

23/02/24

Future Power Markets Update

ISSUE NO.5 | February 2024



Introduction

Following up on several enquiries, please be advised our newsletter is published monthly on [EirGrid](#), [SONI](#) and [SEMO](#) websites as well as being promoted on our social media channels (EirGrid and SONI). If you would like to receive a direct email notification once these newsletters become available on SEMO's website, please subscribe [here](#) and select the option Balancing Market.

The Future Power Markets team is organised into several sub teams that reflect our core project areas and the additional workstreams outlined in this update. If you have a query on the contents of this update and/or a query for the team, feel free send a message to futurepowermarkets@eirgrid.com

- David Carroll, Head of Future Power Markets



Future Power Markets

The Future Power Markets team is focused on how the ambition of up to 80% renewable energy share in electricity (RES-E) will be facilitated through the market.

The team's work spans across a number of core project areas, including:

- Strategic Markets Programme (SMP)
- Future Arrangements for System Services (FASS)
- Scheduling and Dispatch Programme (SDP)

Additional workstreams include:

- Long Duration Energy Storage (LDES)
- Energy Market Policy (EMP)



Strategic Markets Programme

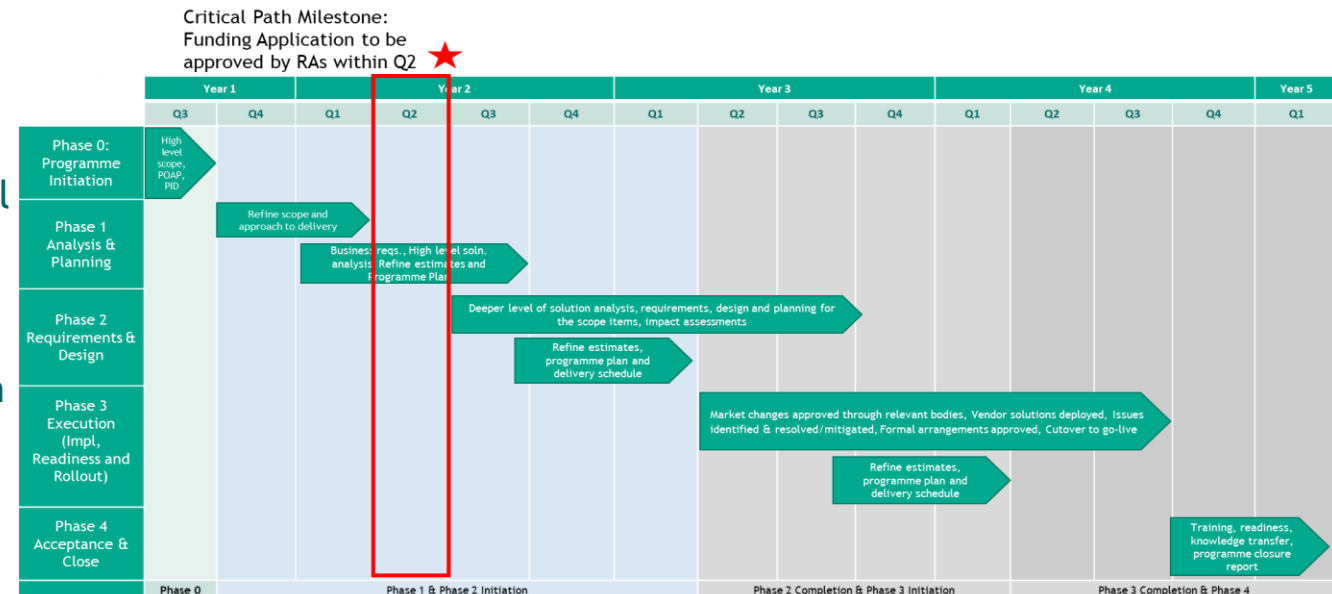
The Strategic Markets Programme (SMP), set up in 2023 to develop those elements covered under Pillar 2 of the Shaping Our Electricity Future Roadmap, pulls together the following:

- **Full EU Integration:** Once the SEM is physically connected with continental Europe after the Celtic Interconnector goes live, there will need to be full integration into EU forwards, day-ahead, intraday, and balancing markets. This involves re-coupling the day-ahead market but also new arrangements for coupled intraday markets and participation on the EU balancing platforms
- **Post Brexit Trading Arrangements:** Following Brexit we only have local intraday auctions between SEM and GB. We will need to implement the changes that arise from the ongoing UK and European Commission discussions on same
- **Balancing Market Reform:** This will investigate items like scheduling of long duration storage, enduring implementation of Non-Priority Dispatch Renewables and Dispatchable Demand.

