

# DS3 System Services

## Quarterly Update

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December 2016



# 1. Introduction

## 1.1 Background

The System Services work stream within the DS3 Programme relates to the procurement of services from generators, other market participants and connected entities to support the realisation of 75% System Non-Synchronous Penetration (SNSP) on the island of Ireland by 2020. It is a significant component of the broader DS3 Programme and comprises a number of complexities and inter-related issues, and important policy interactions with the I-SEM Programme being undertaken concurrently.

In December 2014, the SEM Committee published a decision paper on the high-level design for the procurement of DS3 System Services (SEM-14-108) (“the Decision Paper”). The Decision Paper also set out the SEM Committee’s emerging thinking on many aspects of the detailed design and implementation of the new arrangements. Some of the key changes occurring as a result of this decision and the transition from the previous Harmonised Ancillary Services (HAS) arrangements to the new DS3 System Services include:

- An increase in the number of services procured from 7 to 14 services;
- An increase in the maximum amount payable for the services from circa €50 million today to €235 million by 2020; and
- Movement from bilateral contracts with service providers to a competitive procurement process, consisting of either a Regulated Tariff arrangement or an Auction depending on the level of competition for each service.

Following on from this, EirGrid and SONI (“the TSOs”) worked together with the Commission for Energy Regulation (CER) and Northern Ireland Authority for Utility Regulation (UR), collectively the Regulatory Authorities (RAs), to develop an initial project plan for delivery of the market arrangements in line with the key milestones set out in the Decision Paper:

- 1st October 2016: Go-live of Interim Arrangements; and
- 1st October 2017: Go-live of Enduring Arrangements.

The DS3 System Services Interim Arrangements went live on 1 October 2016. A revised project plan building on the interim arrangements is currently in development with the RAs and is expected to be published in 2017.

## 1.1 Purpose of this Paper

This paper presents an update on the status of delivery of the Interim and Enduring Arrangements, key milestones which have been delivered, and work to be completed going forward.

This document is the fourth in a series of quarterly updates to the [DS3 System Services Project Plan](#), which was published in May 2015. The previous quarterly updates were issued in [October](#) and [December](#) 2015, and in [September](#) 2016 respectively. No update was issued in March 2016 as a number of stakeholder engagements were scheduled for this time and industry were updated through these interactions instead.

## 2. TSOs Key Updates

Since the September 2016 Quarterly update a number of key project milestones have been delivered. Below is a summary of these:

### **2016 Procurement Process**

The new Interim Arrangement Framework Agreements went live on 1 October 2016, enabling 107 units in Ireland and Northern Ireland to provide DS3 System Services. The Framework Agreements replaced the previous HAS contracts. A large volume of work was required to process, verify and agree the specific parameters for each Providing Unit under the Framework Agreements, and also to record the values centrally for processing via the new Settlement system. This milestone was a significant step in the activation of innovative System Services that provide greater flexibility to the TSOs with regard to system operation.

### **System Changes**

System changes for settlement and modifications to Electronic Dispatch Instruction Logger (EDIL) have now been completed for Interim Arrangements both in Ireland and Northern Ireland.

The system and user acceptance testing were successfully completed with the first settlement run in mid-November and statements issued to service providers during the first week of December 2016.

System Service Settlement Information sessions were held with service providers in October 2016. The information sessions were arranged to talk through the system changes and highlight to service providers any changes to reporting timelines and formats. Manual calculation spreadsheets were also provided to service providers to enable them to manually calculate their System Services payments.

### **Performance Monitoring**

Work is underway on updating the tool used to calculate performance scalars during the interim period in line with the methodologies set out in the [Protocol document](#)<sup>1</sup>. Work is also underway on developing the format and timelines by which performance scalars are communicated to industry during the interim period.

### **Qualification Trial Process**

The initial Qualification Trial Process will comprise both “Provenability” and “Measurability” trials. The Provenability Trials will afford technologies (unproven from a Service provision perspective) an opportunity to demonstrate their capabilities to provide a subset of services that are representative of a number of services. This will allow the TSOs to prudently consider large-scale reliance on these technologies in the future. The Measurability Trials will be used to establish the necessary measurement approaches so that reliable performance metrics can be established for the provision of services from new or existing Service Providers. The [DS3 SS Qualification Trial Decision Paper](#) was approved by the RA’s and published on 4 October 2016.

The OJEU Notice for the Qualification Trial Process was published on 5 November. A Bidders Conference was held on 17 November in Dublin with 46 attendees representing a range of new and existing Service Providers and other interested parties.

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<sup>1</sup> This DS3 System Services Protocol document is supplementary to the DS3 System Services Framework Agreement. It provides information on compliance and performance monitoring requirements that need to be satisfied by Service Providers and their respective Providing Units as part of the DS3 System Services contractual arrangements.

36 tenders were received by the submission deadline on 8 December 2016. The successful tenderers will be selected by the end of January 2017. The Trial will commence in March 2017 and will run until 31 August 2017.

### **Stakeholder Engagement**

A number of engagements with industry have taken place since the last update published including:

- 21 September – DS3 Advisory Council (including System Services update)
- 17 November – Qualification Trials Bidders Conference
- 29 November – DS3 Industry Forum (including System Services update)
- 8 December – Performance Monitoring Industry Information Session

All the presentations slides from these forums can be found [here](#).

### **3. Next Steps and Timelines**

Work is ongoing on redeveloping the project plan following the decision to extend the development and allow further consultation on Auction Design. It is expected that an updated plan will be agreed and communicated to industry in 2017. A supplementary document outlining the project plan and timelines will be included as part of this communication.