

# **Consultation on DS3 System Services Contracts for Interim Arrangements**

DS3 System Services Implementation Project

---

21 April 2016



**Disclaimer**

EirGrid as the Transmission System Operator (TSO) for Ireland, and SONI as the TSO for Northern Ireland make no warranties or representations of any kind with respect to the information contained in this document. We accept no liability for any loss or damage arising from the use of this document or any reliance on the information it contains. The use of information contained within this consultation paper for any form of decision making is done so at the user's sole risk.

## Executive Summary

The purpose of this paper is to provide an overview of the structure of the proposed DS3 System Services Interim Arrangements Framework Agreements and the main changes relative to the existing Harmonised Ancillary Services (HAS) contracts, and to offer an opportunity for stakeholders to provide feedback on the proposals.

This paper should be read in conjunction with the accompanying proposed framework agreements, as well as the proposed Protocol document. The Protocol document will specify the Compliance Requirements which a service provider must satisfy before being paid for DS3 System Services as well as the Performance Monitoring procedures to be applied.

The Interim Arrangements for DS3 System Services will be in place from 1 October 2016 to 30 September 2017, after which time they will be superseded by the Enduring Arrangements. We propose to adopt a multi-provider framework structure for the procurement of DS3 System Services. Under the Interim Arrangements, service providers who meet the requisite procurement criteria will be appointed to either the EirGrid framework or SONI framework, as appropriate, for a period of one year. As regulated tariff payment rates will apply to the Interim Arrangements, all qualified service providers will receive a contract under the framework.

The proposed framework agreements adopt a similar structure to the existing HAS contracts, with minor changes to the standard legal provisions which have been previously agreed with service providers and have operated as part of the HAS arrangements since their inception. The proposed framework agreements broaden out the HAS provisions to account for the wider range of service providers to which the arrangements will be open. The framework agreements specify the requirements and payment mechanisms for both the seven existing system (ancillary) services and for the seven new system services including scalar details where appropriate.

Separate framework agreements will apply for Northern Ireland and Ireland, with arrangements being aligned in so far as possible.

It is intended that the Enduring Arrangements will also comprise a multi-provider framework structure. However, as contract award for the Enduring Arrangements will depend on the outcome of a competitive auction for those DS3 System Services that are deemed sufficiently competitive, the framework agreements proposed for the Interim Arrangements may not be best suited for the Enduring Arrangements. We intend to do further work on the contractual framework to ensure an optimal framework for the Enduring Arrangements. The framework agreements for the Enduring Arrangements will be consulted on separately later this year.

# 1 Contents

Executive Summary .....	3
1 Introduction .....	7
1.1 Purpose of Document .....	7
1.2 Interim Arrangements Framework Agreements – Overview .....	9
1.3 Transition to New Technologies .....	10
1.4 Proposed Consultation Process.....	11
1.5 Overview of main differences between proposed Interim DS3 System Services Framework Agreements and existing HAS contracts .....	12
1.5.1 <i>Changes to the framework drafting for the existing seven services</i> .....	12
1.5.2 <i>Changes to the framework drafting to account for the seven new services</i> .....	13
1.5.3 <i>Changes to the framework drafting which apply to all system services</i> .....	14
1.5.4 <i>Arrangements for Intermediaries</i> .....	15
2 Differences between proposed DS3 System Services framework agreements and HAS contract by clause.....	16
2.1 General.....	16
2.2 Framework Appointment.....	16
2.3 Definitions and Interpretation.....	17
2.4 Commencement and Duration of Agreement.....	17
2.5 Provision and Purchase of DS3 System Services.....	17
2.6 Payment .....	18
2.7 Monitoring and Metering.....	18
2.8 Assignment .....	19
2.9 Variations .....	19
2.10 Termination.....	19
2.11 Effect of Termination.....	20
2.12 Force Majeure .....	20
2.13 Limitation of Liability.....	20
2.14 Confidentiality .....	20
2.15 Additional Costs.....	21
2.16 Dispute Resolution .....	21
2.17 Miscellaneous .....	21

