate on the priority of cross zonal actions taken.
4.3.2 Ramping Margin Tool	A reference to the information note on Ramping Margin Constraints added.
4.3.3 Scheduling Run Types: LTS, RTC and RTD	Footnote numbering updated.
4.5.2 Maximising Priority Dispatch Generation	Duplicate sentence on decremental prices removed.
Appendix 2.2	Updated section numbering.

Industry Representations

This section summarises the representations we received during the consultation. Where consent was given, complete representations are published. Where a representation which is out of scope points out an error or a lack of clarity we have sought to address them in the revised BMPS.

Table 3: Summary of Representations Received

Topic	Summary of Representation(s) Received	TSO Response
Methodology for System Operator	One respondent commented that it needed to be clearly defined whether the Methodology for	This document is a descriptor of the automatic flagging process that is programmed into the scheduling

and Non- Marginal Flagging	System Operator and Non- Marginal Flagging is indicative or not, and whether it had been revised and published.	software. This process has no influence from the TSOs. Indicative refers to the Indicative Operation Schedules rather than the methodology. The Methodology for System Operator and Non-Marginal Flagging is available on the SEMO website. https://www.sem-o.com/documents/general-publications/Determining-System-Operator-and-Non-Marginal-Flags-v1.0.pdf The methodology was reviewed in October 2020 and deemed to be up to date. Note that there was an information note published in February 2019 that provides an explanation of the flagging associated with inter-area flow constraints. https://www.sem-o.com/documents/general-publications/Information_Note_on_Inter-Area_Flow_Constraints.pdf
Regulation 2019/943	We received a number of representations on Regulation 2019/943 in relation to the hierarchy of Priority Dispatch, eligibility for Priority Dispatch, the obligation of continuity in heat supply from High Efficient CHP, the inclusion of Hybrid plants within the same category as HE CHP, and the demand response available to the dispatch process of autoproducers in the market. One respondent also noted that business processes and related documents may need to be revised in order to be aligned with the implementation of the Clean Energy Package. One respondent voiced concern on the BMPS referral to out-of-date intermediary documents rather than binding law. There was also a note on the suggestion into the SEM Committee consultation on Regulation 2019/932 the price used for scheduling and dispatch should be the lower of the submitted DEC or the substitute DEC.	At this moment in time, we are satisfied that the references made in the BMPS reflect the regulatory and market frameworks under which we must currently operate. We are awaiting a SEM Committee decision on the implementation of Reg 2019/943. Following a decision on this, due process will ensure that all relevant sections of the BMPS and related documents will be updated to reflect the decision.
High Efficiency CHP	One respondent noted that a 'Quarterly High Efficiency CHP Dispatch Down' report similar to that produced for renewables would be welcome.	We advise that unfortunately this is not a report that is currently being considered.
MOD_10_19	One respondent commented that they understood there is new consideration being given to this modification, and referenced a Code Mod to reverse 10_19.	This MOD_10_19 has been approved and is due to come into effect in October 2020. After discussing with the Regulatory Authorities we agree that it should be included in the BMPS at this stage to reflect the decision currently in place. Any subsequent decisions will follow due process and ensure that all relevant sections of the BMPS will be updated to reflect the

		decision.
Regulation 2017/1485 (SOGL)	One respondent queried whether SOGL places an incremental cost burden on units providing reserves and ancillary services over and above that which already exists.	This does not place any incremental cost burden on units. The reference to SOGL within the Efficient Operation of the SEM obligation is to ensure consistency in terminology with the rest of Europe.
Inclusion of solar in the demand forecast	One respondent commented that the inclusion of solar is equally applicable to both jurisdictions on the island of Ireland, and not just NI as mentioned in the consultation cover note.	Northern Ireland was specified here as the largest solar sites are located in NI, particularly in relation to the jurisdictional demand. However we take on board the comment that this is equally applicable to both jurisdictions and we have amended the text to remove reference to NI specifically
Synchronous Area Operational Agreement (SAOA) and Load Frequency Control Block Operational Agreement (LFCBOA)	One respondent noted that SAOA and LFCBOA explicitly refer to satisfying SOGL requirements within IE and NI. They noted that provisions need to be sufficiently flexible to pre-empt and to react appropriately to any potential perverse/unintended outcomes which could result from a hard Brexit.	We note the desire to avoid potentially perverse and/or unintended outcomes which could arise from a change in the UK's enduring relationship with the EU. In this instance, the text was amended to only to ensure consistency in language with the definition in Article 3 of SAOA. Any changes to the SAOA for IE/NI that result from a hard Brexit will be considered by the relevant EirGrid/SONI teams and will not originate in the BMPS in the first instance. Further engagement with the RAs would be required in such a scenario. For information the RAs approved the required methodologies in November 2019 and the SAOA and LFCBOA between EirGrid and SONI came into force in February 2020.
Commitment to reviewing the BMPS on an annual basis	A number of respondents noted the removal of the text "We will review the BMPS on an ongoing basis, and in any event at least once a year, to ensure that this BMPS continues to be accurate and up-to-date" from the Scheduling and Dispatch process overview section, and proposed that it should remain.	The quoted text has been removed from section 4.1, but still remains elsewhere in the document (Important Information section), as annual review of the BMPS is a requirement of our TSO license.
Maximising Priority Dispatch generation	One respondent noted the addition of the below new text in section 4.5.2 and requested greater with regard to the meaning. 'These negative decremental prices are tuned to account for potential conflicts with other constraints or the prices of other units.'	This text was duplicated from the paragraph above it in error. These are internal parameters to the scheduling and dispatch process aimed at giving effect to the priority dispatch policy that we are required to implement – they are not used outside of the scheduling and dispatch systems. We do not publish the prices which are applied because they are subject to change to give effect to priority dispatch policy. Publishing the prices may also influence participant behaviours and may be counter-productive for the measure which is purely to give effect to priority dispatch policy.

