

FASS Programme

Terms of Reference for System
Services Code Development
Working Group

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1. Relevant Documents

Before reading this Terms of Reference document, it is recommended to familiarise yourself with the following documents:

Published by	Document Name	Document Reference	Link
SEM Committee	System Services Future Arrangements High Level Design Decision	SEM-22-012	Link
SEM Committee	System Services Future Arrangements Phase III: Detailed Design & Implementation Phased Implementation Roadmap for the System Services High Level Design Decision Paper	SEM-23-103	Link
DotEcon/ Afry	Future Arrangements for System Services (FASS) Proposals for enduring arrangements and transition	SOEF Markets - Future Arrangements for System Services - Auction Design - DotEcon Afry Recommendations Paper	EirGrid link, SONI link
TSOs	Supporting cover note from EirGrid and SONI on DotEcon proposal for enduring arrangements and transition	SOEF Markets - Future Arrangements for System Services - Auction Design - DotEcon Afry Recommendations Paper - Supporting Note	EirGrid link, SONI link
TSOs	FASS - Proposals for enduring arrangements and transition - DotEcon / Afry Industry Workshop presentation	Future Arrangements for System Services - Auction Design - DotEcon Afry Workshop Slides	EirGrid link, SONI link
TSOs	DotEcon/Afry Proposals for enduring arrangements and transition - Questions captured in the 20 th September Industry Workshop and TSOs' responses	Future Arrangements for System Services - Auction Design - DotEcon Afry Workshop Q&A	EirGrid link, SONI link
TSOs	Day-Ahead System Services Auction (DASSA) Design Consultation Paper V0.01	Future Arrangements for System Service - DASSA Consultation Paper	EirGrid link, SONI link

Table 1: List of relevant documents

2. Introduction

2.1. Background

As detailed in the SEM Committee’s High-Level Decision (HLD) Paper published April 2022¹, the TSOs are required to deliver a competitive framework for the procurement of system services ahead of the short-term energy and balancing capacity markets, as provided for under Directive (EU) 2019/944² and Regulation (EU) 2019/943³. This provision of system services is to be incentivised through a new market mechanism - Future Arrangements for System Services (FASS) - that ensures the secure operation of the electricity system with higher levels of non-synchronous generation.

The market arrangements set out in the HLD comprise three main frameworks:

FASS Component	Description	Timeline
Day Ahead System Services Auction (DASSA) Arrangements	Daily auction and associated market arrangements. This is a requirement based on EU regulations and direction from SEM Committee.	<ul style="list-style-type: none">December 2026
Fixed Term Contracts	Procurement of fixed term contracts and development of future products (e.g.: Low Carbon Inertia Service (LCIS))	<ul style="list-style-type: none">TBC, as required by product.LCIS Phase 1 October 2024
Layered Procurement Framework (LPF)	Procurement at timeframes greater than one day and less than one year	<ul style="list-style-type: none">Pending outcome of annual assessment

Table 2: Components of the FASS programme

The HLD also provided for the phased introduction of a System Services Code which would set out the market rules. System Service providers would accede to the code to allow them to participate in the new market arrangements.

As part of its most recent decision⁴, the SEM Committee invited the TSOs to establish a working group for the development of a System Services Code with appropriate industry membership. The objective of the System Services Code Working Group is to ensure SEM Committee Decisions in relation to FASS are reflected in the System Services Code through collaborative drafting.

Separately, the SEM Committee has established the System Services Future Arrangements Project Panel. This is distinct from the System Service Code Working Group, and is a consultative group set up to complement standard public consultation processes and the mandatory processes required by the Network Codes.

This document sets out the proposed Terms of Reference for the System Services Working Group required to develop the detailed market rules for FASS.

