

FASS Programme

Day-Ahead System Services Auction
(DASSA) Consultation Workshop 24th
April 2024

TSOs' written responses to queries received during
the workshop

May 2024



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Notes:

- The written responses in this document take precedence over responses provided in the workshop.
- The slides from the workshop presentation have been published on the [SONI](#) and [EirGrid](#) websites.
- Please also refer to the published Phased Implementation Roadmap as appropriate on the [SONI](#) and [EirGrid](#) websites.

| Question | Response |
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| <p>1. Non-DASSA order holders required to enforce grid code?</p> | <p>As set out in section 7.6 of the consultation paper, the TSOs propose that a service provider will be obliged to declare its availability to provide a service if it is technically capable of doing so, irrespective of whether it holds a DASSA Order for the service. The rationale for this proposal is to maintain system security given that the DASSA will be a partially constrained auction and that contingencies impacting service provider capability may arise post execution of the daily auction. The TSOs intend that this requirement will be stipulated in the System Services Code. The FAM is designed to provide a financial incentive to service providers to remain available even without a DASSA Order. In the FAM, payments are made to service providers who are available in real-time, required to provide the service, and in merit. The TSOs welcome feedback on this proposal.</p> |
| <p>2. Follow up question: Objective market based in code- would be worth absolute obligation in grid code. Is participation compulsory?</p> | <p>The TSOs do not propose that participation in the DASSA arrangements will be mandatory. However, in order to participate in the daily auction, a service provider must accede to the System Service Code. The TSOs intend that the service availability requirement as proposed in section 7.6 of the consultation paper will be stipulated in the System Services Code. Grid Code obligations will continue to apply.</p> |
| <p>3. Question on settlement for when you wish to cover this - why does it take so much longer to settle the DS3 payments vs ISEM settlement; two months to payment (as it is now) seems quite a long time. Is it not possible to shorten the DS3 settlement/payment timelines so it is more consistent with the market-wide settlement e.g. payments by end of May for April operations?</p> | <p>System services settlement requires data inputs to be collated and validated from multiple sources, which necessitates a longer lead time for the settlement process.</p> |
| <p>4. Auction timing - is there a TSO need to hold the auction close to the EUIDA?</p> | <p>The TSOs appreciate that the proposed timing of the DASSA - with the auction executing at 13:20 and the results being available at 13.50 - is adjacent to the gate closure of the EU IDA at 14:00. The principal rationale for the proposed timing is to allow time for service providers to process the outcome of the DAM such that it may inform their bidding strategy into the DASSA. We welcome feedback from stakeholders on this proposal.</p> |
| <p>5. Bid format - is there still a possibility of having interdependency between bids? Or complex bids like in the DAM?</p> | <p>Throughout bilateral engagements with stakeholders in Q4 of 2023, the majority view was that complex bidding would add unnecessary complexity to the daily auction process and reduce transparency. Simple DASSA bids - one for each individual service per Trading Period within the Auction Timeframe - also meet the SEMC assessment criterion that "the framework should be sufficiently simple and transparent to be readily understood and accessible to all stakeholders", as set out in section 2.1 of SEM-22-012 (System Services Future Arrangements High Level Design Decision). The TSOs are however open to any further feedback on the need for interdependency across bids or complex bids.</p> |

