Future Arrangements for System Services (FASS) Programme

System Services Code Plain English First Draft

Supporting Cover Note from EirGrid and SONI

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Contents

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1 Executive Summary

As part of our ongoing work on the Future Arrangements for System Services (FASS), EirGrid and SONI have been working on the development of the System Services Code, a critical element to be delivered by the FASS programme. The objective of the System Services Code development is to transpose the SEM Committee (SEMC) Decisions into a binding set of market rules. The System Services Code is being developed by the Transmission System Operators (TSOs), with input from the System Services Code Working Group[1] composed of the TSOs, Regulatory Authorities (RAs) and industry panel members.

Per the Phased Implementation Roadmap (PIR) V2.0[2], approved by the SEMC in September 2024, the TSOs are today publishing the first draft of the Plain English Version (PEV) of the System Services Code (hereafter referred to as the "First Draft") to facilitate early engagement and information sharing with the broader industry. Please note that this PEV is a draft plain English guide and subject to change following further SEMC decisions or Working Group discussion, also noting that there are open points of discussion within the Working Group on several material sections.

This First Draft has been developed by the TSOs in conjunction with the System Services Code Working Group. To date there has been good engagement, including four Working Group sessions. The TSOs will continue to draft the System Services Code in collaboration with the Working Group members. The TSOs plan to track this collaboration through a live comments log that will be published on the EirGrid and SONI websites, which the TSOs will regularly update in line with the monthly Working Group sessions. All stakeholders will have an opportunity to engage further on the System Services Code as part of the SEMC consultation process, planned for early 2026. The TSOs will also welcome all queries and feedback on the First Draft from stakeholders that are not part of the Working Group, via the existing FASS email address (FASS@eirgrid.com & FASSProgramme@soni.ltd.uk) where the team will acknowledge and engage with any correspondence.

Below is a summary of the development process of the System Services Code.

- The System Services Code Working Group was established to transpose FASS related SEMC decisions into the System Services Code through collaborative drafting with industry.
- An iterative drafting approach has been adopted for the Code's development. Some sections will require only a single draft, while others will be updated iteratively based on input from Working Group members.
- Per the PIR V2.0, Draft 1 of the System Services Code (Plain English Version) will be superseded by Draft 2, to account for future SEMC decisions which will impact the design.
- Legal drafting of the code will begin after the completion of Draft 2 of the System Services Code (Plain English Version).

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[1] SOEF-FASS-Terms-of-Reference-for-FASS-Code-Development-Working-Group.pdf
[2] EirGrid - FASS Programme PIR V2.0 & SONI – FASS Programme PIR V2.0

2 Background & Context

2.1 Background

As detailed in the SEMC's High-Level Decision (HLD) Paper published April 2021[3], the TSOs are required to deliver a competitive framework for the procurement of system services ahead of the short-term energy and balancing capacity markets, as provided for under Directive (EU) 2019/944[4] and Regulation (EU) 2019/943[5]. This provision of system services is to be incentivised through a new market mechanism, FASS, that ensures the secure operation of the electricity system with higher levels of non-synchronous generation.

The market arrangements set out in the HLD comprise three main components:

FASS Component	Description	Timeline
Day Ahead System Services Auction (DASSA) Arrangements	Daily auction and associated market arrangements. This is a requirement based on EU regulations and direction from SEM Committee.	• December 2026
Fixed Term Contracts	Procurement of fixed term contracts and development of future products (e.g.: Low Carbon Inertia Service (LCIS))	• TBC, as required by product • LCIS Phase 1: October 2024
Layered Procurement Framework (LPF)	Procurement at timeframes greater than one day and less than one year	• Pending outcome of 2025 annual assessment

Table 1 Components of the FASS Programme

The HLD also provided for the phased introduction of a System Services Code which would set out the market rules. System Service providers will accede to the code to allow them to participate in the new market arrangements.

The System Services Code will set out the rules for the market arrangements introduced through FASS. Service providers will be required to register with the TSOs and accede to the System Services Code to participate in the System Services Markets introduced under FASS. In addition, various Agreed Procedures are being developed and will be appended to the Code. These will outline the steps of the various processes and procedures for service providers who participate in the market.

2.2 Context

The objectives of the System Services Code will be based on the wording in the TSOs' Licences[6] but are expected to be as follows:

1. to facilitate the efficient discharge by the TSOs of the obligations imposed upon it by the Transmission System Operator Licences.

2. to facilitate the efficient, economic, and coordinated operation, administration and development of the System Services Market in a financially secure manner.

