

Consultation on DS3 System Services Volume Capped Fixed Contracts

DS3 System Services Implementation Project

October 25th 2018



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1 Executive Summary

The purpose of this paper is to provide an overview of the structure of the proposed DS3 System Services Fixed Contracts Arrangements ('Volume Capped') and to offer an opportunity for stakeholders to provide feedback on the proposals. It also provides an overview of a number of areas outside of the contract for which further consultation is required.

This paper should be read in conjunction with the accompanying proposed contracts, as well as the existing Protocol document. The Protocol document will specify the compliance requirements which a service provider must satisfy before being paid for DS3 System Services as well as the performance monitoring procedures to be applied.

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3 Introduction and Background

3.1 Background

EirGrid and SONI are the Transmission System Operators (TSOs) in Ireland and Northern Ireland. It is our job to manage the electricity supply and the flow of power from providers to consumers.

We have a responsibility to enable increased levels of renewable sources to generate on the power system while continuing to ensure that the system operates securely and efficiently. Our Delivering a Secure Sustainable Electricity System (DS3) programme seeks to address the challenges of increasing the allowable System Non-Synchronous Penetration (SNSP) up to 75% by 2020.

The results of the programme are now beginning to deliver benefits to the consumer. In recent months the maximum SNSP level allowable has increased to 65%. It is expected that similar trials will be conducted in the coming years with a view to achieving the DS3 programme's overall goal of a maximum 75% SNSP limit.

A key component of the DS3 programme is the System Services work stream. Its aim is to put in place the correct structure, level and type of services in order to ensure that the system can operate securely with these higher levels of non-synchronous generation.

3.2 Overview of System Services

EirGrid and SONI have licencing and statutory obligations to procure sufficient System Services to enable efficient, reliable and secure power system operation. The contractual arrangements and payment rates in Ireland and Northern Ireland were harmonised following the introduction of the SEM, with 7 products (POR, SOR, TOR1, TOR2, SSRP, RRS, and RRD) procured under these Harmonised Ancillary Services (HAS) arrangements.

New services are required to support a move to higher levels of non-synchronous generation. Four services (SIR, RM1, RM3, and RM8) were introduced from 1 October 2016 following the commencement of the new DS3 System Services arrangements. A further 3 services (FFR, DRR, FPFAPR), are in the process of being introduced, with DRR and FPFAPR required only at SNSP above 70%. All services are required to maintain the resilience of the power system as the SNSP levels increase. Table 1 provides a high-level summary of the DS3 System Services products.

Table 1: Summary of DS3 System Services ¹ Service Name	Abbreviation	Unit of Payment	Short Description
Synchronous Inertial Response	SIR	MWs ² h	(Stored kinetic energy)*(SIR Factor – 15)
Fast Frequency Response	FFR	MWh	MW delivered between 0.15 and 10 seconds
Primary Operating Reserve	POR	MWh	MW delivered between 5 and 15 seconds
Secondary Operating Reserve	SOR	MWh	MW delivered between 15 to 90 seconds
Tertiary Operating Reserve 1	TOR1	MWh	MW delivered between 90 seconds to 5 minutes
Tertiary Operating Reserve 2	TOR2	MWh	MW delivered between 5 minutes to 20 minutes
Replacement Reserve – Synchronised	RRS	MWh	MW delivered between 20 minutes to 1 hour
Replacement Reserve – Desynchronised	RRD	MWh	MW delivered between 20 minutes to 1 hour
Ramping Margin 1	RM1	MWh	The increased MW output that can be delivered with a good degree of certainty for the given time horizon.
Ramping Margin 3	RM3	MWh	
Ramping Margin 8	RM8	MWh	
Fast Post Fault Active Power Recovery	FPFAPR	MWh	Active power (MW) >90% within 250ms of voltage >90%
Steady State Reactive Power	SSRP	MVarh	(Mvar capability)*(% of capacity that Mvar capability is achievable)
Dynamic Reactive Response	DRR	MWh	Mvar capability during large (>30%) voltage dips

¹ Further detail on the DS3 System Services can be found at: <http://www.eirgridgroup.com/how-the-grid-works/ds3-programme/>

3.3 Fixed Contracts Arrangements

The TSOs published their [Recommendation Paper](#) on the DS3 Fixed Contracts arrangements on 6 September 2018, with the SEM Committee DS3 System Services Fixed Contracts Procurement Arrangements [Decision Paper](#) published on 7 September 2018.