¹ [SEM-22-012 System Services Future Arrangements High Level Design Decision Paper](#)

² [Directive \(EU\) 2019/944 on common rules for the internal market for electricity and amending Directive 2012/27/EU](#)

³ [Regulation \(EU\) 2019/943 on the internal market for electricity](#)

⁴ [SEM-23-103 System Services Future Arrangements - Detailed Design & Implementation - Phased Implementation Roadmap - Decision Paper 3](#)

2.2. Scope

The decisions as set out in the SEM Committee publications need to be transposed into a binding set of market rules which require extensive input and review from the Working Group. The System Services market rules should reflect the decisions included in the following SEM Committee decision documents:

- [SEM-21-021 System Services Future Arrangements - Decision Paper 1](#)
- [SEM - 22- 012 System Services Future Arrangements High Level Design Decision Paper 2](#)
- [SEM-23-103 System Services Future Arrangements - Detailed Design & Implementation - Phased Implementation Roadmap - Decision Paper 3](#)

The objective of the System Services Code Working Group is to ensure the SEM Committee's published decisions in relation to FASS are accurately reflected in the System Services Code. Therefore, the Working Group will not be permitted to re-open any previously confirmed SEM Committee Decisions. Should new issues arise, an escalation path will be provided for and the Working Group will revert to existing policy if no new decisions are made.

In addition to SEM Committee Decisions, there is other key documentation to be considered:

- There are several European Directives, Regulations and Decisions which have a bearing on how System Services are procured. The European Commission published a Regulation (EU) 2017/2195⁵ establishing a guideline on electricity balancing (the 'EBGL') on November 23rd, 2017; Regulation (EU) 2017/1485⁶ establishing a guideline on electricity transmission system operation, on 2nd August 2017; and Regulation (EU) 2017/2196⁷ establishing a network code on electricity emergency and restoration, on 24 November 2017.
- The European Commission published a Regulation (EU) 2019/943⁸ and Directive (EU) 2019/944⁹ relating to the Clean Energy Package and the internal market for electricity (collectively referred to as 'CEP') on June 5th, 2019.
- SEMC Decision Paper on DASSA Auction Design, expected Q3 2024 following the TSO led DASSA Arrangements consultation.
- DASSA Design Documentation.

It is proposed that a TSO System Services Code Development Team will develop proposals/ position papers in relation to the detailed implementation of the SEM Committee decisions and other relevant documentation. The System Services Working Group will review the proposals/ position papers circulated by the Project Team. This will provide Plain English Text to proposed market rules.

It should be noted that the scope of this forum is to provide input throughout the drafting process; it is not possible to re-open previous SEMC Decisions and finalisation of the Code is expected to ultimately be subject to SEMC Approval.

2.3. Timelines

The Phased Implementation Roadmap (PIR)¹¹, approved by the SEM Committee in March 2024, provides an overview of workstreams and deliverables acting as a foundation for focussed and transparent project

⁵ [Regulation - 2017/2195 - EN - EUR-Lex \(europa.eu\)](#)

⁶ [Regulation - 2017/1485 - EN - EUR-Lex \(europa.eu\)](#)

⁷ [Regulation - 2017/2196 - EN - EUR-Lex \(europa.eu\)](#)

⁸ [REGULATION \(EU\) 2019/ 943 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL - of 5 June 2019 - on the internal market for electricity \(europa.eu\)](#)

⁹ [DIRECTIVE \(EU\) 2019/ 944 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL - of 5 June 2019 - on common rules for the internal market for electricity and amending Directive 2012/ 27/ EU \(europa.eu\)](#)

¹⁰ Where relevant in each jurisdiction.

¹¹ [FASS-TSOs-PIR-March-2024-EirGrid.pdf](#) & <https://www.soni.ltd.uk/media/documents/FASS-TSOs-PIR-March-2024-SONI.pdf>

management to facilitate full delivery of the FASS arrangements. The TSOs will conduct a comprehensive assessment of the PIR on a six-monthly basis and publish the outcomes associated with this.

Per the PIR, the Plain English draft of the System Services Code is due for completion by Q4 2024, with Agreed Procedures and final Legal draft to be complete by Q4 2025. This is expected to be followed by a SEM Committee Consultation in Q1 2026 and SEM Committee Decision in Q2 2026, prior to DASSA Go Live in December 2026. It is envisioned that the Q4 2024 deliverable will consist of a consolidated word document, comprising a Plain English Version of each section of the code.

It is also important to note that per the PIR, commencement of System Services code development will take place prior to publication of final SEM Committee Decisions on several key topics. These include:

- Daily Auctions (Q3 2024)*
- Secondary and Bilateral Trading (Q3 2024)*
- System Services Supplier Charge (Q1 2025)
- Volume Forecasting Methodology (Q1 2025)

The timing of the following activities are also considered:

- Licence modification required to implement this framework (Q4 2025)

Therefore, it is proposed to commence work on these topics later in the process in line with publication of the relevant SEM Committee decisions.

