

All interested parties,
stakeholders in Ireland,
and other regulatory bodies.

Ref: CRU20005

Date: 08/01/2020

To whom it may concern,

CRU Decision on the Ireland and Northern Ireland TSO's proposal for Synchronous Area Operational Agreement of Ireland and Northern Ireland, and the Load Frequency Control Block Operational Agreement Ireland and Northern Ireland

On the 13 November 2019 the CRU issued a letter¹ and a joint decision paper² detailing our Decision to approve the amended Synchronous Area Operational Agreement (**SAOA**) of Ireland and Northern Ireland, and the Load Frequency Control Block Operational Agreement (**LFCBOA**) of Ireland and Northern Ireland. The Utility Regulator of Northern Ireland (UR) issued a similar letter and the joint decision paper. In our decisions we stated that the proposals could be approved conditional on the following two changes being made by the TSOs in advance of the conclusion of the SAOA and LFCBOA (within 1 month following approval);

- i. **The TSOs must outline explicitly the legal precedence of the various SAOA, LFCBOA and LFC Area Operational Agreement documents and methodologies in relation to other existing agreements. The TSOs are requested to ensure that all affected existing agreements are revised and published (as required) to recognise the primacy of the SOGL Regulation (EU Regulation 2017/1485 of 2nd August 2017) requirements and provide transparency to industry.**
- ii. **The TSOs are requested to ensure they include in Article 11 of the SAOA a commitment to conduct annually an assessment of the evolution of the risk of FCR exhaustion. This should provide a holistic assessment that takes account of future expected changes to levels of non-synchronous generation, the ability of demand side response to provide FCR response and the integration of fast acting providers (and potentially energy reservoir limited providers) of reserve services.**

EirGrid responded to the CRU on 13 December 2019 outlining the manner in which they have addressed the two issues above. The TSOs have ensured that text has been incorporated into the new agreement between EirGrid and SONI (to enact the SAOA and the LFCBOA) that will ensure that the SAOA and LFCBOA are legally precedent to existing arrangements (e.g. the System Operator Agreement and Interconnector Operating Protocols). EirGrid outlined in their response that they intend

¹ [CRU 19140 Stakeholder Letter of 13th November re. conditional approval of the SAOA and LFCBOA and seeking additional detail](#)

² [CRU 19140a Joint CRU UR Decision Paper re. conditional approval of the SAOA and LFCBOA and seeking additional detail](#)

to issue a consultation during 2020 prior to implementing any amendments to the existing System Operator Agreement.

In addition, EirGrid outlined that they have made changes to Article 11 (4) of the SAOA to reflect the fact that they will conduct an annual assessment of the evolution of the risk of FCR (frequency containment reserve) exhaustion.

As the TSOs have now addressed the two issues upon which our approval was conditional, this letter signifies the full approval of the SAOA and LFCBOA by the CRU.

In the decision issued on 13 November 2019, the Regulatory Authorities listed concerns on a number of areas which involve interactions with Grid Codes and Distribution Codes, market operations, control centre operations, operational constraint lists, scheduling of fast acting plant, procurement of reserves, system services and linkages with innovation programmes. These are outlined in further detail in Section 5 of the Decision paper.

The timelines associated with the required resolution of these wider issues is outlined in Section 6 of the paper, and is as follows:

- TSOs to provide a roadmap to the Regulatory Authorities for delivery of the work required within 3 months of approval of the SAOA and LFCBOA (by 15 February 2020)
- TSO Updates provided monthly on progress
- Interim report on progress achieved within 6 months submitted to the Regulatory Authorities (by 15 May 2020)
- Completion of all work required within 12 months (by 15 November 2020), with report provided on completion by 15 December 2020
- Updated SAOA and LFCBOA submitted within 15 months to reflect changes achieved

The CRU welcomes the work completed by the TSO in addressing the two conditional issues and looks forward to further engagement with the TSO on the wider issues during the coming months.

If you have any queries regarding the information contained within this letter, feel free to contact mcloonan@cru.ie or bhussey@cru.ie

Yours sincerely,

**John Melvin,
Director of Electricity Markets**