The DS3 Fixed Contracts (or Volume Capped) arrangements are designed with terms and requirements which will be suitable for those parties looking to invest in new service providers. This means that contracts will need to provide a level of certainty on which new providing units can be built e.g. fixed length and certainty in remuneration. These contracts will be for the provision of a subset of DS3 System Services and Over-Frequency Response, with high availability.

The timelines for the procurement process are planned as follows, with delivery of the services in September 2021:

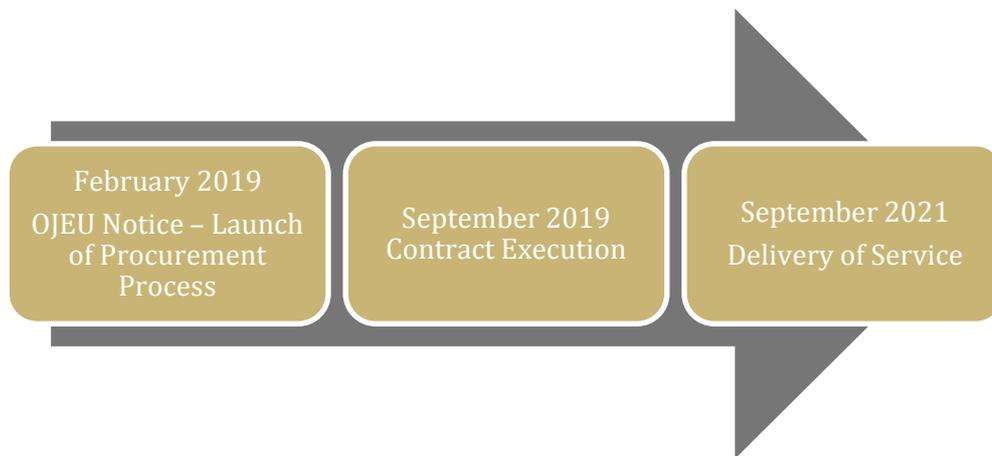


Figure 1: DS3 Fixed Contracts Procurement Timelines

3.4 Purpose of this consultation

The purpose of this consultation paper is to set out the contractual arrangements for the Fixed Contracts arrangements. A limited number of items which sit outside of the contract, and for which further consultation is required, are also consulted on.

Questions are provided for which the TSOs request responses by **6 Dec 2018**.

3.5 Structure of this paper

This consultation paper is structured as follows:

- Section 4 provides an overview of the contract structure.
- Section 5 provides an overview of the contents of the contract including a summary of each section.
- Section 6 gives information with respect to modifications which will be made to the Protocol Document
- Section 7 provides an overview of the proposals with respect to the limited number of items outside of the contract, for which further consultation is required. This includes requirements relating to connection to the power system, and the calculation of the average temporal scarcity scalar.
- Section 8 provides an overview of the consultation questions
- Section 9 gives a summary of the next steps

4 Structure of Contractual Arrangements

The proposed contracts adopt a similar structure to the existing DS3 System Services Regulated Arrangements Contracts. The draft contracts specify the requirements and payment mechanisms for the 5 DS3 System Services as well as Over-Frequency Response (OFR), provision of which is required by successful applicants in the procurement process.

Figure 2 sets out the structure of the contractual arrangements. Note that, in contrast to the Regulated Tariff requirements, the Statement of Payments and DS3 System Service Payment rates will be fixed on contract execution. Any future revisions tariffs and/or scalars in the Regulated Tariff arrangements will not impact remuneration under the Fixed Contracts arrangements.