*Note: Finalisation of the Plain English Version (PIR milestone FASS.M22) is dependent on the timely progression of business design activities concluding with the publication of the respective SEMC Decisions. Work may commence on certain topics in advance of SEMC Decisions given the TSOs will have significant industry feedback following conclusion of relevant industry consultations and submission of recommendation papers, such topics may require amendments following publication of SEMC Decisions.

Further information on the provisional schedule for working group meetings is outlined in Section 4.

3. Code Development

3.1. Hybrid Development Approach

The TSOs considered several approaches for the efficient development of a System Services Code to ensure that milestones set out in the PIR can be met with sufficient industry engagement. Three options were considered and the TSOs ultimately deemed the hybrid approach to be the most suitable.

- One draft - this approach would involve the code being developed in full by TSOs with a single industry consultation period once completed. While this would be faster to develop, it would lack the desired level of engagement with industry for code development.
- Iterative - this approach would see the TSOs develop the code by section and review iteratively with industry via working groups, engaging on a regular basis. The main drawback of this approach is that there would be insufficient time for the completion of Plain English version of the code within the timelines set out in the PIR.
- Hybrid - a combination of the two approaches whereby the TSOs would draft certain sections in full ahead of engaging with industry via working groups, while others would be drafted iteratively over a number of meetings in conjunction with working group members.

Iterative topics would entail a five-stage process:

1. Circulation of proposals / position papers;
2. Development of Plain English versions (PEV);
3. Updated PEV for sign off;
4. Legal drafting; and
5. Finalised legal drafting for sign off.

Note, per the PIR, legal drafting is due to commence in 2025. Thus, steps 4 and 5 are not expected to be completed by December 2024. In addition, the TSOs anticipate that certain topics may require more than one working group meeting (e.g., spanning two days) to ensure that all necessary issues have sufficient consideration and discussion from industry stakeholders.

The proposed approach for each section within the Table of Contents is shown in Table 3.

Section Ref.	Code Section	Proposed Approach
1	Introduction and Interpretation - objectives, agreed procedures, scope	One Draft
2	Legal and Governance - accession, charges, System Services Modifications Panel, dispute resolution, defaults, notices	One Draft
3	Registration	One Draft
4	Qualification	One Draft
5	Auction format of DASSA	Iterative
6	Obligations	Iterative
7	Secondary and Bilateral Trading	Iterative
8	Final Assignment Mechanism	Iterative
9	System Service Supplier Charge	Iterative
10	Long Term Contracts	Iterative
11	Delivery - Performance Monitoring	Iterative
12	Transition Arrangements for existing DS3 contracts	One Draft
13	Settlement	One Draft
14	Appendices	Iterative

Table 3: Table of Contents and Proposed Approach

3.2. Table of Contents

The TSOs propose a Table of Contents with fourteen sections as illustrated in Table 4. As highlighted in Section 2.3, some topics will be subject to SEMC consultation and SEM Committee decisions.

Section Ref.	Code Section	Further Detail	Subject to SEMC Consultation*
1	Introduction and Interpretation	<ul style="list-style-type: none"> Objectives Agreed Procedures Scope 	N
2	Legal and Governance	<ul style="list-style-type: none"> Accession Charges System Services Modifications Panel Dispute Resolution Defaults Notices 	N
3	Registration	<ul style="list-style-type: none"> Party Registration Unit Registration 	N
4	Qualification	<ul style="list-style-type: none"> Qualification Process to establish service providers' capabilities to provide services in the DASSA Qualification Trial Process (QTP) 	N
5	Auction format of DASSA	<ul style="list-style-type: none"> Timings of DASSA Volume Requirements Bidding Structure Validation of Bids Auction Clearing Payments 	Y