Timing of the publication of LTS schedules	One respondent requested that an LTS schedule be published at midnight, and any possible commitment changes are flagged to the units.	The timing of the LTS schedules is dictated in part by the timing of the renewables forecasts. Updated renewables forecasts are received after 18:00 and after 00:00 in the winter, (19:00 and 01:00 during Daylight Saving Time). LTS runs are initiated to coincide with these timings, and to initiate an intermediate LTS would be redundant as no new forecast has been received. In addition, the LTS schedules are always indicative schedules rather than binding, as unforeseen changes may always be required due to a unit trip etc.
System Security and Operational Security Definitions	One respondent noted that it would be better to have defined terms for System Security and Operational Security such that the scope of the usage of the terms leaves no ambiguity.	The responsibility to ensure System Security and Operational Security as referred to in the BMPS come from national legislation. For example, the first function of the TSO from (for Ireland) Regulation 8 of S.I. No 445/2000 - European Communities is "to operate and ensure the maintenance of and, if necessary, develop a safe, secure, reliable, economical and efficient electricity transmission system, and to explore and develop opportunities for interconnection of its system with other systems, in all cases with a view to ensuring that all reasonable demands for electricity are met and having due regard for the environment." By definition these terms are extremely broad and imply an entire system concept of security, which cannot be distilled into one sentence. The EirGrid OSS and SONI OSS also illustrate the many different considerations with regards to operating a secure system. http://www.eirgridgroup.com/site-files/library/EirGrid/Operating-Security-Standards-December-2011.pdf http://www.soni.ltd.uk/media/documents/Operations/SONI%20Operating%20Security%20Standards%20v1.pdf
SEM Committee Guidance on solar and wind inclusion in Priority Dispatch.	One respondent noted that there should be a link to the SEM Committee letter dated 24 March 2017 referenced in Section 3.1.1.	This letter was not published by the RAs so there is no link available at this time. However the letter reference details are as follows, and will also be included in the BMPS: Letter from SEM Committee to TSOs, dated 24 March 2017, 'Re: TSOs Priority Dispatch Review: Inclusion of Solar and Tidal'. SEMC Ref D/17/5471

Additional text relating to constraints	One respondent commented that the proposed additional text is very vague referring to "Security of Supply, Hydro Management and the Environment".	These are broad categories as they are indicative of the types of constraints that could be imposed. It is not intended as an exhaustive list of all constraints. These broader constraints arise from situations that are out of the TSO control such as the management of water systems and commercially sensitive information.
Reference Incident definition	One respondent noted that the change in text from Largest Single Infeed to "Reference Incident" makes the document less transparent. They also noted that the term Reference Incident should be capitalised for clarity.	This definition comes from SAOA Art 3 and LFCBOA Art 4 & 11, as we move toward network code terminology across all documents for consistency. However, we take on board that this makes the document less transparent and have updated the paragraph accordingly. The term "Reference Incident" will be capitalised.
CBB and Security of Supply management	One respondent requested further clarity on how long term Security of Supply management has any interplay with CBB actions.	CBB actions will only be used to facilitate priority dispatch and/or system security. The proposed addition in this section is to provide clarity on system security this year including the long term management of operating hours of generators, arising from the knock on impact of COVID-19 restrictions.
CBB – Priority of Actions	One respondent requested clarity on the actions that will be taken and the priority of actions taken.	To resolve system security issues we will first look to take 'local' actions within the SEM. If these actions are insufficient we will then look to Interconnector trading. From a priority dispatch perspective we also look to take 'local' SEM actions first (such as reducing the output of conventional generation to make room for wind) and then look to interconnector trading. Further text on priority of actions has been added to the BMPS.
CBB & CTPT – Transparency	One respondent noted that there remains a lack of clarity and transparency over energy trading under both CTPT and CBB. The importance of ensuring that non-energy actions do not affect pricing in the SEM was highlighted, in the event that these could affect BM prices and impact participants in the SEM BM.	The TSOs trade for system security and priority dispatch reasons only. Trades only happen after the closure of the respective day-ahead and intra-day markets so do not impact on participants in those markets. This text has been included in the BMPS so as to provide for greater transparency around the effect of cross zonal actions of pricing in the SEM.
CBB – Pricing	One respondent noted that there is also a lack of clarity over the pricing of CBB trades. They also noted that BP_SO_11.1 states that prices for CBB trades are determined in accordance with "the relevant operating protocols" and asked whether the EWIC and Moyle Interconnector Operating Protocols are published.	The Operational Process governing CBB trade prices and volumes process is published as BP_SO_11.1 and BP_SO_11.2. However, the service is not guaranteed to be available at the time of delivery. Therefore, the price calculation is dynamic and a function of the submitted bids, offers and the prevailing system conditions at the time. The Op Protocols set out the process by which prices and trades are exchanged and agreed, not how we determine the prices.

