



www.eirgrid.com

The Oval, 160 Shelbourne Road
Ballsbridge, Dublin D04 FW28, Ireland

Telephone +353 1 677 1700

Email info@eirgrid.com

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RE: Proposed Grid Code Modification required for I-SEM

Dear Industry and Stakeholders,

This public consultation details the proposed Grid Code modification that is required to facilitate the operation of the transmission system when the proposed I-SEM arrangements become effective.

The requirement for the Grid Code modification is driven by the SEM Committee decisions:

- SEM-14-085a “Integrated Single Electricity Market (I-SEM) SEM Committee Decision on High Level Design” dated 17 September 2014.
- SEM-15-064 “Energy Trading Arrangements Markets Building Blocks Decision Papers” dated 11 September 2015.
- SEM-15-065 “Energy Trading Arrangements Detailed Design” dated 11 September 2015.

These decisions require the transmission system operator (TSO) to alter the scheduling and dispatch process.

The changes will have the greatest impact on schedule and dispatch codes SDC1 and SDC2.

Changes are also required within OC8 which addresses operational testing, although these amendments are low impact. They ensure that we have enough time to assess the effect of user testing on the scheduling and dispatch process. Currently, the notice requirements for testing are defined in the Trading and Settlement Code. We plan to move these requirements into OC8.

Following I-SEM go-live, these parts of the Grid Code will not be suitable in a number of important areas:

- Current scheduling and dispatch objectives do not recognise the operation of the proposed market arrangements.
- The timing of trading gates and the start/end of the trading day are not aligned with pan-European markets.
- The economic basis on which the TSO schedules generation to provide system security and meet demand is not aligned with the I-SEM design.
- Current operational data that users must provide to the TSO are not suitable for

DIRECTORS

John O’Connor

Chairman

Fintan Slye

Chief Executive

Dr Joan Smyth

Richard Sterling

Doireann Barry

Michael Hand

EirGrid Plc

The Oval

160 Shelbourne Road

Ballsbridge

Dublin D04 FW28

Ireland

Company Registration

No. 338522

operating the power system within I-SEM.

- Within I-SEM, day ahead and intra-day energy markets must be given as much time as reasonably possible to match energy supply and demand. To facilitate this, the TSO will have to delay its unit commitment decisions without compromising system security standards. The existing Grid Code provisions place no such direction on the TSO.
- Since the actions of the TSO in the balancing market may have significant impact on market participants, it will have to publish details of its scheduling and dispatch process and the associated parameters. There is currently no such obligation on the TSO within Grid Code.
- The arrangements for users to conduct operational testing will change when I-SEM goes into operation. The existing Grid Code provisions are built around the current SEM arrangements for full-day tests and within-day tests.

The proposed Grid Code modification is needed so we can operate the transmission system within the proposed I-SEM arrangements.

We are not consulting upon the I-SEM principles embedded within this proposed Grid Code modification. These decisions have already made by the SEM Committee as noted above. We would welcome your feedback to the following questions:

Questions for consultation

1. Does the proposed modification to Grid Code sections SDC1, SDC2, OC8 and the glossary adequately and accurately give effect to the I-SEM arrangements?
2. If not, in what way does the proposed modification fail to adequately and accurately support the I-SEM arrangements?

This consultation is open for the month of November 2016. We welcome your feedback on the questions raised. We will review your feedback when the consultation period closes. We plan to present our final draft modification to the first grid code review panel meeting in 2017.