2.18	Governing Law and Jurisdictions.....	21
2.19	SCHEDULE 1 Definitions .....	21
2.20	SCHEDULE 2 Operating Reserve Capability .....	21
2.21	SCHEDULE 3 Steady-State Reactive Power .....	23
2.22	SCHEDULE 4 .....	23
2.23	SCHEDULE 4 Part A - Synchronous Inertial Response .....	23
2.24	SCHEDULE 4 Part B - Fast Frequency Response .....	24
2.25	SCHEDULE 4 Part C - Fast Post-Fault Active Power Recovery .....	24
2.26	SCHEDULE 4 Part D - Ramping Margin .....	25
2.27	SCHEDULE 4 Part E - Dynamic Reactive Response .....	25
2.28	SCHEDULE 5 Billing and Payment Plan .....	26
2.29	SCHEDULE 6 Dispute Resolution Procedure .....	26
2.30	SCHEDULE 7 Address Details and Billing Address.....	26
2.31	SCHEDULE 8 Banking Details of the Service Provider.....	26
2.32	SCHEDULE 9 Providing Units and Operating Parameters.....	27
3	Summary of Consultation Questions .....	28
4	Next Steps.....	29
4.1	Consultation Responses .....	29
4.2	Stakeholder Workshop .....	29

# 1 Introduction

## 1.1 Purpose of Document

The objective of the DS3 Programme, of which System Services is a part, is to meet the challenges of operating the electricity system in a safe, secure and efficient manner while facilitating higher levels of renewable energy.

One of the key work streams in the DS3 Programme is the System Services (or Ancillary Services) work stream. The aim of the System Services work stream is to put in place the correct structure, level and type of services to ensure that the system can operate securely with higher levels of non-synchronous renewable generation (up to 75% instantaneous penetration). Operating this way will reduce the level of curtailment for wind farms and should deliver significant savings to consumers through lower energy prices.

In December 2014, the Single Electricity Market (SEM) Committee published a decision paper on the high-level design for the procurement of DS3 System Services (SEM-14-108) referred to hereafter as ‘the Decision Paper’<sup>1</sup>.

The SEM Committee’s decision framework aims to achieve the following:

- Provide a framework for the introduction of a competitive mechanism for procurement of system services;
- Provide certainty for the renewables industry that the regulatory structures and regulatory decisions are in place to secure the procurement of the required volumes of system services;
- Provide certainty to new providers of system services that the procurement framework provides a mechanism against which significant investments can be financed;

---

<sup>1</sup> DS3 System Services Procurement Design and Emerging Thinking Decision Paper (SEM-14-108): <http://www.semcommittee.eu/GetAttachment.aspx?id=c0f2659b-5d38-4e45-bac0-dd5d92cda150>

- Provide clarity to existing providers of system services that they will receive appropriate remuneration for the services which they provide;
- Provide clarity to the TSOs that the required system services can be procured from 2016 onwards in order to maintain the secure operation of the system as the level of wind increases;
- Provide clarity to the Governments in Ireland and Northern Ireland (and the European Commission) that appropriate structures are in place to assist in the delivery of the 2020 renewables targets;
- Ensure that Article 16 of Directive 2009/EC/28 is being effectively implemented (duty to minimise curtailment of renewable electricity);
- Provide assurance to consumers that savings in the cost of wholesale electricity which can be delivered through higher levels of wind on the electricity system, can be harnessed for the benefit of consumers;
- Provide assurance to consumers that they will not pay more through system services than the benefit in terms of System Marginal Price (SMP) savings which higher levels of wind can deliver.

One of the central work streams included in the DS3 System Services Project Plan is Workstream 5 – Contract Design. A key deliverable from this workstream involves the design of legal contracts for the procurement of the 14 DS3 System Services products. Table 1 shows the key milestones for the consultation on the contracts to be used for the Interim Arrangements.