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[3] SEM-22-012 System Services Future Arrangements High Level Design Decision Paper
[4] Directive (EU) 2019/944 on common rules for the internal market for electricity and amending Directive 2012/27/EU
[5] Regulation (EU) 2019/943 on the internal market for electricity
[6] The licence modifications to include the System Service Code condition are due to be consulted on by the RAs in mid 2025, and are anticipated to take effect by the end of 2025.

3. to facilitate the participation of undertakings including electricity undertakings engaged or seeking to be engaged in the provision of System Services in the System Services Market.

4. to promote competition in the provision of System Services.

5. to provide transparency in the operation of the System Services Market.

6. to ensure no undue discrimination between persons who are or may seek to become parties to the System Services Code; and

7. 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.

8. The above objectives must also align with EU regulations such as the Clean Energy Package, the Electricity Balancing Guideline (EU 2017/2195) and System Operation Guideline (EU 2017/1485) in developing an overarching commercial and legal framework to drive necessary third-party investment to meet challenges of high renewables.

3 Approach

As part of its decision on Detailed Design and Implementation of FASS[7], the SEMC invited the TSOs to establish a working group for the development of a System Services Code with appropriate industry membership. The objective of the System Services Code Working Group is to ensure SEMC decisions in relation to FASS are reflected in the System Services Code through collaborative drafting.

Separately, the SEMC has established the System Services Future Arrangements Project Panel. This is distinct from the System Service Code Working Group, and is a consultative group set up to complement standard public consultation processes and the mandatory processes required by the Network Codes.

3.1 Selected Development Approach

The TSOs considered several approaches for the efficient development of a System Services Code to ensure that milestones set out in the PIR could be met with sufficient industry engagement. The TSOs ultimately deemed a hybrid approach to be the most suitable. This involves a combination of iterative and one-draft approaches whereby the TSOs would draft certain sections in full ahead of engaging with industry via the Working Group, while other sections would be drafted iteratively over a number of meetings in conjunction with Working Group members.

At the first Working Group meeting, held in EirGrid offices in Dublin on 26th June 2024, it was agreed that for the Administrative (sections 2 & 3) and Qualification sections, a one draft approach would be the most suitable. For these sections, the ability to leverage existing documentation was a key advantage. The administrative sections made effective use of documentation from the Capacity and Trading and Settlement Codes, while existing DS3 documentation was a suitable basis for the Qualification section. For the sections requiring an iterative approach, the TSOs are developing the System Services Code by section and reviewing iteratively with industry via regular Working Groups.

The iterative approach entails a five-stage process:

1. Circulation of proposals / position papers;
2. Development of Plain English versions (PEV);
3. Updating PEV for sign off;
4. Legal drafting; and
5. Finalised legal drafting for sign off.

A comprehensive description of this approach is outlined within the Terms of Reference for the System Services Code Working Group[8]. Table 2 outlines the approach for each section of the PEV code. During discussions at the System Services Code Working Group, it was noted that certain elements of one draft sections, may require consideration across multiple Working Groups.

Additionally, the iterative approach will be applied to both Draft 1 and Draft 2 of the Plain English Version of the System Services Code. The decision to draft the System Services Code PEV in two stages was not initially included in the Terms of Reference, as it was not anticipated at the time. However, this two-stage drafting process has been adopted to address sections of the System Services Code dependent on future SEMC decisions and to minimise the need for revisions in those sections.

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[7] SEM-23-103 System Services Future Arrangements – Detailed Design & Implementation – Phased Implementation Roadmap - Decision Paper 3
[8] EirGrid – FASS - Terms of Reference for System Services Code Development Working Group & SONI – FASS – Terms of Reference for System Services Code Development Working Group

Section Ref.	Code Section	Proposed Approach
1	Overview	One Draft
2	Legal and Governance	One Draft
3	Participation, Accession and Registration	One Draft
4	Qualification	One Draft
5	Auction Format of DASSA	Iterative
6	Secondary Trading	Iterative
7	Obligations	Iterative
8	System Service Suppler Charge	Iterative
9	Long Term Contracts	Iterative
10	Delivery – Performance Monitoring	Iterative
11	Migration to FASS for Existing DS3 Contracts	One Draft
12	Settlement	One Draft
13	Approvals	One Draft
14	Glossary	Iterative
15	Appendices	Iterative
16	Agreed Procedures	Iterative

Table 2: Table of Contents and Proposed Approach

4 Publication Overview

As noted previously, the objective of the System Services Code Working Group is to ensure the SEMC's published decisions in relation to FASS are accurately reflected in the System Services Code. Progression of the development of the PEV of the System Services Code has a high dependency on timely publication of SEMC decisions. In the absence of published decisions, certain sections of the Code cannot be drafted and shared with Working Group members.