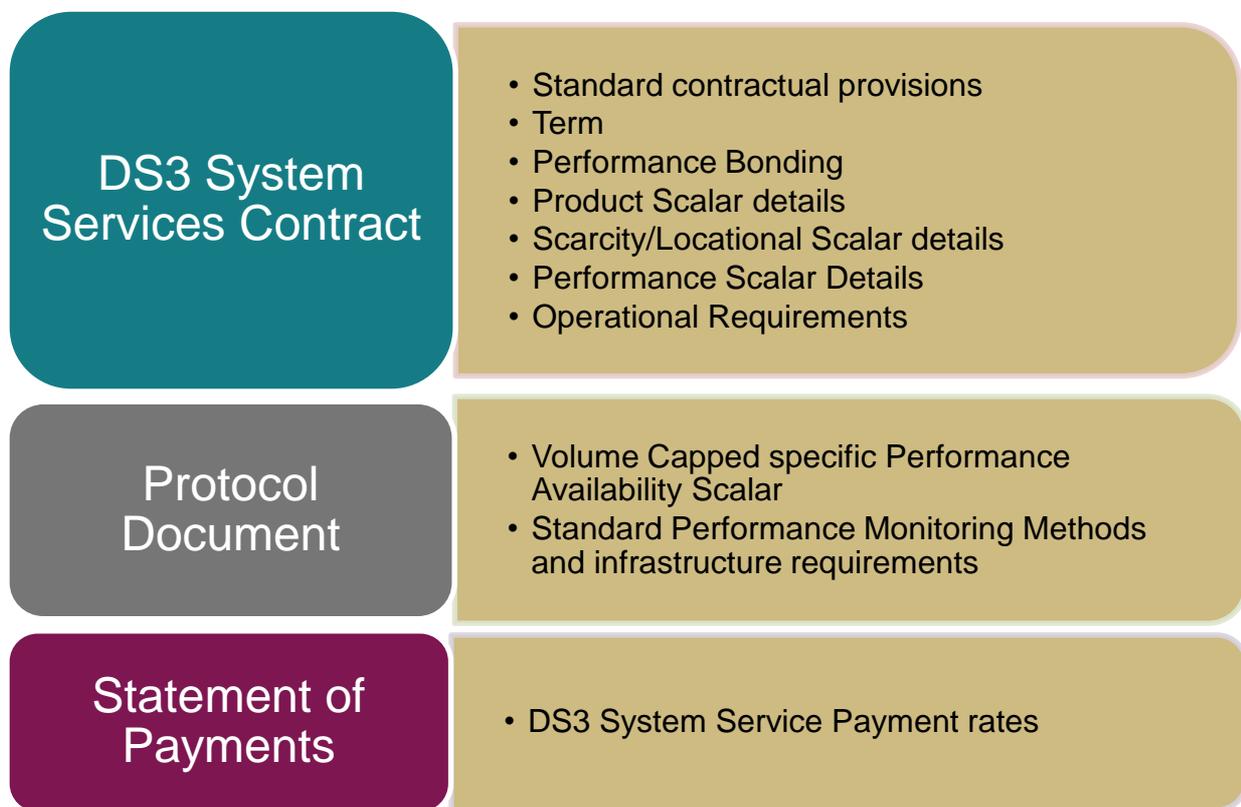


Figure 2: Structure of Contractual Arrangements

4.1 Protocol Document

The contracts for the Fixed Contracts arrangements will refer to a Protocol document. This document will be the same Protocol documented referred to in the Regulated Tariff arrangements, with additions to reflect new requirements.

- This Protocol document will specify the Compliance Requirements which a service provider must satisfy before being paid for DS3 System Services.
- In addition, it will specify the Performance Monitoring procedures to be applied, and how these in turn will impact remuneration via the use of Scalars.
- It will also contain a limited number of operational requirements, specifying minimum standards that Providing Units must meet.

It is critical that these provisions remain outside of the contract itself, to ensure that updates in testing and Performance Monitoring can be implemented over the lifespan of the contract. Performance Monitoring and compliance is an area which remains under development, with mechanisms anticipated to evolve over the next number of years. Improvements in process should be implemented across all DS3 System Services arrangements and as such, these provisions have been included within the Protocol.

4.2 Jurisdictional arrangements

As for the Volume Uncapped Arrangements, there will be two DS3 System Services contracts, one for Northern Ireland and one for Ireland. As TSOs, SONI will contract with service providers in Northern Ireland and EirGrid will contract with service providers in Ireland. The contracts have been developed with the principle that arrangements will align as much as possible in both jurisdictions. References to the European Union in the SONI contract will be reviewed ahead of contract execution to reflect any change in status of the UK in relation to EU law.

4.3 Connection level

The Fixed Contracts Arrangements will be open to both Transmission and Distribution level connected Service Providers.