6	Obligations	<ul style="list-style-type: none"> • Contractual commitment on a unit to submit a compatible FPN with the supply of the volume of the System Services specified on the DASSA Order • Compensation payment to be made to the TSOs for failing to provide the entire volume specified in its DASSA Order and the level of compensation payment; and • Commitment obligation for the technology class who cannot submit the FPN 	Y
7	Secondary and Bilateral Trading	<ul style="list-style-type: none"> • Mechanics of trading DASSA Orders • Validation and notification of trades • Timing of feasible trades • Interaction of Secondary Trades with Daily Auctions 	Y
8	Final Assignment Mechanism	<ul style="list-style-type: none"> • Input Data • Adjusted Supply Function • Volume Requirements • Clearing • FAM Payments 	Y
9	System Service Supplier Charge	<ul style="list-style-type: none"> • Annual System Services Charge to be leveraged on Suppliers 	Y
10	Long Term Contracts	<ul style="list-style-type: none"> • Terms of Longer-Term Contracts 	N
11	Delivery - Performance Monitoring		Y
12	Transition Arrangements for existing DS3 contracts		N
13	Settlement		N
14	Appendices		N

Table 4: Table of Contents

4. Ways of Working

4.1. Work Breakdown Structure and Schedule

In line with the approach outlined above and the Phased Implementation Roadmap (Appendix B), 7 working group meetings are provisionally planned, commencing June 2024, to develop the first draft of the Plain English Version (PEV) of the System Services Code. To allow for appropriate review time, this will result in at least one month working period between Working Group meetings for the TSOs. To ensure efficiency, TSOs' System Services Code Development Team will develop an initial proposal of rules to be circulated with Working Group members prior to each meeting.

The 2024 proposed schedule of meetings is outlined in Table 5 where each Working Group meeting will review a combination of an initial proposal of rules in development, a PEV, and an updated PEV for sign-off. Feedback and queries from Working Group members will be logged and responses made available, once they are not stated as confidential. Legal drafting is due to commence in 2025 and a subsequent schedule of workshops will be shared in due course. Following sign-off on the finalised Plain English Version and finalised legal draft, these documents are baselined and will be subject to the Future Arrangements of System Services change control mechanisms.

Please note that the order of topics is not as set out in the Table of Contents, this is to allow time for the relevant SEM Committee Decisions to be published per the PIR.

Further information regarding the work breakdown structure will be detailed in the first Working Group meeting.

#	Provisional Workshop Schedule		
	Initial Proposal of Rules	Plain English Version	Updated Plain English Version
1	Terms of Reference discussion - change control process, work breakdown structure and ways of working		
	Long Term Contracts	Pre-Drafted Sections	-
2	Auction Format of DASSA* Obligations*	Long Term Contracts	Pre-Drafted Sections
3	Secondary and Bilateral Trading* Final Assignment Mechanism*	Auction Format of DASSA* Obligations*	Long Term Contracts
4	System Services Supplier Charge ¹² Delivery - Performance Monitoring Appendices	Secondary and Bilateral Trading* Final Assignment Mechanism*	Auction Format of DASSA* Obligations*
5	-	System Services Supplier Charge ⁸ Delivery - Performance Monitoring Settlement (Pre-Drafted) Appendices	Secondary and Bilateral Trading* Final Assignment Mechanism*
6	-	-	System Services Supplier Charge ⁸ Delivery - Performance Monitoring Settlement Appendices
7	Close down and finalisation of PEV		

Table 5: Proposed Schedule of Workshops (2024)

*Note: Finalisation of the Plain English Version (PIR milestone FASS.M22) is dependent on the timely progression of business design activities concluding with the publication of the respective SEMC Decisions. Work may commence on certain topics in advance of SEMC Decisions given the TSOs will have significant industry feedback following conclusion of relevant industry consultations and submission of recommendation papers, such topics may require amendments following publication of SEMC Decisions.

Based on the proposed approach:

- Workshops will be scheduled to take place monthly, commencing in June 2024.
- At a minimum, 6 meetings should occur within a calendar year.
- Meeting dates shall be scheduled at the start of the calendar year and confirmed with at least 10 business days' notice of each meeting by the secretariat.
- A quorum will be required for a meeting to proceed. A quorum will be defined as attendance of at least 50% of members including, a chairperson, a representative from each RA, and a representative from each TSO.
- Attendance must be confirmed, or an alternate appointed, at least three business days ahead of the meeting.
- In person attendance at Working Group meetings is strongly encouraged.
- Legal drafting will commence in 2025. A separate agenda and schedule will be published in due course.

