

Rodney Doyle
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Sent by email: Rodney.Doyle@Eirgrid.com

17 November 2021

Ref: **WM-030-11-975**

RE: Application for Derogation as allowed under Section G.1.2.3 of the Trading and Settlement Code

Dear Rodney,

I refer to your letter of 5 November 2021 applying for a derogation as allowed under Section G.1.2.3 of the Trading and Settlement Code (TSC).

Pursuant to the implementation of TSC Modification_18_21 on 4 November 2021, Section G.1.2.3 of the TSC makes provision for the Market Operator to apply to the Regulatory Authorities (RAs) for a derogation from the invoicing of Trading Charges under the following specific circumstances, where:

- a. *such amounts relate to any time between 12 August and 29 September 2021,*
- b. *such amounts would not have arisen had Mod_02_21¹ been implemented, and*
- c. *such amounts may in totality be of sufficient materiality to have a potentially detrimental effect on the overall market.*

Your application seeks a derogation with respect to the invoicing of all CDIFFCNP² charges that arose between 12 August and 29 September 2021, amounting to €25,028,300 in total, across 20 market participants.

¹ Mod_02_21 removes SO interconnector trades from pricing. This modification was approved on 12 August 2021 and is expected to be implemented in market systems following testing, which has now commenced. The release date will be published by market message once this testing is complete.

² Capacity Market Non-Performance Difference Charges

Having considered your application, the RAs are of the view that the circumstances set out in Section G.1.2.3 of the TSC apply to the CDIFFCNP charges in question. The charges occurred between 12 August 2021 and 29 September 2021 and as demonstrated in your application, would not have arisen had Mod_02_21 been implemented. Finally, based on the analysis in your letter, these charges may in totality be of sufficient materiality to have a detrimental effect on the overall market.

The RAs also note the assessment set out in your letter of the impact on the Capacity Difference Socialisation Fund of the RO events during the period in question. The expected level of the fund set at the beginning of the market is c. €15 million and the fund would remain well above this target level if the CDIFFCNP charges in question were not invoiced.

The RAs therefore approve SEMO's application for a derogation from the invoicing of all CDIFFCNP charges that arose between 12 August and 29 September 2021.

Separately, the RAs acknowledge the question raised in your letter, and at TSC Modifications Committee Meeting 107, in relation to the applicability of Mod_18_21 to the CEADSU³ charge and will engage further with SEMO on this matter.

Yours sincerely,

[No signatures – sent via email]

Colin Broomfield
Director
Wholesale Markets
Utility Regulator

John Melvin
Director
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Commission for Regulation of Utilities

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³ Demand Side Unit Energy Adjustment Payment or Charge