4.4 Proposed Contract Structure

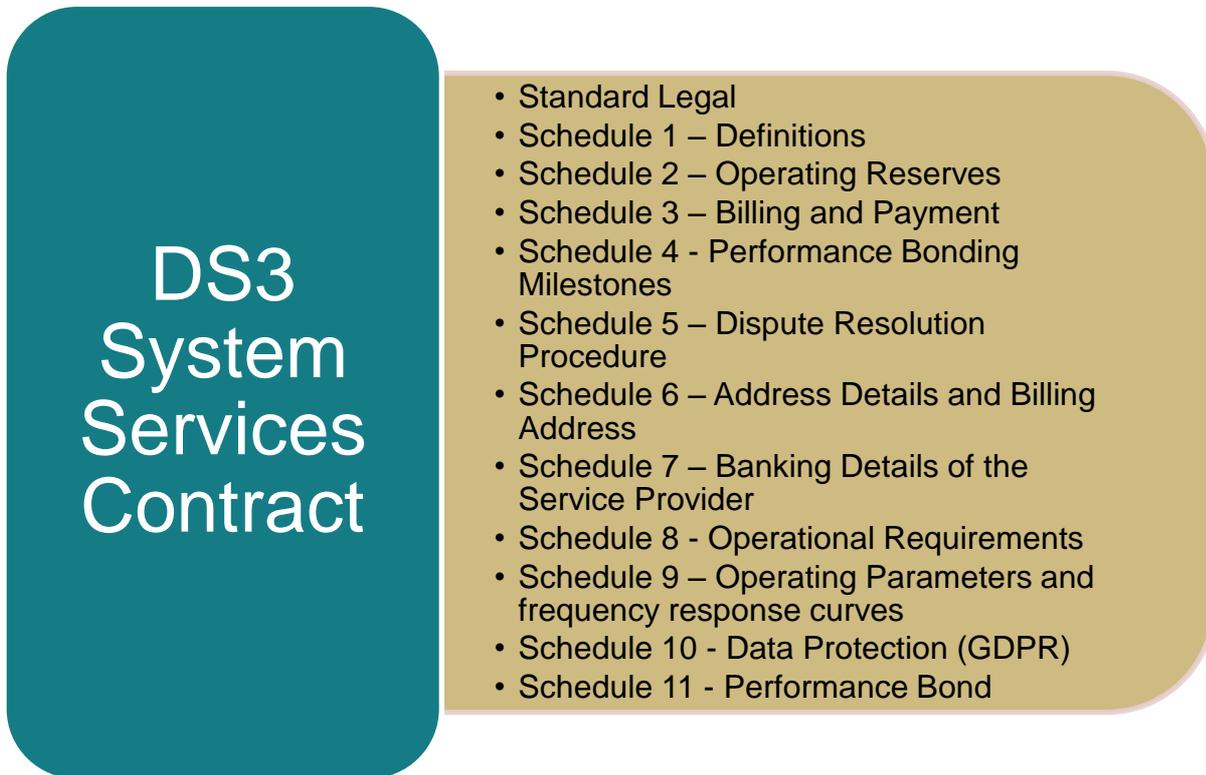


Figure 3: Contract Structure and sections changing relative to the Interim Arrangements

5 Contract Overview

The contract drafting reflects proposals for the Fixed Contracts procurement only. This section of the consultation provides a high-level summary of the proposed contract contents. **The contract itself should be read in full by parties wishing to respond to this consultation.**

The contracts have been drafted to provide for standard service provider arrangements in Ireland and Northern Ireland with the intention of aligning such arrangements where possible.

5.1 Definitions and Interpretation (Section 1 of contract)

This section covers the general definitions (non-technical) and interpretations to be used throughout the contract.

5.2 Commencement and Duration of Agreement (Section 2 of contract)

Outlines general provisions with respect to duration and purpose of the arrangements including contract length (i.e. 6 years maximum), rights on termination, as well as the necessary provision and availability of services.

5.3 Provision and Purchase of DS3 System Services and Over-Frequency Response (Section 3 of contract)

Outlines the duty of providers to deliver services in accordance with operating parameters and dispatch instructions, compliance obligations with respect to Grid Code, Distribution Code, TSC and the Protocol. It also outlines provisions with respect to planned maintenance.

5.4 Bonding Arrangements (Section 4 of contract)

Outlines the principles of the Performance Bond which will be required prior to the date of contract execution, and the circumstances in which this bond will be payable. This section should be read in conjunction with Schedule 4, which outlines Performance Bonding Milestones and Schedule 11 which provides a draft on the Bonding agreement in full.

5.5 Payment (Section 5 of contract)

Outlines the payment which will be received for making available the services for which the provider is contracted, and the conditions for these payments. The payment schedules for these services have been modified to incorporate the inclusion of new scalars where appropriate, reflecting the recommendations and decisions in the relevant TSO Recommendation Papers and SEMC Decision Papers.

5.6 Monitoring and Metering (Section 6 of contract)

Provisions with respect to monitoring and metering of service providers.

5.7 Assignment (Section 7 of contract)

Provisions with respect to assignment of rights and obligations under the contract.

5.8 Variations (Section 8 of contract)

Provisions with respect to variations of the agreement.

5.9 Termination (Section 9 of contract)

Provisions with respect to termination of the agreement, which includes the opportunity for mutual termination (as per the Regulated Tariff arrangements).

5.10 Effect of Termination (Section 10 of contract)

Rights and obligations on termination of the agreement.

5.11 Force Majeure (Section 11 of contract)

Obligations and rights in cases of Force Majeure.

