Single Electricity Market
(SEM)

Trading and Settlement Code

Scheduling and Dispatch Parameters 2025
Decision Paper

SEM-24-073

29 October 2024

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1. Introduction

Under Condition 10A of EirGrid's Transmission System Operator (TSO) Licence, and Condition 22A of SONI's Transmission System Operator Licence, the System Operator (SO) is required to report to the Regulatory Authorities (RAs) proposing values for parameters to be applied in the Scheduling and Dispatch process.

In May 2024 the RAs requested the TSOs to review the following parameters utilised in Scheduling and Dispatch:

1. Long Notice Adjustment Factor (LNAF)
2. System Imbalance Flattening Factor (SIFF)

On 5 July 2024, the RAs received a report (SEM-24-054a) from the TSOs outlining their recommendations for the proposed values for the above parameters. The RAs then published a consultation on 26 August 2024 (SEM-24-054) on the TSO's recommendations. This paper presents the SEM Committee's decision in relation to these parameters, and is structured as follows:

Section 2: provides an overview of LNAF and SIFF.

Section 3: outlines the TSOs' proposal for 2025.

Section 4: provides a summary of respondents' comments.

Section 5: provides the SEM Committee's response to the feedback.

Section 6: details the SEM Committee's decision.

Section 7: outlines next steps.

2. Background

The consultation paper (SEM-24-054) explained that LNAF and SIFF give effect to the objectives of Scheduling and Dispatch from the market design decisions, in particular, balancing the trade-off between 'early' energy-balancing actions and the cost of non-energy actions. LNAF is a multiplier applied to the start-up costs of Generator Units, which increases with increasing length of notice provided in any instruction to synchronise. SIFF is another multiplier applied to the start-up costs which reduces with reducing forecast system imbalance. The LNAF and SIFF terms are defined in the table below. The definitions are as outlined in the SONI and EirGrid Transmission Licences.

Term	Definition
LNAF	Long Notice Adjustment Factor – A multiplier applied to the start-up costs of generation sets which varies depending on the length of notice provided in any instruction from the Licensee to synchronise such generation set and which has greater values for greater lengths of notice.
SIFF	System Imbalance Flattening Factor – A multiplier applied to the start-up costs of generation sets which varies depending on the degree to which forecast generation including forecast imports and forecast exports on Interconnectors is short of forecast demand and which has greater values for greater shortages.

The consultation paper further explained that under Condition 10A of EirGrid's Transmission System Operator (TSO) licence, and Condition 22A of SONI's TSO licence, the TSOs are required, when directed to do so, to report to the Regulatory Authorities (RAs), proposing values for parameters to be applied in the Scheduling and Dispatch process.

3. TSO Proposals

The TSOs' report (SEM-24-054a) sets out the proposed values of LNAF and SIFF and the methodology for applying them in the scheduling tool. The TSO's have carried out a review of the scheduling processes based on the intent of the LNAF and SIFF parameters. The review focuses on the parameters in the context of current security of supply concerns, new operational trial and audit outcomes.

The LNAF applies a weighting to the costs of offline generators to reduce the likelihood of the scheduling tools recommending early commitment actions in the scheduling process. A value of zero for both LNAF and SIFF means there would be no additional weighted costs applied to offline generators and therefore no additional cost to the TSOs taking 'early' actions. Conversely, non-zero values of LNAF and SIFF would disincentivise the TSOs from taking 'early'

energy balancing actions but may also increase the cost of non-energy actions. The intention with non-zero values of LNAF and SIFF would be to prevent the TSOs from taking actions on units prior to gate closure for energy balancing reasons. Such actions could foreclose the ability of participants to trade in the still-open intraday marketplaces to reduce energy imbalances.

The TSOs note that one of the risks of assigning a non-zero value of LNAF and SIFF is the potential impact on securing the system as the few available offline long-notice units would run less, be in cooler heat states and thus less reliable to start when required. If some abnormal events occur such as tripping of a large unit, non-zero LNAF and SIFF would increase the reliance on the fewer short notice units that are not already committed. It would increase the risk of not meeting the demand requirements during start up periods of the long-notice units that are in cooler heat states, when they are called to replace the original tripped unit which could lead to a potential system alert.

