

Future Arrangements for System Services (FASS)

DotEcon proposal for enduring
arrangements and transition

Supporting cover note from SONI
and EirGrid

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Background & Context

As part of the ongoing work to develop Future Arrangements for System Services that will help to support the energy transition, whilst maintaining a robust power system, SONI and EirGrid have been working with our partners DotEcon and Afry on the development of proposals for suitable future auction arrangements for System Services based on the High-Level Design (HLD) set out by the SEM Committee (SEM-22-012). The focus of this work has been on the development of daily auction (DASSA) arrangements, initially for reserve services, but with the intention of creating a framework extendable to other system services.

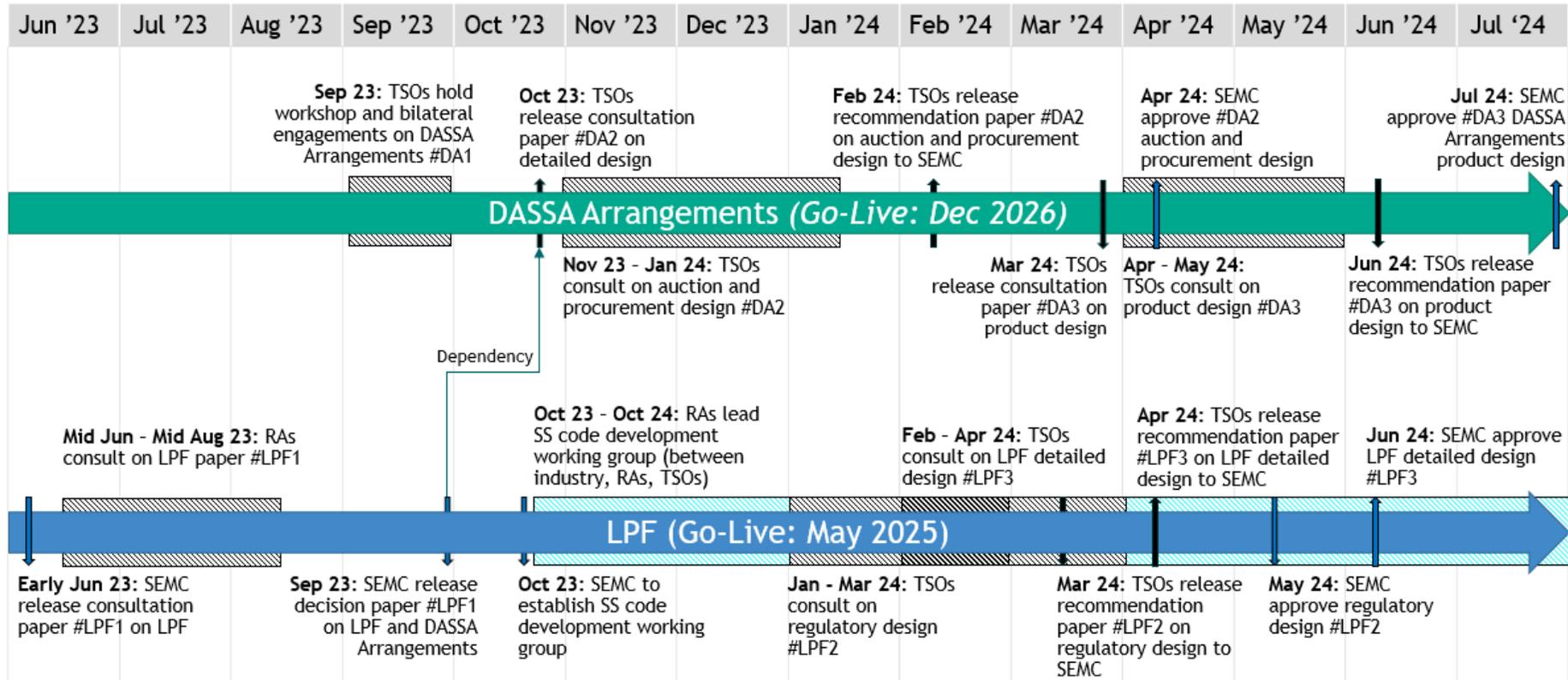
This work is happening in parallel with the implementation planning for the Layered Procurement Framework, which the SEM Committee recently consulted on. In the SEMC's System Services Future Arrangements Phase III: Detailed Design & Implementation Phased Implementation Roadmap for the System Services High Level Design Consultation paper SEM-23-043, the SEM Committee proposed "*early implementation of competitive procurement for reserve services, through a simplified and pragmatic process*", namely through the implementation of quarterly auctions as part of the proposed Layered Procurement Framework. The TSOs, in conjunction with the Regulatory Authorities and relevant partners, have undertaken a detailed and comprehensive planning effort to assess the parallel implementation of the Layered Procurement Framework (LPF) and the daily auction (DASSA) arrangements. The LPF arrangements will remain the priority, however this parallel work on the DASSA is important to ensure that we work through the details with industry, to ensure the earliest implementation of same. The draft implementation plan for both the LPF and DASSA is included overleaf.

In relation to the DASSA, DotEcon presented a high-level overview of their initial proposals at the Regulatory Authorities' workshop on November 23rd, 2022. Following this, SONI and EirGrid engaged bilaterally with industry in January 2023 to gather feedback on the proposals. Having considered this feedback, the auction design proposals have been further refined and are presented in the accompanying paper. The paper focuses on an auction framework for reserves. Arrangements relating to the procurement of other services, such as reactive power, will be discussed in a subsequent separate paper. The context of the paper is more fully explained in its Executive Summary.

In publishing DotEcon/Afry's paper, SONI and EirGrid wish to share the evolution of the DASSA proposals with industry and invite subsequent feedback through bilateral engagement in September 2023. As noted in our presentation at the Regulatory Authorities' workshop on Future Arrangements for System Services held on July 6th 2023, the proposals in the paper are not final recommendations. The TSOs intend to formally consult on daily auction and procurement design recommendations following the issue of the forthcoming SEM Committee decision on SEM-23-043 (scheduled to be published in September 2023).

High Level Roadmap: FASS Auction Design

The below high-level roadmap sets out the approach for progressing the auction design of both Layered Procurement Framework (LPF) and Day Ahead System Services Auction (DASSA) Arrangements, formerly enduring arrangements, for FASS concurrently. While these are two separate designs, they are closely related and must be progressed in parallel to establish System Service arrangements prior to the expiry of DS3 Arrangements.



Please note, current timelines for both LPF and DASSA Arrangements have been condensed as much as possible. Proposed roadmap is contingent on clarity of scope by way of September 2023 SEMC decision.