5.12 Limitation of Liability (Section 12 of contract)

Limitations of liability for both parties in cases of breach of the agreement.

5.13 Confidentiality (Section 13 of contract)

Provisions with respect to confidentiality.

5.14 Dispute Resolution (Section 14 of contract)

Provisions in the case of disputes.

5.15 Miscellaneous (Section 15 of contract)

Miscellaneous contractual provisions.

5.16 Governing Law and Jurisdictions (Section 16 of contract)

Final contractual provisions.

5.17 Data Protection (Section 17 of contract)

Data protection clause referring to Schedule 10 of the contract.

Question 1: What is your view in relation to the proposed Fixed Contracts contract?

(Note: feedback with respect to Bonding, Calculation of Availability, Application of Scalars and Operational Requirements can be provided in subsequent dedicated questions)

5.18 SCHEDULE 1 Definitions

Definitions used in the contract including schedules. Note the inclusion of the newly defined Over-Frequency Response (OFR) service, as well as associated terms.

Question 2: Do you have any comments with respect to the definitions outlined in Schedule 1 of the Fixed Contracts contract?

5.19 SCHEDULE 2 Operating Reserves

Provides an overview of the technical description of the reserve services FFR, POR, SOR, TOR1, and TOR2, as well as an overview of Over-Frequency Reserve (OFR)

The payment schedules for all services are included and contain details on the application of scalars.

This schedule also contains information with respect to the newly created Availability Performance Scalar, and its application with respect to payments for the services FFR-TOR2. This Availability Performance Scalar has been designed to ensure that Availability closer to the time of billing has a higher weighting, with the tables in Schedule 2 and in Section 6.1 of this consultation paper providing an overview as to how this weighting will be calculated by the TSOs.

Question 3: Do you have any comments with respect to Schedule 2 (Operating Reserves) in the Fixed Contracts contract?

5.20 SCHEDULE 3 Billing and Payment Plan

Provides an overview of the mechanism for billing and payment for the System Services.

5.21 SCHEDULE 4 Performance Bonds

Provides an overview of the Performance Bond milestones which will be used in the monitoring of projects from contract execution to the Go-Live date, and the information which will be required from participants to fulfil their obligations for each milestone. The milestones directly correlate to stages in the connection process and therefore the dates for each milestone will be specific to each project. It is also possible that some milestones will not be relevant for all providers, where projects are at a later stage of the connection process and have already passed a number of milestones.

Question 4: Do you have any comments with respect to the Bonding requirements, the Performance Bond milestones proposed and the draft Performance Bond letter in Schedule 11?

5.22 SCHEDULE 5 Dispute Resolution Procedure

Provides an overview of the procedure in the case of dispute between parties.

5.23 SCHEDULE 6 Addresses

Details addresses of the contracted parties.

5.24 SCHEDULE 7 Banking Details

Details banking information for the contracted parties.

5.25 SCHEDULE 8 Operational Requirements

Provides an overview of the operational requirements which the service provider must meet in the delivery of the contracted services, including a limited number of technology specific requirements.

5.26 SCHEDULE 9 Providing Unit and Operating Parameters

Provides a detailed overview of the parameters and reserve characteristics for each type of System Service and Over-Frequency Response. These will need to be completed for each provider to provide a detailed overview of the parameters for their equipment.

5.27 SCHEDULE 10 Data Processor Agreement

Provides a detailed overview on how sensitive data will be managed between both parties, as per GDPR requirements.

5.28 SCHEDULE 11 Performance Bond

Provides a template for the Performance Bond letter.

Question 5: Do you have any comments with respect to the Operational Requirements and Parameters proposed in Schedule 8 and 9?

Question 6: Do you have any comments with respect to the remaining content of the contract Schedules?

6 Modifications to the Protocol Document

The Protocol document for the Regulated Tariff arrangements will continue to apply to Providing Units in the Fixed Contracts arrangements. Some modifications will have to be made to the Protocol document to accommodate the Fixed Contracts arrangements. These changes will be consulted on by the end of the year along with other revisions to the Protocol.

In order to provide context to this consultation process, we are giving stakeholders the opportunity to comment on the significant changes which relate to Fixed Contracts in advance of the full Protocol Document consultation. In general the changes to accommodate Fixed Contracts will be minor – the only significant one relates to the Availability Performance Scalar.

Question 7: Do you have any comments on the proposed inclusion to the Protocol document?

