

Consultation Report

Revised Balancing Market Principles Statement

28 April 2021



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 and Version 4.0 was published in October 2020 following consultation on revisions.

On 26 February 2021 we published for consultation Version 4.1 of the BMPS which included numerous proposed revisions.

The consultation closed on 26 March 2021. We received representations from:

- ESB Generation and Trading
- Power NI Energy - Power Procurement Business
- Bord na Móna
- Energia
- Bord Gáis Energy
- SSE

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 5.0.

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 4.1)

Section	Update / Reason for Update
3.2.1 Scheduling and Dispatch Policy Parameters	Updated reference to latest SEMC decision on LNAF and SIFF, whereby parameters will remain at zero for 2021 and subsequent years going forward until there are changes to the metrics for determining these parameters.
3.4.6 Prices and Volumes for Cross Zonal Actions	Further information included on Cross Border Balancing as requested by responses to the 2020 BMPS Consultation.
5.3 Audit	Updates given on the first audit covering the period from go-live to 31 st December 2019.
6.1 Publication Sources	Balancing Mechanism Reporting Service added as a publication source
6.2 Operational Data	Source of CBB data added
6.5 Reports	Source of the Annual Scheduling and Dispatch Process Audit Report included.

The following table summarises revisions which are in addition to revisions proposed in Version 4.1 and are a result of the consultation process with industry and the Regulatory Authorities. These have been included in Version 5.0.

Table 2: Additional Revisions to the BMPS (Revised Version 5.0)

Section	Update / Reason for Update
Important Information	Applicable date and license code versions updated.
3.1.2 Scheduling and Dispatch Policy Parameters	The reference to the SEMC decision SEM-17-046 in July 2017 is no longer relevant and the only reference required is to the current SEMC decision.
3.1.2 Scheduling and Dispatch Policy Parameters	Updated reference to SEM-20-075 as the current SEMC decision on LNAF and SIFF and reflecting the possibility for the LNAF and SIFF to be changed annually following consultation. This has been updated throughout the document.
3.4.6 Prices and Volumes for Cross-Zonal Actions	The text in the BMPS has been changed to reflect what is in the “SEM-GB Joint Implementation Group’s Interim Cross Zonal TSO Arrangements for GB-ISEM go live” document regarding the periods that CTPT can occur i.e. once cross border Intraday auctions have completed.
4.3.3 Scheduling Run Types: LTS, RTC and RTD	A note has been included highlighting that Day-Ahead Markets running from 31 December 2020 do not include any SEM-GB interconnection capacity, and that artificial Interconnector schedules are created and used in the first day ahead LTS run (after 14:00).
4.5 Meeting Our Obligations	References to SEM-19-065 have been updated to SEM-20-075.
4.5.3.3 Weighting	The applicable for date re-evaluating the scheduling and dispatch policy parameters has

Towards Shorter Notice Actions	been updated in line with SEM-20-075
6.1 Publication Sources	As the market has been operating for nearly 30 months, the BMI is no longer described as a new interface.
Appendix 2.1 Input Data Processing	The implementation of Cross Zonal Actions is no longer being trialled and this sentence has been removed.
Appendix 2.1 Input Data Processing	A note has been included with regards to the creation of the Interconnector Reference Programs to highlight that interconnector schedules resulting from the Day-Ahead Market will initially be set to zero, and artificial Interconnector Schedules are created in the first day-ahead LTS run to ensure that we can continue to operate securely given the later notice of actual interconnector schedules.
Appendix 2.2 Scheduling	A note on the interim scheduling arrangements that are in place as a result of the UK leaving the EU has been added to the section on LTS scheduling.

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
CTPT - Timings	One respondent asked for clarity around the periods in which CTPT can take place, as the wording in the BMPS was perceived to be ambiguous compared to the wording in “SEM-GB Joint Implementation Group’s Interim Cross Zonal TSO Arrangements for GB-ISEM go live”.	The text in the BMPS has been changed to reflect what is in the “SEM-GB Joint Implementation Group’s Interim Cross Zonal TSO Arrangements for GB-ISEM go live” document, i.e. that CTPT can occur once cross border Intraday auctions have completed.
CTPT - Prices	One respondent asked that the price of CTPT trades be published after they have been enacted as the current processes would appear to provide the contracted third-party with information, for periods that are still open to trading in the intraday markets, that is not available to other participants. Another respondent asked for clarity on how these prices are determined.	The third party in question still has to adhere to their obligations under REMIT. Prices of CTPT trades are determined by the third party trader reflecting the price volumes in the intraday markets.
CTPT & CBB – Inputs to Scheduling & Dispatch Process	One respondent suggested that greater information on the treatment of Cross-Zonal actions would help participants understand how cross-zonal actions are incorporated in the scheduling and dispatch input process.	Section 4.2 lists out some of the input data processing and Appendix 2.1 gives further detail each of these input data processing steps as well as steps that were not mentioned in Section 4.2, including the Determination of Available Cross-