¹² Inclusion of the System Service Supplier Charge in the System Services Code is subject to the outcome of other relevant workstreams.

4.2. Membership

The TSOs welcome applications from stakeholders such as System Services Providers, the Regulatory Authorities in Ireland and Northern Ireland, Distribution Network Operators, Suppliers, Interconnector owners, and representatives from Industry Groups. Representation may be extended to include additional seats, including, but not limited to, Consumer Representative Groups, Large Energy Users, Energy Communities, and any Operators, Suppliers, representatives from Industry Groups. Stakeholders will be welcome to express their interest in membership. Provision of the following information is required by the TSOs:

- Current involvement/role in the electricity industry;
- List of relevant experience and/or qualifications;
- List of relevant publications, if any;
- Any company or organisations (including EU stakeholder organisations) you are a member of, or affiliated to;
- Any other relevant information and;
- Contact details.

4.3. Roles and Responsibilities

The roles and responsibilities of the Project Team, Regulatory Authorities and Participants of the Working Group are outlined in Table 6.

Activity	TSOs	RAs	Working Group Participants	Interested Parties
Scheduling and conducting Working Group meetings	R	C	C	I
Working Group materials (e.g., reports, workshop material)	R/A	C	C	I
Plain English SS Code drafting	R/A	C	C	I
SS Code Legal drafting	R/A	C	C	I
Agreed Procedure drafting	R/A	I	C	I
Agreed Procedure approval	C	R/A	I	I

Legend:

Accountable	Responsible	Consulted	Informed
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Table 6: Roles and Responsibilities of Project Team, RAs, Working Group Participants and Interested Parties

In addition to the roles and responsibilities noted above, the final System Services Code is subject to SEMC Decision and approval.

The TSOs will chair the working group meetings and fulfil the secretariat role.

In order to ensure the Working Group operates as effectively as possible, it is proposed that Working Group members should have:

- Sufficient time free of other commitments in respect of each Working Group meeting to ensure circulated materials are appropriately reviewed and members are able to provide constructive input to the process.
- Broad experience of the operation of the System Services and Balancing Market.
- Experience and knowledge of the FASS consultations and respective SEM Committee Decisions.
- Personal commitment to the task.
- Experience in Industry Working Groups.
- Availability to attend in person meetings.

4.4. Deliverables

The final deliverable of this Working Group is a complete set of market rules for System Services. This will be comprised of detailed text for legal review and approval prior to submission to the SEM Committee. In addition to this key deliverable, other items and outcomes are likely to materialise, such as:

- Market Rules Drafts;
- Agreed Procedure Drafts;
- Plain English Guides;
- Working Group Materials;
- Working Group Reports;
- Initial legal drafting of the Market Rules elements to give effect to the SEM Committee decisions;
- A specification of text for the new market rules;
- A list of the Glossary definitions;
- A list and specification for all terms to be included in the Glossary;
- A list and scope for the Agreed Procedures needed for System Services Future Arrangements;
- An outline report of progress after each meeting.

Upon conclusion, the Plain English Version will be baselined and will inform the finalised legal draft of the SS code. As a baselined document any amendments will be subject to the Future Arrangements of System Services change control mechanisms. Per the PIR, the SS Code will then be consulted upon ahead of final SEMC decision.

5. Appendices

5.1. Appendix A: Acronyms

Acronym	Meaning
BM	Balancing Market
DASSA	Day Ahead System Services Auction
DS3	Delivering a Secure Sustainable Electricity System
FASS	Future Arrangements for System Services
FFR	Fast Frequency Response
HLD	High-Level Design
LTS	Long-Term Scheduling
POR	Primary Operating Reserve
RA	Regulatory Authority
SEM-C	Single Electricity Market Committee
SOR	Secondary Operating Reserve
TOR (1,2)	Tertiary Operating Reserve
TSO	Transmission System Operator

5.2. Appendix B: Phased Implementation Roadmap

Phased Implementation Roadmap - Level 1

Legend

- TSOs Led Activity
- SEMC Decision
- DS3 Activity
- RAs Led Activity
- RA TSOs Activity
- Depletion of Funds