6.1 The Availability Performance Scalar

The inclusion of an Availability Performance Scalar was recommended by the TSOs and approved in SEM-18-049. The value of the Availability Performance Scalar will depend on the Total Availability Factor – this relationship is as per the above decision paper and outlined in the contract (Schedule 2, Section 9). We propose that the determination of the Total Availability Factor will be described in the protocol as per the following page (marked grey):

Availability Performance

The Total Availability Factor will be calculated for each calendar month *M* and will apply to all payments in that month. It will be based on the Total Available Volume versus the Total Contracted Volume considered over a period of 12 months.

The Total Availability Volume for each month *M* will be the sum of the Total Availability Volume for each trading period within that month. The Total Contracted Volume for each month *M* will be the sum of the Total Contracted Volume for each trading period within that month.

A Total Availability Factor for each month will then be calculated as follows:

$$\text{Total Availability Factor} = \sum_{M=1}^{12} \left(\frac{(\text{Total Availability Volume})_M}{(\text{Total Contracted Volume})_M} * \text{Monthly Weighting}_M \right) * 100\%$$

where M=1 means the first full calendar month preceding the date for which the Availability Performance Scalar applies (one month ago), M=2 means the second full calendar month preceding the date for which the Availability Performance Scalar applies (two months ago), etc.

The Monthly Weightings are set as per the following table.

M – (Months preceding Scalar Assessment Month)	Monthly Weighting
1	0.120
2	0.120
3	0.112
4	0.104
5	0.096
6	0.088
7	0.080
8	0.072
9	0.064
10	0.056
11	0.048
12	0.040

7 Additional Provisions for the Fixed Contracts arrangements

7.1 Introduction

Subsequent to the publication of the DS3 Volume Capped Recommendation and the SEM Committee Decision Paper, a limited number of items were noted as requiring further consultation. A number of these items are contained within the contract and protocol itself, as outlined in this consultation, including:

- the calculation of availability for the service ‘bundle’;
- the application of the performance availability scalar on an annual basis; and
- the provisions with respect to the performance bond.

The items outside of the contract for which consultation is required are:

- rules governing the nature of Providing Unit’s connection to the electricity system.
- the calculation of the average SNSP and Temporal Scarcity Scalar;
- other system conditions for TOR1 and TOR2 dispatch; and
- tie-break requirements.

Proposals for these items are detailed below.

7.2 Connection to the Electricity System

The RAs noted in their SEM Committee Decision Paper SEM-18-049 that:

“In relation to industry concerns around project splitting and potential gaming regarding separate connection points, the SEM Committee notes the TSOs’ statement in their recommendations paper on their intention to develop rules with respect to preventing such project splitting, as part of the procurement process, should such restrictions be viewed as necessary. The SEM Committee requests the TSOs to provide clarity on these rules, and justification as to why they are required, as part of the upcoming TSO consultation paper on the contractual arrangements for the Fixed Contracts”.

The TSO has further considered what restrictions may be necessary on this topic. The TSOs wish to manage their own concerns relating to Single Point of Failure risk and the loss of a significant volume of service provision to the system through a single event. Given a significant rationale involved in the setting of a maximum contract volume per connection point was the

diversification of service delivery and operational risk, it is important that restrictions of this nature are set appropriately.

As such, the TSOs' proposals are that the maximum contract volume shall be 50 MW per service provider unit, subject to the following conditions being met:

- i. there shall be no more than one unit contracted under the Fixed Contracts arrangements at any single distinct Connection Point, as defined in the associated Connection Offer and/or Connection Agreement between the relevant System Operator and the connectee;
- ii. the service provider must be a party to the associated Connection Offer and/or Connection Agreement for the single distinct Connection Point with the relevant System Operator; and
- iii. no two (or more) contracted units shall be connected to the Transmission or Distribution Systems in such a manner that they would be deemed **Electrically Contiguous**.

Two units are deemed Electrically Contiguous when a single failure or outage of an item of equipment would lead to more than one unit being unable to provide their services to the system. Condition iii) would be determined in advance of the auction by EirGrid and SONI, and may consider amongst other things any relevant Single Line Diagrams which are available. In the case that condition iii) is not met, all impacted units would be excluded from receiving contracts.

We view these restrictions as setting a balance between limiting the risk of a single event causing significant loss of service to the system while leaving the requirements simple and clear for prospective participants.

Question 8: What is your view in relation to the proposed restrictions and conditions regarding connection to the power system?

7.3 Calculation of average SNSP and Temporal Scarcity Scalar

As outlined in SEM-17-080, the Temporal Scarcity Scalars (TSS) multiply payments depending on the level of SNSP and are therefore dependent on the level of wind output. Their impact on revenues, while estimable, are not forecastable for a given future period with any degree of accuracy.