		<p>Zonal Actions.</p> <p>The referenced business processes BP_SO_11.2 & BP_SO_11.4 go into detail on how CBB & CTPT trades feed into Scheduling.</p> <p>The schedulers do not optimize the Interconnector schedules like they would other units. The Interconnectors schedule is determined by the Interconnector Reference Program (ICRP), which is calculated following each of the EX-Ante Auctions or on completion of an SO trade.</p>
CTPT & CBB – Reasons for Trade	One respondent requested further clarity on circumstances where cross-border trades may not be entered into.	Cross border trades may only be entered into to facilitate priority dispatch and/or for system security reasons. Cross- border trades may not be considered for other reasons.
CTPT & CBB - Energy and Non-Energy Actions	<p>A number of respondents requested further clarity and transparency with regards to energy trading under both CTPT and CBB.</p> <p>The impact of trades driving BM prices above the RO Strike price was also highlighted.</p>	<p>The BMPS highlights that CTPT and CBB trades can be used to facilitate priority dispatch and / or system security. These trades will only be executed once the market has been given sufficient time to resolve itself (Completion of EX-Ante Auctions). Once a trade has been agreed and executed a new Interconnector Reference Program (Schedule) is calculated and sent to Market Management System, where it is used in the LTS, RTC & RTD Schedules. It is in the Real Time Dispatch Schedule (RTD) where it is determined whether an action taken by the TSO was for Energy or Non-energy reasons as part of the System Operator (SO) flagging. The interconnectors are treated like any other unit in this process and are flagged based on operational constraints and the current schedule of the unit.</p> <p>SO Flagging (Energy/Non-Energy)</p> <p>The System Operator flags are calculated as part of the 5 minute Real Time Dispatch Schedule (RTD). RTD does not optimize the Interconnector schedule like it would other units. The Interconnectors schedule is determined by the Interconnector Reference Program (ICRP), which is calculated following each of the EX-Ante Auctions or on competition of an SO trade. Interconnectors can be flagged for a number of System Operator constraints.</p> <p>Interconnectors are flagged like any other unit</p>

		<p>for All Island reserve. The rules determining when the two interconnectors are to be flagged is based off the detailed flagging methodology.</p> <p>As a result the interconnectors can be Non-Energy flagged for the following constraints;</p> <ul style="list-style-type: none"> • S_PRM_TOT • S_SEC_TOT • S_TR1_TOT • S_TR2_TOT <p>There is an ongoing Industry discussion about how the interconnectors are currently been flagged for Energy/Non-Energy reason. A recent modification (MOD_02_21) has been raised and discussed at a working group on the 22nd of March. This MOD explores the idea that the interconnector trades are not currently flagged correctly based on the wording in the BMPS and the original Cross Zonal Arrangements doc. This MOD is currently making its way through the MODs Process and is due to be discussed at the next MODs committee on the 28th of April 2021.</p>
Impact of Brexit on Scheduling	<p>A number of respondents requested that any sections relating to LTS scheduling should be updated to reflect that the first LTS run post DAM no longer has any interconnector schedule as the DAM auction is no longer coupled.</p> <p>As the first day-ahead LTS does contain indicative IC schedules, a number of respondents also noted that it would be beneficial in the BMPS to confirm the basis of such IC schedules, including the methodology by which they are determined.</p>	<p>Updates have been made to the relevant sections to highlight that Day-Ahead Markets running from 31 December 2020 will not include any SEM-GB interconnection capacity.</p> <p>LTS schedules are indicative schedules only. In light of the interim market arrangements that are in place as a result of the UK leaving the EU, artificial IC schedules are created in the first day-ahead run to ensure that we can continue to operate securely given the later notice of actual interconnector schedules. The methodology used in this process places the emphasis on secure system operation and to therefore schedule 'defensively' to ensure we can manage unusual activity on the SEM-GB border.</p>
CBB – Volumes	<p>One respondent questioned the cap of 200 MW on CBB trades and asked whether it is now appropriate that this low cap might sensibly be revised upwards, so as to restore some flexibility and market efficiency which</p>	<p>The BMPS does not introduce any new requirements and reflects the 200 MW cap as it currently is.</p> <p>Every effort is made by EirGrid and SONI to review the BMPS on an ongoing basis, with a</p>