Key Milestones	Date
Consultation on contract design	April 2016
Decision on final contract design by SEMC	July 2016
Publication of Decision Paper	August 2016

**Table 1: DS3 System Services Interim Contracts - Key milestones**



## 1.2 Interim Arrangements Framework Agreements – Overview

The Interim Arrangements for DS3 System Services will be in place from 1 October 2016 to 30 September 2017, after which time they will be superseded by the Enduring Arrangements. We propose to adopt a multi-provider framework structure for the procurement of DS3 System Services. Under the Interim Arrangements, service providers who meet the requisite procurement criteria will be appointed to the EirGrid framework or SONI framework, as appropriate, for a period of one year. As regulated tariff payment rates will apply to the Interim Arrangements, all qualified service providers will receive a contract under the framework.

The proposed framework agreement adopts a similar structure to the existing Harmonised Ancillary Services (HAS) contract, with minor changes to the standard legal provisions which have been previously agreed with service providers and have operated as part of the HAS arrangements. The proposed framework agreements broaden out the HAS provisions to account for the wider range of service providers to which the arrangements will be open, specifying the requirements and payment mechanisms for the 14 system services and including scalar details where appropriate.

It is intended that the Enduring Arrangements will also comprise a multi-provider framework structure. However, as contract award for the Enduring Arrangements will depend on the outcome of a competitive auction for those DS3 System Services that are deemed sufficiently competitive, the framework agreements proposed for the Interim Arrangements may not be best suited to the Enduring Arrangements. Therefore we intend to do further work on the contractual framework to ensure that the resulting framework is optimal for the Enduring Arrangements. The framework agreements to be used in the Enduring Arrangements will be consulted on separately later this year.

The following sections of this paper are intended as a companion to the draft DS3 System Services Interim Arrangements framework agreements and the accompanying Protocol document. Their purpose is to provide an overview of

the framework agreement structure which includes provisions for both the seven existing system (ancillary) services and for the seven new system services.

### **1.3 Transition to New Technologies**

We are required to procure system services in an efficient manner. Given the increasing reliance on system services, we are of the opinion that these should only be paid for where delivery and quality of performance can be measured. We therefore need to establish reliable methods for measuring quality of service provision for all 14 services.

We have been able to build confidence in traditional power system technologies with many years of proven experience. The large scale deployment of new technologies through the DS3 System Services Enduring Arrangements is intended to reduce total costs and facilitate the delivery of public policy objectives. However, we will need to be confident that this deployment will not inadvertently undermine the resilience and security of the power system. As TSOs, we have a duty to maintain system stability and avoid loss of supply. We therefore need to take steps to identify the associated risks, obtain information about the capability of new types of service provider and manage this transition in a prudent fashion.

The Interim Arrangements provide an ideal opportunity to establish the mechanisms by which the characteristics of new technologies can become “Proven” and “Measureable” for the widest range of non-energy system service provision possible. We propose to use technology trials to provide potential providers with an opportunity to demonstrate the capabilities of units that have not previously delivered system services on a system with similar characteristics to that of the all-island system.

We will also need to be able to measure the quality of provision of “fast-acting” services i.e. Fast Frequency Response (FFR), Fast Post-Fault Active Power Recovery (FPFAPR) and Dynamic Reactive Response (DRR). We propose to explore this during the interim phase using technology trials.

The interim phase will cover the period between 1 October 2016 and 30 September 2017 and will procure the DS3 system services using regulated tariffs. This means that service providers will be paid at a tariff payment rate, approved by the Regulatory Authorities, for the volume of services they are available to deliver in each trading period. We will contract with all eligible service providers for 11 of the 14 services. For the other three services, namely Fast Frequency Response (FFR), Fast Post-Fault Active Power Recovery (FPFAPR) and Dynamic Reactive Response (DRR), we propose to use technology trials during the interim phase to assess the measurability approach to these “fast-acting” services. We will therefore only contract with a subset of eligible providers for these three services.

Further information on the proposed technology trials was provided at a DS3 System Services Industry Forum on 11 April 2016 in Dundalk. We also plan to publish a paper following the workshop that will outline our proposals for how the first set of trials will work as well as how we see the arrangements working on an enduring basis.

Notwithstanding the proposal to hold technology trials for new service providers and for the three “fast-acting” services, the framework agreements have been drafted to account for as broad a range of technologies as possible and to cover all 14 of the DS3 System Services including the “fast-acting” services.

