

Proposal Document

The rules for suspension and restoration of
market activities for Northern Ireland in
accordance with the requirements of Article
36(1)

and

the specific rules for imbalance settlement and
settlement of balancing energy in case of
suspension of market activities for Northern
Ireland, in accordance with Article 39(1)

Both in accordance the Commission Regulation
(EU) 2017/2196
establishing a network code on electricity
emergency and restoration

18/12/2018



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Proposal

1.Introduction

In accordance with COMMISSION REGULATION (EU) 2017/2196 of 24 November 2017 establishing a network code on electricity emergency and restoration (referred to as E&R), the Transmission System Operators (TSO) of a member state are required to develop proposals on Market Suspension Rules, consult and submit for approval by the relevant regulatory authority, comprising of:

- the rules for suspension and restoration of market activities, in accordance with E&R Article 36(1); and
- specific rules for imbalance settlement and settlement of balancing energy in case of suspension of market activities, in accordance with E&R Article 39(1).

This document produced by SONI Ltd in its role as the Transmission System Operator in Northern Ireland (hereafter referred to as the 'TSO') is the submission of its proposal to the Utility Regulator following consultation.

2.Consultation

In accordance with the requirements of Article 7(1) a consultation took place between 14 November 2018 and 13 December 2018. No responses were received.

3.Proposal on rules for suspension and restoration of market activities

E&R Article 35(1) makes provision for TSOs to temporarily suspend one or more specified market activities under a number of circumstances:

"1. A TSO may temporarily suspend one or more market activities laid down in paragraph 2 where:

- (a) the transmission system of the TSO is in blackout state; or*
- (b) the TSO has exhausted all options provided by the market and the continuation of market activities under the emergency state would deteriorate one or more of the conditions referred to in Article 18(3) of Regulation (EU) 2017/1485; or*

- (c) *the continuation of market activities would decrease significantly the effectiveness of the restoration process to the normal or alert state; or*
- (d) *tools and communication means necessary for the TSOs to facilitate market activities are not available.”*

Article 35(2) lists the market activities that the TSO may temporarily suspend. The first five (a-e) are activities related to transfer of data from one entity to another. Table 1 below contains our proposal and rationale regarding suspension of each of the activities (a-e).

Table 1: Proposal and rationale regarding suspension of each of the activities 35(2)(a-e)

Activity that may be suspended	Our proposal	Our rationale
(a) the provision of cross zonal capacity for capacity allocation on the corresponding bidding zone borders for each market time unit where it is expected that the transmission system shall not be restored to the normal or alert state	Activity will not be suspended	Given the small number of interconnectors in-situ or proposed (all HVDC) the provision of cross zonal capacity data required for capacity allocation is a very small overhead and will be continued
(b) the submission by a balancing service provider of balancing capacity and balancing energy bids	Activity will not be suspended	There is mandatory participation in the I-SEM Balancing Market.
(c) the provision by a balance responsible party of a balanced position at the end of the day-ahead timeframe if required by the terms and conditions related to balancing	Activity will not be suspended	I-SEM does not require a balance responsible party to provide a physically balanced position at the end of the day-ahead timeframe.
(d) the provision of modifications of the position of balance responsible parties	Activity will not be suspended	There is no requirement to suspend this activity as the electricity system is operated to the ‘central dispatching model’ and the ‘integrated

Activity that may be suspended	Our proposal	Our rationale
		scheduling process' is applied
(e) the provision of schedules referred to in Article 111(1) and (2) of Regulation (EU) 2017/1485	Activity will not be suspended	As (a) will not be suspended, interconnector schedules will still be required.

For all the applicable activities above backup procedures are in place to cover times when *“tools and communication means necessary for the TSOs to facilitate market activities are not available”* so therefore suspension of the activities is not required.

The sixth and last item, Article 35(2) (f) relates to *“other relevant market activities the suspension of which is deemed necessary to preserve and/or restore the system”*. Following a review of System Operator responsibilities in the Trading and Settlement Code it was deemed that none needed to be suspended to preserve and/or restore the system.

In summary, following a review of the market activities that the TSO may temporarily suspend under the E&R it is the TSO's proposal that none of these activities will be suspended. Therefore, the requirement to develop a proposal for rules concerning the suspension and restoration of market activities does not apply.

4. Proposal on specific rules for imbalance settlement and settlement of balancing energy in case of suspension of market activities

Article 39 states the TSO can propose the same rules of which are applied in normal circumstances during the imbalance settlement phase. The specific rules for imbalance

settlement and settlement of balancing energy in case of suspension of market activities are set out in the Trading and Settlement Code Part B.

Trading and Settlement Code Part B was consulted on with industry recently prior to the launch of the ISEM market.

Table 2 below details Article 39 and a review of the Trading and Settlement Code Part B where the rules for imbalance settlement and settlement of balancing energy in case of suspension of market activities are captured in the existing code.

In summary, following review of the Trading and Settlement Code Part B and the market settlement activities in case of suspension of the market, the requirement to develop specific rules for imbalance settlement and settlement of balancing energy does not apply as they are currently reflected in the Trading and Settlement Code Part B.

Table 2: Imbalance Settlement Rules overview

Article	Text	Code	Section	Commentary
39.1	By 18 December 2018, each TSO shall develop a proposal for rules for imbalance settlement and settlement of balancing capacity and balancing energy which shall be applicable for imbalance settlement periods during which the market activities were suspended. The TSO may propose the same rules it applies for normal operations. The TSO shall publish these rules on its website following their approval by the relevant regulatory authority in accordance with Article 37 of Directive 2009/72/EC. A TSO may delegate the TSO's tasks referred to in this Article to one or more third parties, provided that the third party can carry out the respective function at least as effectively as the TSO(s). A Member State or, where applicable, a regulatory authority, may assign the tasks referred to in this Article to one or more third parties, provided that the third party can carry out the respective function at least as effectively as the TSO(s).	TSC Part B	Sections E and F and G	The TSO is allowed to propose the same rules of which are applied in normal circumstances during the imbalance settlement phase. TSO proposes the same rules as listed in Section E and F and G of the TSC Code Part B.

Article	Text	Code	Section	Commentary
39.2	The rules referred to in paragraph 1 shall address the settlements of TSO's and third parties, where relevant, with balance responsible parties, and balancing services providers.	TSC Part B	Sections E and F and G	References the settlements of TSOs and third parties where relevant.
39.3	The rules developed in accordance with paragraph 1 shall: (a) ensure the financial neutrality of each TSO and relevant third party referred to in paragraph 1; (b) avoid distortions of incentives or counterproductive incentives to balance responsible parties, balance service providers and TSOs; 28.11.2017 EN Official Journal of the European Union L 312/77 (c) incentivise balance responsible parties to strive to be balanced or help the system to restore its balance; (d) avoid any financial penalties imposed on balance responsible parties and balancing service providers due to the execution of the actions requested by the TSO; (e) discourage TSOs from suspending market activities, unless strictly necessary, and incentivise TSOs to restore the market activities as soon as possible; and	TSC Part B	Sections E and F and G	The rules detailed within sections E and F and G of TSC Part B: Ensures the financial neutrality of all parties Avoids distortions of incentives to balance responsible parties, balance service providers Incentivises balance responsible parties to strive to be balanced or help the system to restore its balance Avoids any financial penalties imposed on balance responsible parties and providers Discourages TSOs from suspending market activities unless necessary Incentivises balance service providers to offer services to the connecting TSO that helps restore the system to a normal state,

Article	Text	Code	Section	Commentary
	(f) incentivise balance service providers to offer services to the connecting TSO that helps restore the system to normal state.			