	<p>has been removed as a result of market decoupling with Brexit. They noted that with the continuing implementation of the CEP, market inefficiency from curtailment will of course be magnified, with curtailment being broadened to apply to all asset types.</p>	<p>view to ensuring that its content continues to be accurate and up-to-date. Notwithstanding this intention, we highlight that 2021 serves as a period of transition for the SEM, with a number of changes deriving from EU legislation (including certain CEP requirements and the changes resulting from the United Kingdom's withdrawal from the EU) yet to receive full regulatory endorsement. Thus, such changes have not been applied to the relevant SEM industry frameworks; the BMPS focuses exclusively on the extant codes and licences that apply in Ireland and Northern Ireland and does not speculate on the outcome of the regulatory approval process.</p>
<p>CTPT & CBB – Communication of Trades</p>	<p>One respondent noted that the timing of these trades after gate closure of cross zonal markets provides concern and strain for market participants given that it limits any opportunity to manage any potential risks and exposures that may arise from the impact on BM prices. They requested that communication to the market of Cross Zonal Action trades be more detailed and occur in advance of every trade.</p> <p>Another respondent noted that the GB TSO publish details of ahead-of-time trades on the ICs and requested that EirGrid & SONI publish their trade details once agreed.</p>	<p>There is an ongoing Industry discussion about how the interconnectors are currently being flagged for Energy/Non-Energy reason and the impact on BM prices. A recent modification (MOD_02_21) has been raised and discussed at a working group on the 22nd of March. This MOD is currently making its way through the MODs Process and is due to be discussed at the next MODs committee on the 28th of April.</p> <p>In conjunction with the outcome of the MODs we will investigate improved communication of trades to the market.</p>
<p>Trading & Settlement Code Modifications</p>	<p>One respondent flagged that the Trading and Settlement Code modifications committee is currently deliberating over modifications relating to SO-SO trades. They requested that once these modifications are finalised that the BMPS is accordingly updated to reflect relevant changes so that the BMPS remains current in the information it provides.</p>	<p>Once decisions are finalised the BMPS will be updated to reflect these decisions.</p>
<p>Scheduling & Dispatch Audit</p>	<p>One respondent requested further detail to be included in the BMPS on how the results of these audits will be used, and whether market participants will have the details shared in the same manner as the market auditors present their initial findings to industry.</p>	<p>As stated in the BMPS, EirGrid and SONI publish the independent auditor's assurance report and audit approach document. The documents provide the outcome, scope and detail of the audit process including the testing undertaken. In the event that there are findings reported, EirGrid and SONI will engage appropriately with the Regulatory Authorities and inform market participants of our response through existing forums. As stated in the document, we will</p>

		update the BMPS to reflect any process impact of an audit.
Previous Market Arrangements	One respondent noted that the need to refer to “Previous Market Arrangements” is now redundant and all references should be removed.	We would be of the opinion that reference to this is not redundant and the BMPS would benefit in it being included. Note that ‘revised SEM arrangements’ (or a similar term) are still used frequently throughout SEM-related documentation.
Scheduling and Dispatch Parameters	Respondents noted that SEMC decisions SEM-17-046, SEM-19-065 and SEM-20-066a are no longer relevant and that SEM-20-075 is the current decision paper on these parameters.	All references to SEM-17-046, SEM-19-065 and SEM-20-066a have been removed from the text. Reference to SEM-20-075 has been included.
Balancing Market Interface	One respondent requested that the word “new” be removed when referring to this interface.	The word “new” has been removed.

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 both EirGrid and SONI websites, as well as 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, 11 th September 2015
SEM Committee Decision on Balancing Market Principles Statement Terms of Reference	SEM-16-058, 7 th 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	7 th 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	6 th March 2018
BMPS Approved Version 2.0	11 th April 2018
BMPS Revised Version 2.1 for Consultation	10 th January 2019
BMPS Approved Version 3.0	14 th June 2019
BMPS Revised Version 3.1 for Consultation	23 rd July 2020
BMPS Approved Version 4.0	14 th October 2020
BMPS Revised Version 4.1 for Consultation	26 th February 2021
BMPS Approved Version 5.0	28 th April 2021

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 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.