#### **1.4 Proposed Consultation Process**

- As noted in Section 1.2, the standard legal provisions of the existing HAS contract have only been amended where necessary to account for the Interim Arrangements. Therefore we are not inviting comment in this consultation on the already established legal provisions which are not changing in the transition from HAS to DS3 System Services.

- An overview of the main differences between the DS3 System Services framework agreements and the HAS contract follows in the sections below.
- A number of consultation questions address the main framework agreement elements that have changed relative to HAS. These are interspersed throughout the various sections and repeated in summary form at the end of the paper.
- A template spreadsheet accompanies the consultation paper for the submission of specific legal comments on the draft framework agreements by numbered clause. These aim to capture stakeholder comments additional to those covered by the consultation questions. We would ask respondents to use this spreadsheet for any such comments.

## **1.5 Overview of main differences between proposed Interim DS3 System Services Framework Agreements and existing HAS contracts**

### ***1.5.1 Changes to the framework drafting for the existing seven services***

- The existing industry-standard Harmonised Ancillary Services (HAS) contracts have been used as a basis for the development of the DS3 System Services contracts. They specify the contractual arrangements for the existing ancillary services of Primary Operating Reserve (POR), Secondary Operating Reserve (SOR), Tertiary Operating Reserve 1 (TOR1), Tertiary Operating Reserve 2 (TOR2), Replacement Reserve (RR) (Synchronised and De-Synchronised) and Reactive Power. The technical definition of all of these services with the exception of Reactive Power and Replacement Reserve are not changing for DS3 System Services.
- However, necessary amendments have been made to the legal drafting of the technical definition sections of the existing system

services as the current HAS contracts were drafted to apply to conventional generators only. The DS3 System Services arrangements will be open to a broader range of technologies. This is reflected in the amended drafting.

- The payment schedules in the framework agreements for these services have been modified to reflect the inclusion of Performance and Product Scalars where appropriate. The Volume and Scarcity Scalars which will form part of the Enduring arrangements will not be implemented for the Interim Arrangements and therefore do not appear in the framework agreements. Where appropriate, for the existing services, the charging sections have been removed, as scaling of payments to account for underperformance will now be handled by the Performance Scalar.
- The existing Ireland HAS contracts also include provisions for the Blackstart service (Blackstart is not procured in the same manner in Northern Ireland). Blackstart does not form part of the DS3 System Services arrangements. The existing contracts for Blackstart will remain in place, where they exist, and Blackstart will continue to be contracted for outside of the DS3 System Services arrangements.

#### ***1.5.2 Changes to the framework drafting to account for the seven new services***

- For the new system services Synchronous Inertial Response (SIR), Fast Frequency Response (FFR), Fast Post-Fault Active Power Recovery (FPFAPR), Ramping Margin 1 (RM1), Ramping Margin 3 (RM3), Ramping Margin 8 (RM8) and Dynamic Reactive Response (DRR), the legal drafting reflects the service definitions as per SEM Decision SEM-13-098. A similar drafting structure to that of the existing services has been adopted for the new services in the framework agreements.

### ***1.5.3 Changes to the framework drafting which apply to all system services***

- The existing Ireland HAS contract has a linked Charging Statement (i.e. Statement of Payments and Charges for Ancillary Services Providers) with similar arrangements for Northern Ireland. This Charging Statement will remain for the Interim Arrangements (as the DS3 System Services Statement of Payments). However it will no longer include charge rates, as underperformance will be addressed through the Performance Scalar mechanism.
- There will be an additional document linked to the framework agreements, called the Protocol document. This document will specify the Compliance Requirements which a service provider must satisfy before being paid for DS3 System Services. In addition, it will specify the Performance Monitoring procedures to be applied.
- As per the existing HAS arrangements, there will be two DS3 System Services framework agreements, one for Northern Ireland and one for Ireland. As TSOs, SONI will contract with service providers in Northern Ireland and EirGrid will contract with service providers in Ireland.
- The framework agreements have been developed with the principle that arrangements will align as much as possible in both jurisdictions.
- The Interim Arrangements will be open to Distribution System Operator (DNO for Northern Ireland) (DSO)-connected service providers, provided that they have agreement of their suitability to participate in the arrangements from their respective DSO/DNO. EirGrid, NIE and ESNB are currently working together to determine the process and form of agreement for participation of DSO-connected providers in DS3 System Services.
- Unlike the existing HAS arrangements, it will not be necessary to be party to the Trading & Settlement Code in order to participate in the DS3 System Services arrangements.