Another finding from the analysis carried out by the TSOs relates to the fact that a number of transmission constraint groups (TCGs) have been put in place to manage tight generation margins over the last few years to improve the likelihood that generation is available during the period of peak demand for conventional generation. The TSOs' view is that these interventions are more significant and direct than the intent of LNAF and SIFF, and that non-zero LNAF and SIFF should not be used as an alternative to these interventions.

The TSOs' analysis also notes that since 31 December 2020, the day ahead market does not include any GB-SEM interconnection capacity. Due to this, the TSOs do not receive day ahead interconnector schedules for Moyle and EWIC. To mitigate the risk that imports to SEM are not scheduled in the Intraday markets at times of tight margins, the TSOs assume zero flows on the interconnectors in the day ahead scheduling. This may sometimes result in the TSOs scheduling the commitment of an additional long-notice unit. The TSOs point out that this procedure has a greater significance than what was envisaged during the design of the LNAF and SIFF parameters.

The TSOs' recommendation is that the LNAF and SIFF values remain unchanged from last year, at zero. This is summarised in the table below.

Parameter	Approved Value for 2024	TSOs' Proposed Value for 2025
Long Notice Adjustment Factor	0	0
System Imbalance Flattening Factor	0	0

Table 1: LNAF and SIFF parameters – approved values for 2024 and proposed values for 2025

4. Respondents' Comments

General Overview

The SEM Committee received two responses to the consultation which are published alongside this decision paper, one from Bord Gáis Energy (BGE, SEM-24-073a) and another from Energia (SEM-24-073b).

Both respondents agreed with the proposed values of the LNAF and SIFF parameters contained within the consultation paper.

Summary of Responses

Bord Gáis Energy (BGE) supported the proposed zero values of the LNAF and SIFF parameters for 2025. They noted that in principle LNAF and SIFF should be non-zero given that was what was expected when they were being considered in the market design process. BGE added that a discussion on what circumstances would need to change for the LNAF and SIFF parameters to be non-zero is not included in the TSOs' report to the regulators or the consultation paper and that they believe this should be included in future reports along with a description of any upgrades that would be required to the TSO systems to enable this.

BGE asked that if the TSOs already know of planned system changes which could enable the introduction of non-zero parameters in the future, that this be communicated to industry before next year's report and that when the circumstances are in place to enable non-zero parameters, a full impact assessment be carried out before either parameter is changed.

Energia also supported the proposed zero values of the LNAF and SIFF parameters for 2025 in their response, while commenting that the values may need adjustment in the future and urging the TSOs' to continue to review the parameters to reflect evolving market conditions. In their response they noted that the increasing deployment of synchronous condensers may reduce TSOs' reliance on conventional thermal units for the maintenance of Dynamic Stability, in which case the rationale for maintaining zero values for LNAF and SIFF may therefore become less relevant in the future.

Energia highlighted that there is a risk that delaying adjustments to these parameters could lead to higher costs in the long run. As the grid transitions and thermal generation retires, there could come a point where a lack of market signals discourages investment in necessary technologies, leaving the system exposed to higher price spikes or reliability issues if thermal generators are not available when needed.

5. SEM Committee Response

Having considered the responses to this consultation and evaluating the TSOs' submission, the SEM Committee has decided that retention of the existing LNAF and SIFF parameter values is a prudent approach at this time, given concerns regarding security of supply.

As discussed in section 4, one respondent asked that a section be included in the TSOs' report to the regulators outlining the circumstances that would need to change for the LNAF and SIFF parameters to be non-zero, along with a description of any upgrades that would be required to the TSO systems to enable this. The SEM Committee will consider these points when directing the TSOs to produce parameter reports for 2025/26.

6. SEM Committee Decision

A summary of the decision made by the SEM Committee in relation to the LNAF and SIFF are displayed in Table 2.

Parameter	TSOs' Proposed Value for 2025	SEM Committee Decision
Long Notice Adjustment Factor	0	0
System Imbalance Flattening Factor	0	0

Table 2: LNAF and SIFF parameters – proposed and approved values for 2025

7. Next Steps

These parameters will apply from 1st January 2025 until 31 December 2026. A consultation will be carried out in 2025 to determine the values to apply from January 2026. The Trading and Settlement Code provides for the RAs amending the values of parameters where necessary outside the normal parameter-setting process. While this would only arise in exceptional circumstances, the SEM Committee has obligations to balance regulatory certainty with ensuring that no unnecessary consumer harm arises. On this basis, the RAs will keep these parameters under observation and may propose changes in the interim, if necessary, via consultation.