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| <p>6. What does "no interdependency between bids" mean?</p> | <p>The proposal that there will be no interdependency between bids, as set out in section 4.6.3 of the consultation paper, means that bids will be made for each individual service per Trading Period independently.</p> |
| <p>7. Zero Volume - can this be for multiple P/Q pairs? (Consultation says only possible with 1 P/Q pairs)</p> | <p>Zero-volume bids allow for a single price / zero-quantity pair only to be submitted, as proposed in section 4.6.5 of the consultation paper. Multiple price/ quantity pairs can be allocated to the FAM using a volume-cap bid, whereby any price / quantity pairs above the volume cap would be allocated to the FAM only. Our proposals for volume-cap bids are described in section 4.6.6 of the consultation paper.</p> |
| <p>8. With respect to market power concerns, I note there has been no justification or quantification of market power. It is important that this is considered before such risks are raised. Will this be modelled or considered before such a suggestion is pushed through this consultation for a new market?</p> | <p>In section 5.7.2 of SEM-22-012 (System Services Future Arrangements High Level Design Decision), the SEM Committee states that it will consult on the form of market power mitigation measures to be employed in the daily auction arrangements.</p> |
| <p>9. Auction clearing - what happens if the marginal unit (that meets the requirement) is a non-divisible offer? Does the DASSA 1) clear the unit and subsequently procure more than the DASSA requirement 2) not clear the unit and under procure on the DASSA requirements or 3) select the next cheapest unit that is divisible or meets the DASSA requirement?</p> | <p>The objective function of the optimization problem is to minimize the procurement cost of system services. As explained in the consultation workshop (see slides 52 - 54 of the workshop presentation), to meet the minimum requirement of a service, the optimization engine may clear a non-divisible bid and slightly over-procure; alternatively, it may select the next cheapest divisible / non-divisible bid.</p> |
| <p>10. Secondary trading window (90 mins before the trading period) - is there a need to have this different from the BM gate closure (60 mins)?</p> | <p>The proposal for the Secondary Trading Window to close 30 minutes ahead of the Balancing Market Gate Closure, as described in section 5.3 of the consultation paper, is to allow for the TSOs to validate secondary trades and to notify service providers, and then give service providers sufficient time to submit a Physical Notification. The TSOs welcome further feedback on this proposal.</p> |
| <p>11. Have you considered the interaction between secondary trading of CRM holders and this secondary trading platform?</p> | <p>As set out in section 13 of the consultation paper, the TSOs consider that it is up to a service provider to manage the risks and interactions associated with participating in the DASSA arrangements and other markets, including the Capacity Market. Participation in the DASSA and in secondary trading does not alter existing Capacity Market obligations for a service provider that has been contracted to provide system services. The TSOs welcome any feedback in this regard.</p> |
| <p>12. Currently secondary trading is not particularly dynamic, how certain are you that this platform will be dynamic enough for real time secondary trading when the FAM is ex-post?</p> | <p>The TSOs will endeavour to ensure secondary trading is as useful as possible for service providers to facilitate the trading of DASSA Orders. It is envisaged that the validation, matching and notification of secondary trades will be done in an automated manner to facilitate the dynamic and effective trading of DASSA Orders during the Secondary Trading Window ahead of real-time.</p> |
| <p>13. Note for continuous provision of services, bundled secondary trades are only allowed, rather than per</p> | <p>The TSOs will procure a nominal bundle in the DASSA to satisfy an operational requirement for the continuous provision of selected services</p> |