- Similarly, we propose to remove the requirement to have a TuOS agreement.
- The framework agreements will apply on a per unit basis, rather than on a service provider basis (contracts are currently on a per unit basis in Northern Ireland but not in Ireland).

#### ***1.5.4 Arrangements for Intermediaries***

The framework agreements have been drafted to provide for standard service provider arrangements in Ireland and Northern Ireland with the intention of aligning such arrangements where possible.

In the existing HAS contractual arrangements, special arrangements have been implemented for intermediaries. While not explicitly accounted for in the draft framework agreements, provision will be made for intermediaries in the finalised framework agreements, subject to the approval of the Regulatory Authorities.

A more detailed explanation of the changes relative to the existing HAS contract as well as new contract additions is given in the following pages for individual clauses and schedules of the framework agreement.

## **2 Differences between proposed DS3 System Services framework agreements and HAS contract by clause**

### **2.1 General**

- The framework agreements will apply on a “Providing Unit” basis rather than on a Service Provider basis (where Providing Unit means the Generating Unit or Aggregator etc. providing the service, and Service Provider means the company that owns or operates the Unit). The contracts in Northern Ireland currently apply on a per unit basis.
- For the Ireland framework agreement, this change is being proposed for a number of reasons. Due to the increased number of system services and corresponding increased list of Operating Parameters for each Providing Unit, the framework agreement technical schedules would become unwieldy if multiple Providing Units were to be included in the same framework agreement.

**Question 1: Do you agree with the proposal that the framework agreements should apply on a Providing Unit basis rather than on a Service Provider basis?**

### **2.2 Framework Appointment**

This section of the agreements sets out the terms under which service providers will be appointed to the Framework Agreement and the terms under which they will provide DS3 System Services.

The HAS contracts are bilateral contracts between service providers and the TSOs. The Interim Arrangements will use a framework agreement structure and consequently the contractual arrangement between service providers and the TSOs will be by means of a framework agreement. The use of a framework agreement rather than contract will not impact the technical



schedules of the agreement which, where possible, have been maintained in a similar format to that of the HAS contract.

### **2.3 Definitions and Interpretation**

This clause has been amended relative to the HAS contracts to reflect the fact that the arrangements will be open to distribution-connected providers (subject to agreement of their suitability to participate in the arrangements from their respective DSO/DNO).

Where appropriate, the clause has been amended to reflect the fact that not all service providers will necessarily be party to the Trading and Settlement Code (T&SC).

### **2.4 Commencement and Duration of Agreement**

Where appropriate, the clause has been amended relative to the HAS contracts to reflect the fact that not all service providers will necessarily be party to the T&SC.

In addition, where appropriate, the clause has been amended to reflect the fact that not all service providers will necessarily have a Connection Agreement, but may instead have an Interface Agreement. The requirement for a service provider to have a TuOS agreement has been removed.

### **2.5 Provision and Purchase of DS3 System Services**

Where appropriate, the clause has been amended relative to the HAS contracts to reflect the fact that service providers may be connected to either the Transmission System or to the Distribution System.

Where appropriate, the clause has been amended to reflect the fact that not all service providers will necessarily be party to the T&SC.

An obligation to provide Technical Offer Data where a service provider is not party to the T&SC and where appropriate has been included (for e.g. a service provider not party to the T&SC who is providing Ramping Margin).

## 2.6 Payment

This clause has been amended relative to the HAS contracts to reflect the fact that charge rates will no longer apply, as underperformance will be addressed through the Performance Scalar mechanism.

It has also been amended to reflect the fact that payment for DS3 System Services will be contingent on the service provider having passed all necessary testing/compliance requirements. The applicable compliance requirements on a per technology basis will be specified in the DS3 System Services Protocol document, a draft of which accompanies this consultation paper. This Protocol document will be maintained by EirGrid and SONI and will be published on the EirGrid and SONI website. An appropriate method for governance of changes to the Protocol needs to be agreed with the Regulatory Authorities and is proposed in the accompanying Protocol document.