One of the key aims of the Fixed Contracts process is to reduce risk in order to enable investment by high availability service providers, at the lowest possible cost. In order to increase the predictability of revenues for these service providers, the SEMC committee have decided that the TSS values should be determined in advance.

Specifically, the DS3 Fixed Contracts Procurement Arrangements (SEM-18-049) paper states:

“The temporal scarcity scalars will be applied based on an average wind year rather than operational SNSP. The SEM Committee requests the TSOs to provide clarity to industry on how this average wind year approach will be determined and applied as soon as possible in advance of the start of the procurement process.”

In this section, the TSOs outline our proposed approach for determining and applying TSS values for the Fixed Contracts arrangements. Our proposal produces an average TSS value for each service, which will be applied for each period of the contract duration, and will remain the same throughout the lifetime of the contract.

7.3.1 Determining the Average Wind Year

The Average Wind Year, as determined by the TSOs, will be calculated as follows:

1. The Capacity Factor from the previous 5 years (with available data) will be calculated.
2. These values are then averaged to give the 5-year Average Capacity Factor value.
3. The individual calendar year whose Capacity Factor is closest to the 5-year Average Capacity Factor value will be selected as the Average Wind Year

Capacity Factor here refers to:

$(\text{Available MW output})/(\text{Installed Capacity}),$

averaged on a MW basis for all wind units in Ireland and Northern Ireland, and averaged over each full calendar year.

7.3.2 Determining the Temporal Scarcity Scalars

Once the average wind year has been selected, a Plexos² study will be used to calculate the SNSP values for each period of a single tariff year. These will be converted to TSS values for that period, and from this an Average TSS value will be determined for each service.

The Plexos study will use the following assumptions:

- The study year will be the 2021/22 Tariff year.
- The wind profile from the Average Wind Year (determined in accordance with Section 4.3.1) will be used.
- Installed wind and solar capacity will be the level as published in the latest All-Island Generation Capacity Statement (GCS) for 2022.
- The demand forecast will be the Median forecast as published for 2021 and 2022 in the latest GCS.

² Plexos is a Unit Commitment and Economic Dispatch tool, widely used for economic modelling within the energy sector.

7.3.3 Applying the Temporal Scarcity Scalars

Once the Average TSS values have been determined, they will be applied for each trading period for the duration of the Fixed Volume contract. This will help ensure a steady and predictable revenue stream for service providers.

7.3.4 Worked Example

In the following example we show how the process would work. The values we use are for demonstration purposes only.

Analysing the Capacity Factors from the years 2013-2017 shows that 2013 has the capacity factor closest to the five year average. A Plexos study is then carried out using 2013 wind profiles and wind capacity and demand forecasts taken from the latest GCS.

The solution of the Plexos study provides hourly SNSP values. These are converted into two sets of TSS data – one for POR-TOR2 and one for FFR. Simple hourly averaging of these TSS values over the 12-month study period gives the following:

Service	TSS Value
POR -> TOR2	1.9
FFR	1.3

Using this example, when calculating and settling payments, the TSOs would apply a TSS value of 1.9 to POR, SOR, TOR1, and TOR2 payments for each half-hour period for the duration of the contract. Similarly a TSS value of 1.3 would be applied to FFR payments.

It should be noted that these values are provided as an example of the mechanism of calculation only and that values will be determined by the final mechanism (developed subsequent to the consultation) and based on the latest available data.

Question 9: What is your view on the proposed mechanism for determining the values of the temporal scarcity scalar to be applied?

7.4 Other system conditions for TOR1 and 2 dispatch

The TSOs outlined the conditions for TOR1 and TOR2 dispatch in the DS3 System Services Recommendation Paper, which primarily were circumstances in which there had been a frequency event but where the frequency had increased above 49.8 Hz before TOR1 had begun. The TSOs also recommended that the TSOs should have the ability to dispatch providers contracted under the Fixed Contracts arrangements for other system conditions. Recognising the uncertainty that this could result in for providers and the over-specification

which might be necessary (with resulting increase in bid prices), the TSOs recommended that this be limited to 10 times per annum.

In SEM Committee Decision SEM-18-049 the SEM Committee noted

“the TSOs’ proposal to require service provision to be dispatchable (at TSO discretion) in response to “other system conditions” and considers that further clarification is needed to highlight example system conditions that might precipitate this, the length of service provision required and how this would interact with availability calculations.”