- A funding application was submitted to the Regulatory Authorities in December 2023 where we estimate the rough order of magnitude cost of €130m.
- RA funding approval is required in order to proceed with full mobilisation across TSOs and MO.
- A Market Operator Special Topic (MOST) for the SMP is planned for 14th of March 2024 after the Market Operator User Group which will provide more detailed information on the intended scope for delivery by the programme.



Strategic Markets Programme - Indicative High-Level Programme Plan On A Page (POAP)



* Level of confidence in the high-level timelines for Phase 1 and Phase 2 initiation, however, very low confidence in timelines to complete Phase 2 and for Phases 3 and 4.

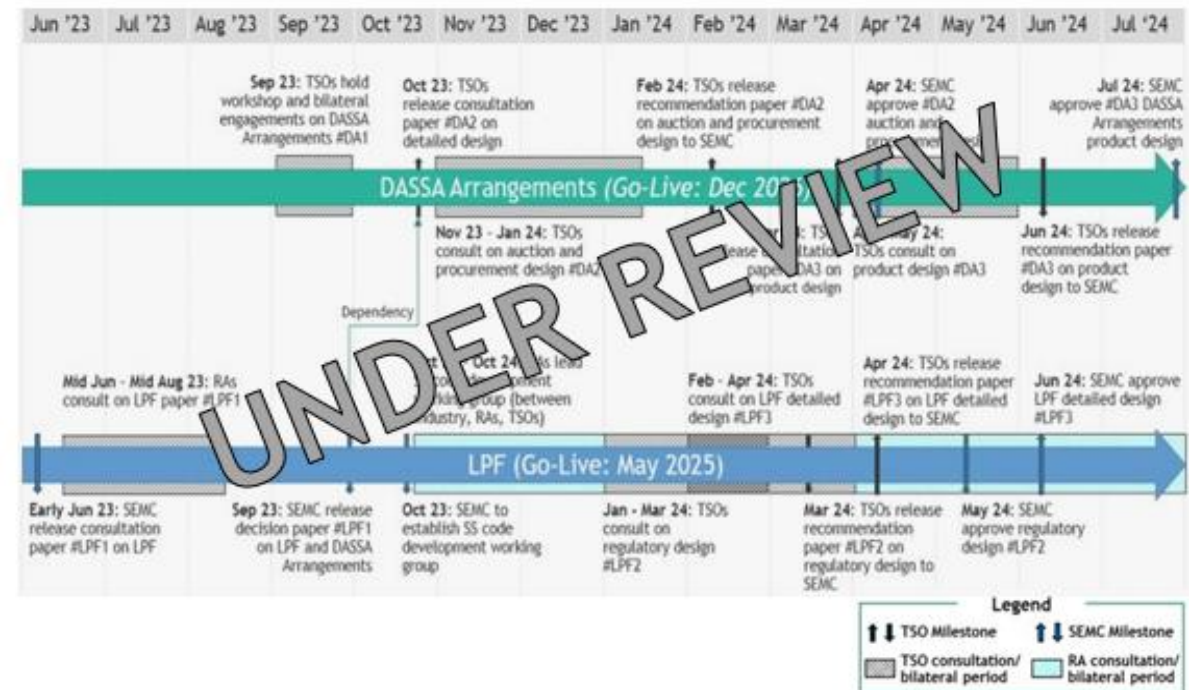
Future Arrangements for System Services

The design and implementation of Future Arrangements for System Services (FASS) includes:

- “To deliver a competitive framework for the procurement of System Services, that ensures secure operation of the electricity system with higher levels of non-synchronous generation”, in line with the Single Electricity Market Committee (SEMC) request
- The implementation of a Day Ahead System Service Auction (daily auction/DASSA), Layered Procurement Framework and Fixed Term Contracts
- The creation of a System Services market code and updates to relevant codes and licenses.

- The TSOs have provided the Final Phased Implementation Roadmap for the FASS programme to the RAs on 20th of February. The TSOs will publish the final PIR, once approved by the SEMC.
- The FASS team continues to work on the DASSA Consultation Paper with our partners DotEcon and Afry. The Consultation Paper will be published in Q1 2024 with industry engagement to follow during the consultation period.
- TSO/RA engagement on FASS priority topics such as Product Review, Locational Methodology and Volume Methodology Forecasting is ongoing.
- The TSOs submitted a funding application to the RAs on 16th February based on the direction outlined in SEM-23-103. Approval will be required prior to May 2024 to continue work on the programme.