**Question 2: Do you have any comment on payment being contingent on compliance requirements being met?**

## 2.7 Monitoring and Metering

Where appropriate, the clause has been amended, relative to the HAS contracts, to reflect the fact that service providers may be connected to either the Transmission System or the Distribution System.

It has also been amended to reflect the fact that service providers will be performance monitored and that details of such performance monitoring will be contained in the DS3 System Services Protocol document.

**Question 3: Do you have any comment on the proposal to detail performance monitoring in the Protocol document rather than in the framework agreements?**

## **2.8 Assignment**

The clause has been amended, relative to the HAS contracts, to reflect the fact that service providers may not have a Connection Agreement, but may instead be party to an Interface Agreement (e.g. Demand Side Units or Aggregated Generator Units).

## **2.9 Variations**

Where appropriate, the clause has been amended, relative to the HAS contracts, to reflect the fact that service providers may be connected to either the Transmission System or the Distribution System.

## **2.10 Termination**

The clause has been amended, relative to the HAS contracts, to reflect:

- a. that the framework agreement for the provision of one or more system services may be terminated by EirGrid or SONI with three months' notice rather than one year (given the framework agreement term is only for one year);
- b. that not all service providers may be party to the Trading & Settlement Code;
- c. that service providers may not have a Connection Agreement, but may instead be party to an Interface Agreement (e.g. Demand Side Units or Aggregated Generator Units);

- d. that some service providers' licencing arrangements may include Supplier Licences (e.g. DSUs).

**Question 4: Do you have a view on the change in notice period for the termination of one or more system services by the Company?**

#### **2.11 Effect of Termination**

No amendments have been made to this clause, other than updated nomenclature.

#### **2.12 Force Majeure**

The clause has been amended, relative to the HAS contracts, to reflect the fact that Performance Scalars will replace the current charging mechanism.

#### **2.13 Limitation of Liability**

No amendments have been made to this other than to clause 11.10 to reflect the fact that some service providers' licencing arrangements may include Supplier Licences (e.g. DSUs).

#### **2.14 Confidentiality**

Where appropriate, the clause has been amended, relative to the HAS contracts, to reflect the fact that service providers may be connected to either the Transmission System or the Distribution System.

### **2.15 Additional Costs**

Where appropriate, the clause has been amended, relative to the HAS contracts, to reflect the fact that service providers may be connected to either the Transmission System or the Distribution System.

### **2.16 Dispute Resolution**

No amendments have been made to this clause relative to the HAS contracts. It is proposed to maintain separate dispute resolution procedures for Ireland and Northern Ireland.

### **2.17 Miscellaneous**

No amendments, other than nomenclature, have been made to this clause relative to the HAS contracts.

### **2.18 Governing Law and Jurisdictions**

No amendments have been made to this clause relative to the HAS contracts.

### **2.19 SCHEDULE 1 Definitions**

Numerous changes have been made to this clause relative to the HAS contracts to reflect updated definitions and to provide for new definitions.

### **2.20 SCHEDULE 2 Operating Reserve Capability**

With the exception of the RR service, the existing technical definitions for the reserve services (POR, SOR, TOR1 and TOR2) have not changed relative to the HAS contracts. However, a number of necessary amendments have been made to the legal drafting of the technical definition sections. The current HAS contracts were drafted to apply to conventional generators only. The DS3 System Services

arrangements will be open to a broader range of technologies. Therefore it has been necessary to amend the drafting to reflect this expansion.

A requirement for Providing Units to adjust reserve characteristics in real-time, if required, has been included.

The payment schedules have been modified to reflect the inclusion of Performance and Product Scalars.

Where appropriate, for the existing services of POR, SOR and TOR1, the charging sections have been removed as scaling of payments to account for underperformance will now be handled by the Performance Scalar for each respective service.