In response to this, the TSOs propose the following:

- System conditions which might precipitate TOR dispatch include periods of local thermal overloads or constraint, instances of significant demand or generation loss where the frequency has not gone outside of the frequency thresholds, and instances of voltage/overload.
- The TSOs are of the view that the 10 dispatches per year limit provides significant certainty for providers and therefore propose to retain this limit. The length of service provision required would be the same as dispatch subsequent to a frequency deviation i.e. TOR1 and TOR2 timescales.
- The impact on a provider’s availability obligations will be the same as for dispatch due to a frequency event. That is, that the duration of the service provisions, and 90 minutes after the frequency event (or the first trading period after that if later) will not be counted in the calculation of a service providers Availability Performance scalar.

Question 10: Do you have any comments in relation to the proposed system conditions for TOR1 and TOR2 dispatch?

7.5 Tie-break requirements

In the SEM Committee Decision Paper, the SEMC requested the TSOs provide further information in this consultation with respect to tie-break criteria which they may use as part of the procurement exercise.

“The SEM Committee requests the TSOs to provide more detail on their proposed tie-break determinants in their consultation paper on the contractual arrangements for the Fixed Contracts.”

Specifically on the topic of speed of response being used for a tie-break scenario, the SEMC Decision Paper contained the following.

“With regard to the use of speed of response in the assessment of bids in a tie-break situation, the SEM Committee considers this is only appropriate if providers are asked to submit independently certified measurements of speed of

response. If this is not possible then an alternative tie-break determinant will be required.”

The TSOs have now begun finalisation of the procurement strategy based on the details on the SEM Committee Decision Paper. Significant work is currently being undertaken in order to fully develop this strategy with the appropriate expertise. This includes provisions with respect to determination of successful bids where there is a “tie-break” scenario.

Whilst the procurement strategy at large remains under development, it should be noted that speed of response is no longer being considered as a consideration for tie-break. The retention of the Faster Provision Scalar means that there is already an incentive for Providers to have a faster provision of FFR, and this incentive can be reflected in a Provider’s bundle bid.

The TSO are in discussion with expert consultants on what aspect could potentially be considered in a tie-break scenario, and are investigating the possibility of using volume of Over Frequency Response, and also the size of the service contract. These aspects could be used to differentiate between participants with equivalent price bids, though would reiterate that the procurement strategy at large remains under consideration and development.

Question 11: Do you have any suggestions in relation to the application of non-price criteria in a tie-break scenario?

8 Summary of Consultation Questions

Question 1: What is your view in relation to the proposed Fixed Contracts contract?

Question 2: Do you have any comments with respect to the definitions outlined in Schedule 1 of the Fixed Contracts contract?

Question 3: Do you have any comments with respect to Schedule 2 (Operating Reserves) in the Fixed Contracts contract?

Question 4: Do you have any comments with respect to the Bonding requirements and the Performance Bond milestones proposed?

Question 5: Do you have any comments with respect to the Operational Requirements and Parameters proposed in Schedule 8 and 9?

Question 6: Do you have any comments with respect to the remaining content of the contract Schedules?

Question 7: Do you have any comments on the proposed inclusion to the Protocol document?

Question 8: What is your view in relation to the proposed maximum contract volume restrictions and conditions regarding connection to the power system?

Question 9: What is your view on the proposed mechanism for determining the values of the temporal scarcity scalar to be applied?

Question 10: Do you have any comments in relation to the proposed system conditions for TOR1 and TOR2 dispatch?

Question 11: Do you have any suggestions in relation to the application of non-price criteria in a tie-break scenario?

9 Next Steps

9.1 Consultation Responses

SONI and EirGrid welcome feedback on the questions posed within this paper and/or additional comments, which will be used to inform the development of the final contracts.

Responses should be submitted to DS3@soni.ltd.uk or DS3@EirGrid.com before 6 December 2018 (using the associated template spreadsheets for comments). It would be helpful if responses to the questions included justification and explanation.

If you require your response to remain confidential, you should clearly state this on the coversheet of the response. We intend to publish all non-confidential responses. Please note that, in any event, all responses will be shared with the Regulatory Authorities to inform their approval of the final contracts.

9.2 Industry Forum

To facilitate stakeholder engagement on the proposed contracts and procurement process, we will host an industry forum during the consultation period. This forum, which will take place in the first half of November 2018³, will provide an opportunity for discussion on a range of contractual and procurement-related matters including the details of this consultation paper.

Should you wish to register, and should there be any items you wish to be clarified in relation to this consultation or the preceding Recommendation and Decision Paper please contact DS3@soni.ltd.uk or DS3@EirGrid.com. Please note, we do not guarantee all items will be addressed during the session.

9.3 Procurement timelines

The strategy for procurement is still being developed and may be influenced by the outcomes of this consultation process. Any timelines will be developed with the intention of having 1st Sept 2019 as the final date for contract signature.

³ Exact date will be published on the EirGrid website