



**Single Electricity Market
(SEM)**

**Trading and Settlement Code
Scheduling and Dispatch Parameters for 2020**

Consultation Paper

**SEM-19-050
16th September 2019**

Table of Contents

1. Introduction	3
2. Scheduling and Dispatch Parameters	4
3. Next Steps	5

1. Introduction

Under the terms of the SEM Trading and Settlement Code (TSC) Part B, the Regulatory Authorities (RAs) shall determine certain parameters proposed by the Market Operator (MO) in relation to the Scheduling and Dispatch process.

In May 2019 the RAs requested the MO to review the following parameters utilised in Scheduling and Dispatch:

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

On 31st August 2019, the RAs received reports from the MO outlining their recommendations for the proposed values for the above parameters. The purpose of this consultation paper is to invite comments on the MO proposals as summarised in this paper and detailed within the MO reports which accompany this paper.

Comments should be sent, preferably in electronic form, to:

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The Exchange
Belgard Square North
Tallaght
Dublin 24
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All comments received will be provided to SEMO or the TSOs as appropriate and may be published unless the respondent clearly indicates that the relevant comment is confidential.

All comments should be received by close of business on 14th October 2019. A final decision on the parameters consulted upon this paper is due to be published in December 2019.

2. Scheduling and Dispatch Parameters

Under section 10A of EirGrid’s Transmission System Operator (TSO) Licence, and section 22A of SONI’s Transmission System Operator Licence, the System Operator (SO) is required to report to the RAs, proposing values for parameters to be applied in the Scheduling and Dispatch process. The accompanying paper sets out the methodologies to be used by the TSOs to calculate the following parameters considered under those Licence Conditions, along with a review of their values if requested by the RAs.

The parameters covered in this report are:

- Long Notice Adjustment Factor (LNAF); and
- System Imbalance Flattening Factor (SIFF).

These parameters give effect to the objectives of Scheduling and Dispatch from the market design decisions, in particular, balancing the trade-off of ‘early’ energy-balancing actions against the cost of non-energy actions. 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. Specifically, the LNAF applies to a unit’s start-up costs (or, in the case of a Demand Side Unit, to shut down costs) in the scheduling process. The application of this parameter will tend to reduce the likelihood of early unit commitment decisions over greater use of shorter-notice units.

The accompanying paper from the TSOs (SEM-19-050a) sets out the methodology for calculating the LNAF and SIFF, and their application in the scheduling tool. The TSO’s analysis considers the traded volumes in the Day Ahead and Intraday markets. Having considered the levels of liquidity and price convergence across the two markets, and the ratio of energy volumes to non-energy volumes, the TSOs recommendation is that the LNAF and SFF values remain unchanged. This is summarised in the table below.

Parameter	‘Go-Live’ Value	Proposed Value for 2020
Long Notice Adjustment Factor	0	0
System Imbalance Flattening Factor	0	0

The RAs are minded that retention of the existing values seems prudent given that the new market arrangements have not yet been in place for a full year. However, the RAs are eager to ensure that early actions are not unduly distorting the incentives on individual participants, or creating commercial advantages to inflexible plant; for example, by nullifying the need for

such plant to be bid competitively into the ex-ante markets. The RAs welcome comments from respondents in this regard.

3. Next Steps

All comments should be received by the close of business on 14th October 2019. A final decision on the operational parameters consulted on in this paper is due to be published in December 2019.