Of particular note in the payment calculations for POR, SOR, TOR1, TOR2 and RR is the use of “Scaling Factors” which scale the payments based on Performance and Product Scalars. This differs from the previous use of “Scaling Factors” in the HAS contracts where they were used to scale payments when declared maximum values of reserve were less than contracted maximum values of reserve.

Product Scalars have been included for POR, SOR and TOR1 to differentiate payments for static and dynamic response.

The details of the assessment of performance for POR, SOR, TOR1, TOR2 and RR in the existing HAS contracts have been removed and replaced by a generic paragraph on performance assessment. More details on how performance will be assessed will be contained in the Protocol document.

**Question 5: Do you have a view on the proposed definition of the Product Scalars in the framework agreement?**

**Question 6: Do you have a view on the high-level definition of the Performance Scalars in the Protocol document?**

## **2.21 SCHEDULE 3 Steady-State Reactive Power**

While Reactive Power is an existing ancillary service, its definition is changing slightly under DS3 System Services implementation. In addition, similarly to the reserve services, it has been necessary to amend the drafting to reflect the fact that the DS3 System Services arrangements will be open to a broader range of technologies. The Product Scalar that exists in the HAS arrangements will remain in place. A Performance Scalar has also been included.

## **2.22 SCHEDULE 4**

The existing Ireland HAS contracts include provisions for the Blackstart service. (Blackstart is not procured in the same manner in Northern Ireland). Blackstart does not form part of the DS3 System Services arrangements. Therefore, Blackstart has been removed from the framework agreement template. The existing contracts for Blackstart will remain in place and Blackstart will continue to be contracted for outside the DS3 System Services arrangements.

Schedule 4 (formerly used for Blackstart) has been used to include schedules for the seven new DS3 System Services.

## **2.23 SCHEDULE 4 Part A - Synchronous Inertial Response**

Synchronous Inertial Response (SIR) is a new service. As it is not defined in the Grid Code, it has been necessary to specify the technical definition of the service in the framework agreements.

The payment method has been specified in a similar manner to the existing (ancillary) services.

SIR will have neither a Performance nor a Product Scalar.

Additional Operating Parameters will be included in Schedule 9.

## **2.24 SCHEDULE 4 Part B- Fast Frequency Response**

Fast Frequency Response (FFR) is a new service. As it is not defined in the Grid Code, it has been necessary to specify the technical definition of the service in the framework agreements.

The payment method has been specified in a similar manner to the existing (ancillary) services.

For the Interim Arrangements, both a Performance and Product Scalar have been defined in the framework agreement for FFR. As it is one of the three “fast-acting” system services, it will be procured through technology trials and the details of the Performance Scalar will be developed through these trials and subsequently specified in the Protocol document.

Additional Operating Parameters will be included in Schedule 9.

## **2.25 SCHEDULE 4 Part C - Fast Post-Fault Active Power Recovery**

Fast Post-Fault Active Power Recovery (FPFAPR) is a new service. As it is not defined in the Grid Code, it has been necessary to specify the technical definition of the service in the framework agreements.

The payment method has been specified in a similar manner to the existing (ancillary) services.

For the Interim Arrangements, a Performance Scalar has been defined in the framework agreement for FPFAPR. As it is one of the three “fast-acting” system services, the service will be procured through technology trials and the details of the Performance Scalar will be developed through these trials and subsequently specified in the Protocol document.

Additional Operating Parameters will be included in Schedule 9.



## 2.26 SCHEDULE 4 Part D - Ramping Margin

Ramping Margin 1, Ramping Margin 3 and Ramping Margin 8 are new services. As they are not defined in the Grid Code, it has been necessary to specify their technical definitions in the framework agreements.

Their payment method has been specified in a similar manner to the existing (ancillary) services.

For the Interim Arrangements, it is proposed that the Ramping Margin system services will have Performance Scalars only. The details of the Performance Scalars will be specified in the Protocol document.

Additional Operating Parameters will be included in Schedule 9.

## 2.27 SCHEDULE 4 Part E - Dynamic Reactive Response

Dynamic Reactive Response (DRR) is a new service. As it is not defined in the Grid Code, it has been necessary to specify the technical definition of the service in the framework agreements.

The payment method has been specified in a similar manner to the existing (ancillary) services.