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| <p>service. This could be problematic for compliance with EMIR transaction reporting</p> | <p>from service providers. It is important that the integrity of any bundles be maintained in secondary trading. Since a dedicated clearing price will be assigned to the implicit bundle, this should facilitate compliance with EMIR and transaction reporting. We are happy to receive further feedback on this matter.</p> |
| <p>14. Note mention of market power measures in secondary trading - as above - question about quantifying and modelling market power before making such assumptions, esp relating to withholding capacity as market participants are prohibited from doing so</p> | <p>Please refer to the response to question 8 above.</p> |
| <p>15. Is the secondary trading order book visible in real time to all market participants?</p> | <p>The Order Book is proposed to be visible to service providers during the Secondary Trading Window. Further details on what is to be displayed in the Order Book will be developed as part of the implementation phase.</p> |
| <p>16. Secondary trading - it isn't clear why secondary trading is restricted to "bundle" of service, whereas a participant isn't able to sell a "bundle" in the DASSA</p> | <p>The TSOs propose that the secondary trading of individual services within implicit bundles will not be permitted, in order to maintain the integrity of the bundle. As set out in section 4.10.3 of the consultation paper, the TSOs may procure an implicit bundle in the DASSA to satisfy an operational requirement for the continuous provision of selected services from service providers. Service providers can secondary trade all the services procured in an implicit bundle in full, or can partially trade the volume across all the services in the bundle, but may not trade individual services in the bundle. For example, a service provider may hold 5 MW of DASSA Orders for all the services in an implicit bundle. It can secondary trade the full 5 MW of the bundle or a proportion of the 5 MW e.g. 2 MW of the bundle.</p> |
| <p>17. How is the bundle determined - is that 5 services or any number of services etc.</p> | <p>The TSOs may incentivise the availability of implicit bundles of services subject to the outcome of the reserve services product review that the TSOs will consult on in 2024. The components of any bundle have yet to be determined.</p> |
| <p>18. Can you build a bundle between primary auction and secondary trading?</p> | <p>The TSOs do not propose that implicit bundles will be procured in this manner. A service provider can either clear for an implicit bundle of services at the DASSA or purchase the implicit bundle, or partial volume thereof, in secondary trading.</p> |
| <p>19. Self- lapsed - are there limitations on how a service provider can use it?</p> | <p>Any limitations on the self-lapsing of DASSA Orders will be considered as part of the implementation phase. The TSOs consider that self-lapsing should not be used strategically by service providers and that the compensation payment may be designed to incentivise against this behaviour.</p> |
| <p>20. What mechanism do you envisage for a provider to self-lapse? Via platform? Phone call?</p> | <p>The mechanism for self-lapsing is proposed to be considered as part of the implementation phase. The TSOs consider that the mechanism for self-lapsing must be robust, auditable and effective for service providers.</p> |
| <p>21. Not self-lapsed >> Pre-gate closure instruction >> incompatible >> Lapsed DASSA order & dispensation applied >> potential partial DASSA payment - why is this potential partial payment if I have met my DASSA/FPN obligations?</p> | <p>A partial DASSA payment is proposed in the case where a service provider has been subject to a pre-gate closure instruction or event that leaves it in an incompatible position with its DASSA Order. The partial DASSA payment is proposed to create an incentive for a service provider to secondary trade out of their DASSA Order. Incentivising this behaviour could allow for an alternative service provider to meet the commitment obligation associated with the DASSA Order and avoid having to meet this volume in the FAM at an additional cost.</p> |

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| <p>22. Does pre-gate or post-gate closure instructions have a difference in the outcome?</p> | <p>Pre-gate closure activities and events are accounted for in the Commitment Obligations evaluation which determines the status of the DASSA Order one hour before the relevant trading period. Post-gate closure instructions do not impact the status of a DASSA Order but are considered in the post-gate closure evaluation which determines whether the availability or event performance scalars are applied to the DASSA Payment.</p> |
| <p>23. Isn't Example B in effect self-lapsing? The provider has decided not to fulfil the obligation</p> | <p>In example B (slide 25 of the workshop presentation), the unit submits an incompatible FPN which results in a Lapsed DASSA Order and a compensation payment to the TSOs applies. This is the same outcome that would occur in the event that the unit self-lapses their DASSA Order. However, self-lapsing an Order would ensure that the TSOs are aware that a service provider is unable to meet their DASSA Order ahead of the gate closure time which may be useful information operationally.</p> |
| <p>24. Event performance scalar - If an asset is exposed to a performance scalar for not performing during a frequency event it would seem reasonable that if the unit (not a DASSA holder or in merit FAM provider) provides the service during a frequency event if should get compensated. If this isn't being applied - why would that be the case?</p> | <p>The current proposal is to pay units that are required to be available to provide system services if they are in merit to do so. The procurement of system services is required to transition away from payments to all available service providers to a market-based mechanism providing market-based incentives to be available. The TSOs welcome any feedback on this proposal.</p> |
| <p>25. Adjusted supply function - in the first example provided, if the unit was dispatched to 34MW (while holding a 25MW DASSA order) what would be the FAM determined as applicable volume = 1) 44 MW-25MW = 19 MW or 2) 44MW-34MW = 10MW?</p> | <p>This question is referring to slide 41 of workshop presentation. The volume difference between a service provider's Eventual Availability and confirmed DASSA Order will be considered in the FAM. Dispatching a unit up (as a post gate closure energy action) can affect Eventual Availability as it may reduce the available headroom for reserve services.</p> |
| <p>26. Adjusted supply function - how would constraints limiting the actual delivery be applied? Is that like a TSO operational constraint limiting the amount of MWs from an area restricting the FAM volume? Or is this technical constraints specific to the asset?</p> | <p>Local operational constraints that limit the capability of units to provide services, such as transmission line congestion, will be considered in the FAM. For further details, please refer to the table in slide 69 of the workshop presentation. Unit technical constraints / characteristics will be captured during the registration process and will determine a service provider's eligibility and capability to bid for services.</p> |
| <p>27. Would be useful to get these slides recirculated with the payments / charges shown on a line by line basis to make it easier to follow</p> | <p>A comprehensive consultation paper and set of workshop slides have been published. The TSOs are available to respond to any additional queries within the consultation period.</p> |
| <p>28. Secondary Trading Adjusted Supply Function Example - should the pink line actually say "submitted FPN" rather than "confirmed DASSA order"?</p> | <p>This question refers to slide 47 of the workshop presentation. If a service provider meets the commitment obligation associated with a DASSA Order, the Order will be confirmed. The pink line represents the volume associated with the Confirmed DASSA Order. The scenarios where a DASSA Order may be confirmed are outlined in slide 21 of the workshop presentation.</p> |
| <p>29. Can we get a written description of the last slide that Paraic spoke through please?</p> | <p>The TSOs are available to respond within the consultation period to any specific queries on this content.</p> |