		Furthermore, the Operating Protocols are not published as they are arrangements between the interconnector owners, National Grid, EirGrid, and SONI, and contain commercially sensitive detail. We will produce a separate information note on pricing for CBB trades this year in order to provide some clarity on this.
Ramping Margin Tool	One respondent asked if this is a new management tool, and whether it should be included in the operational constraints document.	The new ramping margin constraints have been active in the operational constraints document since Tuesday 8th September. This was notified through the Weekly Operational Constraints Update Revision from Week 37 published on September 8th. This document also contains a link to an information note with further detail. This information note will be referenced in the BMPS. https://www.sem-o.com/documents/general-publications/Ramping_Margin_Requirements_in_Scheduling.pdf

Publication of a Revised BMPS

As per Condition 10B and 22B of EirGrid and SONI's Transmission System Operator Licenses respectively, we submitted a report on the consultation, the consultation representations received and a revised Balancing Market Principles Statement to the Utility Regulator and the Commission for Regulation of Utilities for their consideration. The Regulatory Authorities requested a number of additional revisions. These revisions are included in the summary Table 2 above.

The BMPS is hosted on the 'TSO Responsibilities' page of www.SEM-O.com. Alongside it are published operational processes and methodologies which provide more information on specific aspects of scheduling and dispatch. These process and methodology documents are subject to change without consultation.

Appendix: Development and Maintenance of the BMPS

During the I-SEM project the SEM Committee highlighted the need for transparency and predictability of TSO actions in the Balancing Market. The purpose of the BMPS is to provide clarity and certainty to market participants on the timing and nature of TSO actions and to describe how exceptional actions will be reported.

In its 2015 decision on the energy trading arrangements in I-SEM, the SEM Committee (SEMC) supported the development of a Balancing Market Principles Statement (BMPS) by the TSOs to ensure consistency, transparency and comprehensibility of TSO decision making in the Balancing Market. Following an initial consultation with the I-SEM market rules working group, the SEMC consulted publicly on the Terms of Reference for the BMPS before publishing the approved terms in October 2016.

Table 4: Key milestones in the development and maintenance of the Balancing Market Principles Statement

Document	Reference / Date
SEM Committee Decision on Energy Trading Arrangements, Detailed Design	SEM-15-065, 11th September 2015
SEM Committee Decision on Balancing Market Principles Statement Terms of Reference	SEM-16-058, 7th October 2016
Revised SONI Transmission System Operator Licence	Condition 22B, March 2017
Revised EirGrid Transmission System Operator Licence	Condition 10B, March 2017
BMPS First Consultation Version	7th April 2017
BMPS First Consultation Responses	8th September 2017
BMPS First Approved Version 1.0	8th September 2017
BMPS Revised Version 1.1 for Consultation	6th March 2018
BMPS Approved Version 2.0	11th April 2018
BMPS Revised Version 2.1 for Consultation	10th January 2019
BMPS Approved Version 3.0	14th June 2019
BMPS Revised Version 3.1 for Consultation	23rd July 2020
BMPS Approved Version 4.0	14th October 2020

In December 2016, both Regulatory Authorities consulted on modifications to SONI and EirGrid's TSO Licences to incorporate a requirement on both TSOs (in conjunction) to develop and maintain the BMPS in line with the Terms of Reference determined by the SEMC. The decision on the modifications was published in March 2017.

The obligations of Condition 22B and 10B of our licences requires us to ensure the BMPS is as accurate as possible. The BMPS will be reviewed on an ongoing basis and any revisions that are required will be are consulted on with market participants. We must also engage with the Regulatory Authorities on proposed revisions to the BMPS and submit to them the revised version before publication.