For the Interim Arrangements, a Performance Scalar has been defined in the framework agreement for DRR. As it is one of the three “fast-acting” system services, the service will be procured through technology trials and the details of the Performance Scalar will be developed through these trials and subsequently specified in the Protocol document.

Additional Operating Parameters will be included in Schedule 9.

**Question 7: Do you have any comment on the technical definitions of the new system services as specified in the draft DS3 System Services framework agreement?**

**Question 8: Do you have any comment on the payment definitions of the new system services as specified in the draft DS3 System Services framework agreement?**

#### **2.28 SCHEDULE 5 Billing and Payment Plan**

It is proposed to align the billing and payment terms between Ireland and Northern Ireland, so that settlement timelines are standardised. The current Northern Ireland HAS contracts include a requirement to provide daily confirmation sheets by D+3. It is proposed to remove this requirement. This is a consequence of the way in which settlement is being implemented in the systems for the seven new system services.

**Question 9: Do you have any comment on the alignment of settlement timelines between Ireland and Northern Ireland?**

#### **2.29 SCHEDULE 6 Dispute Resolution Procedure**

No amendments to the Dispute Resolution Procedure relative to the HAS contracts are proposed. Separate procedures will be maintained for Ireland and Northern Ireland.

#### **2.30 SCHEDULE 7 Address Details and Billing Address**

No amendments to Schedule 7 relative to the HAS contracts are proposed.

#### **2.31 SCHEDULE 8 Banking Details of the Service Provider**

No amendments to Schedule 8 relative to the HAS contracts are proposed.

This schedule is blank in the existing Northern Ireland HAS contract, but is included here as optional.

### **2.32 SCHEDULE 9 Providing Units and Operating Parameters**

The list of Operating Parameters will be augmented to reflect the additional parameters required due to the addition of new services. [This list is currently being finalised in line with the development of the settlement systems and a finalised version will be included in the approved interim framework agreements].

### **3 Summary of Consultation Questions**

**Question 1: Do you agree with the proposal that the framework agreements should apply on a Providing Unit basis rather than on a Service Provider basis?**

**Question 2: Do you have any comment on payment being contingent on compliance requirements being met?**

**Question 3: Do you have any comment on the proposal to detail performance monitoring in the Protocol document rather than in the framework agreements?**

**Question 4: Do you have a view on the change in notice period for the termination of one or more system services by the Company?**

**Question 5: Do you have a view on the proposed definition of the Product Scalars in the framework agreement?**

**Question 6: Do you have a view on the high-level definition of the Performance Scalars in the Protocol document?**

**Question 7: Do you have any comment on the technical definitions of the new system services as specified in the draft DS3 System Services framework agreement?**

**Question 8: Do you have any comment on the payment definitions of the new system services as specified in the draft DS3 System Services framework agreement?**

**Question 9: Do you have any comment on the alignment of settlement timelines between Ireland and Northern Ireland?**

## 4 Next Steps

### 4.1 Consultation Responses

SONI and EirGrid welcome feedback on the questions posed within this paper, which will be used to inform the development of the final framework agreements and/or additional comments.

Responses should be submitted to [DS3@soni.ltd.uk](mailto:DS3@soni.ltd.uk) or [DS3@EirGrid.com](mailto:DS3@EirGrid.com) before 3 June 2016 (using the associated template spreadsheets for comments). It would be helpful if responses to the questions include justification and explanation.

It would be helpful if responses are not confidential. If you require your response to remain confidential, you should clearly state this on the coversheet of the response. We intend to publish all non-confidential responses. Please note that, in any event, all responses will be shared with the Regulatory Authorities to inform their approval of the final framework agreements.

### 4.2 Stakeholder Workshop

To facilitate stakeholder engagement on the procurement process we will host a bidders' conference during the consultation period. This workshop, which is scheduled for 27 April 2016 in Dundalk, will provide an opportunity for discussion on a range of procurement-related matters including the details of this consultation paper.

Should you wish to register, please contact [DS3@soni.ltd.uk](mailto:DS3@soni.ltd.uk) or [DS3@EirGrid.com](mailto:DS3@EirGrid.com) .