Following publication of further SEMC decisions, further sections will be drafted and shared with the Working Group. Per the most recent PIR[9], it is anticipated that a complete version of the PEV will be complete by June 2025. An updated version of the PIR V3 will be published in March 2025, providing monthly granularity of timelines until December 2025.

Table 3 in Section 4.1 details which sections have been published in the First Draft and Table 4 details sections excluded from the First Draft and their relevant dependencies.

To provide further context to the First Draft and the work conducted to date through the Working Group meetings, the TSOs are publishing on the EirGrid and SONI websites the Working Group meeting materials and minutes captured, shown in Section 4.2, Table 5 below. The TSOs will in due course also publish a Comments Log from the Working Group meetings and received through the FASS Programme mailboxes on the EirGrid and SONI websites. This log will illustrate the key discussion points and suggestions raised to the TSOs along with the associated actions and responses from the TSOs.

4.1 Sections included in First Draft

In conjunction with the System Services Code Working Group and based on the SEMC decisions received to date, the TSOs have developed the First Draft to include 7 sections, detailed below. It should be noted that due to dependencies on future SEMC decisions including Volume Forecasting Methodology, Parameters and Scalars and Real Time Security Arrangements, only certain elements of the Auction Format of DASSA and Secondary Trading sections have been included in the First Draft.

Sections included in First Draft	Dependency on SEMC decisions to complete section
Overview	
Legal and Governance	
Participation, Accession & Registration	
Qualification	
Elements of Auction Format of DASSA	SEMC decisions including Volume Forecasting Methodology including Volumes Requirements Reporting, February, 2025. SEMC decision on Real Time Security Arrangements, April 2025. SEMC decision on Parameters and Scalars, June 2025.
Elements of Secondary Trading	SEMC decision on Volume Forecasting Methodology including Volumes Requirements Reporting, February 2025.
Agreed Procedures	

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[9] EirGrid - FASS Programme PIR V2.0 & SONI – FASS Programme PIR V2.0

Table 3: Sections included in the First Draft

For clarity, the TSOs have also listed the sections of the System Services Code which have a dependency on future SEMC decisions and the due date of these decisions based on the current PIR. Only once these decisions have been released, can the TSOs draft the relevant sections. Please note that if additional SEMC decisions are introduced under the FASS Programme, this may result in additional dependencies being identified and/ or redrafting of certain sections.

Sections excluded from First Draft	Dependency on SEMC decisions to draft Section
Obligations	SEMC decision on Real Time Security Arrangements, April 2025. SEMC decision on Parameters and Scalars, June 2025.
System Services Supplier Charge	SEMC decision on System Services Charge, January 2025.
Long Term Contracts	SEMC decision on Non-Reserves, September 2025.
Delivery – Performance Monitoring	SEMC decision on Volume Forecasting Methodology including Volumes Requirements Reporting, February 2025. SEMC decision on Parameters and Scalars, June 2025.
Migration to FASS for Existing DS3 Contracts	SEMC decision on DS3 SS Tariffs to DASSA, February 2025.
Settlement	SEMC decision on System Services Charge, January 2025. SEMC decision on Volume Forecasting Methodology including Volumes Requirements Reporting, February 2025. SEMC decision on Real Time Security Arrangements, April 2025. SEMC decision on Parameters and Scalars, June 2025. SEMC decision on Non-Reserves, September 2025.
Approvals	
Glossary	
Appendices	SEMC decision on System Services Charge, January 2025. SEMC decision on DS3 SS Tariffs to DASSA, February 2025. SEMC decision on Volume Forecasting Methodology including Volumes Requirements Reporting, February 2025. SEMC decision on Real Time Security Arrangements, April 2025. SEMC decision on Parameters and Scalars, June 2025. SEMC decision on Non-Reserves, September 2025.

Table 4: Sections excluded from the First Draft along with their relevant dependencies on future SEMC decisions

4.2 Published Working Group Slides and Minutes

The TSOs have outlined below the previous Working Group meetings held along with the associated slides and minutes published for each meeting.

Working Group Meeting	Topic	Content	Minutes
#1	Overview, Legal and Governance, Participation, Accession and Registration, Qualification	[Link to slide pack](#)	[Link to minutes](#)
#2	Shorter virtual session to provide updates on clarifications arising from initial Working Group	[Link to slide pack](#)	[Link to minutes](#)
#3	Elements of DASSA and Secondary Trading	[Link to slide pack](#)	[Link to minutes](#)
#4	Review of First Draft prior to Publication	[Link to slide pack](#)	[Link to minutes](#)

Table 5: All Working Group sessions held to date and corresponding published material