
Integrated Single Electricity Market

Consultation on the Proposed Scope 2020 & 2021 Terms of Reference Annual Audit of the Scheduling and Dispatch Process

Response from



February 2021

1 Bord na Móna Comment

Bord na Móna (BnM) welcomes the opportunity to express our views in regard to this consultation.

1. Materiality

We begin by making two related points regarding ‘Materiality’, noting that this forms one of the central pillars of the reference audit¹ for the Scheduling and Dispatch process Assurance Report for the 15 month period ended 31 December 2019.

The first of these is to highlight that while the term ‘Materiality’ can be taken in terms of the overall context of the Scheduling and Dispatch process, it is important to distinguish between this, and the ‘Materiality’ of any impact to the individual unit. It is entirely possible, to have a provision which is of limited materiality to the overall market, but which is of acute materiality to the individual unit. This is of concern where it results in an unfair outcome, which is not consistent with the high-level design and licencing agreements.

The second related comment we wish to make is somewhat related to the general principle of the first. This point refers to the merit order and the materiality to the scheduling and dispatch process, as a whole, of a more expensive unit being dispatched in place of a cheaper unit.

Extract from the reference audit:-

‘Pillar 3: Merit Orders

The following procedures have been designed to assess the TSOs’ compliance with The Requirements for Pillar 3: Condition 10A -Para. 3 of the EirGrid TSO licence; Condition 22A - Para. 3 of the SONI TSO licence and EirGrid Grid Code SDC 1.4.7.3 / SDC1.4.7.4 and SDC2.4.2.14 and SONI Grid Code SDC1.4.8.3/ SDC1.4.8.4 and SDC2.4.2.14

The strict adherence of dispatching in line with the Merit Order is not always feasible. The Grid Codes outline acceptable reasons for deviating from the Merit Order. We therefore considered if dispatch was in line with the Merit Order in the context of the Grid Codes.

If we noted in our sample of dispatch instructions tested that a potential deviation from the merit order occurred and a more expensive unit was dispatched while a cheaper unit was available, an assessment was undertaken to confirm if the cheaper unit would have been able to respond to the same dispatch instruction based on its technical capability. If the cheaper unit would have been technically capable to respond to the dispatch instruction an assessment was completed to confirm if dispatching the more expensive unit was material to the scheduling and dispatch process as a whole.’

End Extract

In this regard, we refer back to the materiality issue highlighted in the first point.

We propose that ‘materiality’ needs to be defined – in the context of the participant unit, as well for the scheduling and dispatch process as a whole.

¹ Independent Assurance Report on compliance with specified elements of the Scheduling and Dispatch process for the 15 month period ended 31 December 2019

2. Requirements

With regard to the 'requirements' as referred to in the reference audit we acknowledge and welcome the current efforts to address the situation whereby units which are in merit, and which have the technical capability to run, are not called. This situation is most acute during scarcity pricing events, when the unit is subjected to potentially very large non-performance difference charges. What currently prevails is not aligned with the 'requirements' as referred to in the reference audit.

3. Exclusions

The consultation paper sets out a comprehensive list of exclusions from the scope of the audit. While we recognise the underlying rationale, **we propose that** the scope of the audit should extend to the effectiveness of any **changes** to some of the list of exclusions from the Assurance Engagements since the most recent preceding audit. Of most interest here would be in relation to the algorithms associated with the optimisation engines, which produce the Long-Term Scheduling ("LTS"), Real Time Commitment ("RTC") and Real-Time Dispatch ("RTD") schedules, used in the scheduling and dispatch process.

We hope that you find these comments and proposals of use and submit them for your consideration. We would be pleased of course to discuss any aspect of our response should you so wish.

For and on behalf of Bord na Móna



Justin Maguire
Regulatory and Compliance
Bord na Móna PowerGen
Main Street
Newbridge
Co Kildare