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| <p>30. Constraints to be included - what are "quality services"?</p> | <p>Section 4.10.2 of the consultation paper describes our proposals for how different types of service provision, such as dynamic or static POR, may be accounted for in the clearing of the auction. Types of service provision will have different value to the TSOs, reflecting our system operational requirements.</p> <p>The specification of our operational requirements in the DASSA will be subject to the outcome of a product review that the TSOs will consult on in 2024.</p> |
| <p>31. This is quite complex and hard to follow, in future can you circulate the slides a fortnight in advance so we can work our way through them and get more value from the presentation?</p> | <p>The material was provided as soon as was feasible and is supplementary to the detailed design consultation paper, which was published over 5 weeks before the workshop.</p> <p>Additionally, we have actively engaged with industry through bilateral meetings and workshops over the past two years, sharing the development of our design thinking in the process.</p> |
| <p>32. Will we be paid differently for quality services if they exceed expectations?</p> | <p>Different quality services will be paid at the designated clearing price determined by the optimization engine and the pricing method. However, DASSA Orders for a lower quality service will not receive payment at the clearing price of a higher quality service, even if the service provider delivers an enhanced response.</p> |
| <p>33. Will the volume procured match exactly to the TSO expectations for each service/constraint for the following day? or will there be some buffer/contingency possibly 25-50%? Without this buffer, secondary trading liquidity will be difficult because of the need to meet each constraint.</p> | <p>As outlined in Section 4.5 of the consultation paper, the methodology for calculating the volumes related to the DASSA is currently under development by the TSOs. This proposed methodology will undergo industry consultation and subsequent approval by the Regulatory Authorities, in accordance with the relevant Network Codes and legal framework specific to each jurisdiction. There is a likelihood of some contingency being included in the daily volume requirement.</p> <p>Please refer to the published Phased Implementation Roadmap for the schedule of the volumes consultation.</p> |
| <p>34. Using the example of speed of FFR response, currently there is a proportional /incremental increase in value due to the product scalars between say 190ms versus 150ms; will this still be the case, or will there just be a single threshold for 'high quality' e.g anything more than 200ms, removing the incentive for anything faster?</p> | <p>The specifications for all services, and operational requirements for the enhanced provision of services, will be subject to the outcome of the product review that the TSOs will consult on in 2024. Please refer to the published Phased Implementation Roadmap for further details.</p> |
| <p>35. Clearing objective function - is this the only consultation on this topic or will there be another consultation going through this detail?</p> | <p>The TSOs do not intend to consult further on the proposed DASSA clearing objective functions.</p> <p>The DASSA consultation process has comprised of a detailed proposed design paper, an industry workshop illustrating our proposals with numerical examples, and the facility to submit written queries on any aspect of the proposals.</p> |
| <p>36. Have the slides already been circulated?</p> | <p>The workshop presentation slide deck was published on April 25 2024 on the TSOs' websites.</p> |
| <p>37. This time limit thing is a really bad idea</p> | <p>Comment noted.</p> |
| <p>38. Re the high quality/low quality procurement conversation... sorry for the perhaps silly question... the market is pay as cleared... correct? so is the low-quality provider paid the high quality price? So why only procure a % from the high quality</p> | <p>Since different quality services will be distinctly defined, the optimization engine will have the capability to assign different prices to each service. There will be a DASSA Clearing Price per quality per service. Please refer to section 4.10.2 of the consultation paper for further details.</p> |