High Level Roadmap: FASS Phased Implementation (to be revised by the TSOs based on SEM-23-103 Decision Paper)



Scheduling and Dispatch Programme

The Scheduling and Dispatch programme aims to:

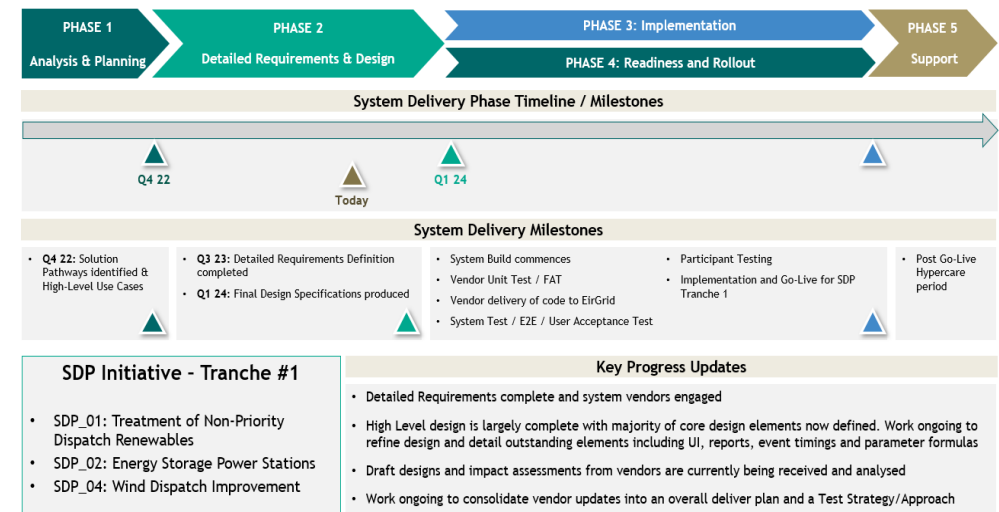
- To enhance the scheduling and dispatch systems and processes in Ireland and Northern Ireland
- To bring about compliance with the Clean Energy Package (CEP) and the treatment of variable Non-Priority Dispatch Renewables (NPDR)
- Facilitate low/zero carbon grid technologies such as Batteries, Synchronous Condensers in support of the broader goals of renewables and System Non-Synchronous Penetration (SNSP) penetration targets.

- Industry workshops were held on 10th of January and 7th of February. Participants were updated on latest details regarding delivery schedule and the phase 3-5 (Implementation, Readiness, Support) funding submission. If funding is not approved by the end of February 2024, Tranche 2 delivery will be at major risk. If funding is not received by the end of March 2024, then Tranche 1 will also be at major delivery risk. SDP continues to work with RAs on funding outcomes.
- UR formally approved 96% of the funding requested for phase 2 (Detailed Requirements and Design).
- Design phase of Tranche 1: SDP_01, SDP_02 and SDP_04 is on-going.
- Detailed requirements analysis of Tranche 2: SDP_03,SDP_05 and SDP_06 has commenced.
- NPDR SDP_01 breakout Mod sessions held on 17th and 24th of January 2024, NPDR was “recommended for approval“ by the mods committee on the 8th of February and will be sent for RA decision

Systems Delivery Update: Tranche 1

Stakeholder Engagement: Industry Workshop

Systems Delivery Update - SDP Tranche 1



Additional Market Developments

Long Duration Energy Storage (LDES)

- Work on the Summary Paper for the LDES Call for Evidence continues with the goal of publication in March. This summary will bring together the industry responses to the Call for Evidence and comments from the TSOs.
- Following the publication of the Call for Evidence Summary paper, a consultation with more detail on the proposed procurement mechanism will start.
- An independent consultant has been contracted to conduct a study on the timelines for LDES projects to go through the planning, consent, and connection processes. It has also been asked to provide insight on these timelines relative to other countries, and to find critical path efficiencies that could be utilised to speed up the process.



Energy Market Policy

- While Shaping Our Electricity Future (SOEF) sets out the key activities that need to be carried out to get us up to an 80% RES market there is acknowledgement that it is time to look beyond this. As a result, work has commenced to examine the key policy areas that could impact EirGrid in order to get electricity markets to support a net zero future. This work will be supported by independent consultancy.
- EirGrid, as part of a combined EU TSOs/UK TSOs group, completed a report addressing technical questions raised by the European Commission (EC) and the UK Department for Energy Security and Net-Zero (DESNZ) on the cost benefit analysis of Multi Regional Loose Volume Coupling (MRLVC). This report, completed last year, is currently with the EC and DESNZ.
- It is acknowledged that interconnection to neighboring EU markets such as France are a key part of SOEF. It is important to stress that most of the cross-border trading continues to be with Great Britain (GB). As a result, work is due to commence on the future market policy outlook with GB. This work, which will be supported by advisors, will look ahead at the key policy developments over the next couple of years that will impact EirGrid.

Contact Information

If you require further information on what has been published in this update, please email futurepowermarkets@eirgrid.com

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