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| <p>39. These scenarios are more complicated than previous and further consultation on this specific subject is required. Also need to discuss "Quality" for FFR as there is Speed of response, Trajectory, Dynamic/Static, etc</p> | <p>The TSOs do not intend to consult further on the DASSA proposals. The DASSA consultation process has comprised of a detailed proposed design paper, an industry workshop illustrating our proposals with numerical examples, and the facility to submit written queries on any aspect of the proposals.</p> <p>The specifications for all services, and operational requirements for the enhanced provision of services, will be subject to the outcome of the product review that the TSOs will consult on in 2024. Please refer to the published Phased Implementation Roadmap for further details.</p> |
| <p>40. I would have in zonal pricing example 2 (the one with different clearing prices per zone) the price in the first zone would be €8, as that would be the system-wide clearing price</p> | <p>This comment refers to slide 59 of the published workshop presentation. The proposed pricing options illustrated in slides 58 (single clearing price) and 59 (zonal premium) involve solving a single optimization problem to clear the DASSA.</p> <p>The suggestion - to clear Zone 1 at €8 - would introduce an additional unconstrained auction (excluding locational constraints) for each Trading Period. It is important to note that due to the complexities related to divisible / non-divisible bids, quality products, and implicit bundles, running an unconstrained auction would not be as straightforward as finding the intersection point of volume requirements and the supply function.</p> <p>The TSOs welcome feedback on the rationale for this suggestion.</p> |
| <p>41. Value difference - I can understand the complexity with trying to solve the DASSA and achieving a simple solution could be very difficult. It isnt clear how this value difference is determined. Is this in line with the EBGL compliant?</p> | <p>The Electricity Balancing Guideline (EBGL) does not prescribe a specific pricing method for Balancing Capacity. In Recital 14, the emphasis is on the 'economically efficient use of demand response and other balancing resources subject to operational security limits' as a requirement for Balancing Capacity pricing. By incorporating quality differentiation that aligns with the TSOs' operational requirements, we can ensure the efficient utilisation of Balancing Capacity resources, while still adhering to security limits.</p> |
| <p>42. If there is an oversupply of HQ FFR, will the excess be taken in preference to LQ FFR, if the prices where the same, for example? And/or will a value be attributed to HQ v LQ if the HQ is more expensive?</p> | <p>Notwithstanding the dependency of prices on the bids submitted by service providers for each service, the proposed pricing method will ensure that the price of higher quality (HQ) services be greater than or equal to the lower quality (LQ) services. If the offered prices for HQ FFR & LQ FFR were the same, the optimisation engine would meet the requirement with HQ FFR. This is precisely the role of valuation functions to favour HQ FFR over LQ FFR.</p> |
| <p>43. Just to make sure, the HQ FFR and LQ FFR are separate products and are procured separately at different prices? Also, are quality services only applied to FFR?</p> | <p>Since different quality services will be distinctly defined, the optimization engine will have the capability to assign different prices to each service. There will be a DASSA Clearing Price per quality per service. Please refer to section 4.10.2 of the consultation paper for further details.</p> <p>The specifications for all services, and operational requirements for the enhanced provision of services, will be subject to the outcome of the product review that the TSOs will consult on in 2024. Please refer to the published Phased Implementation Roadmap for further details.</p> |