

Recap on the future of electricity system services procurement in Ireland

The future of system services in Ireland is entering a transformative phase, marked by the transition from the DS3 programme to the innovative FASS (Future Arrangements for System Services) Programme developed by EirGrid. This shift reflects the increasing complexity and requirements of the Irish power system as renewable energy penetration accelerates well beyond previous targets.

Evolution from DS3 to FASS

Ireland successfully met its EU Renewable Energy Directive target in 2020, with 16% of total energy consumption and 40% of electricity generation sourced from renewables. The DS3 (Delivering a Secure, Sustainable Electricity System) arrangements played a central role in enabling this achievement by supporting grid stability as non-traditional generation increased. However, with the ambition now set for 95% System Non-Synchronous Penetration (SNSP), EirGrid has recognised the need for a new system services framework that can provide greater flexibility and responsiveness.



Key Features of the FASS Programme

The FASS Programme for the procurement of system services introduces several structural changes designed to meet emerging power system needs:

- **Day-Ahead System Services Auction (DASSA):** Unlike DS3's biannual gate tendering, FASS launches daily auctions for system services (initially for the procurement of reserve services). Service providers will submit bids for each 30-minute trading period across a 24-hour timeframe, allowing market participants to react swiftly to system needs. DASSA is expected to be implemented in May 2027, following initial delays. We are expecting to see a consultation on the procurement of non-reserve products shortly.
- **All-Island and Zonal Pricing:** Clearing prices for system services will be set for each trading period and product type, with the capacity for zonal pricing in regions where locational constraints exist. This better signals the value of flexibility and system services where they are most needed.
- **Secondary Trading Platform:** After initial auction results, providers will have the opportunity to trade system service commitments up to 90 minutes before delivery, introducing liquidity and market efficiency.
- **Performance Incentives:** Incentive mechanisms,

including penalties for non-delivery, are anticipated to ensure that declared availability is genuine and providers respond when called.

- **Final Assignment Mechanism:** This process will allocate additional payments to providers who were technically available to deliver services but did not clear the auction, ensuring reliability even if auction volumes do not fully meet requirements.
- **Layered Procurement Framework:** System services will also be procured via medium-term contracts (from one day to 12 months), complementing daily auctions and maintaining security of supply. The introduction of this mechanism has been deprioritised in favour of prioritising the implementing DASSA in May 2027.
- **Fixed Contract Framework:** This will continue alongside FASS to support new technologies and secure sufficient volumes, reducing barriers to entry for innovative solutions.

Implications for Service Providers

The move to daily procurement through DASSA means flexibility providers such as batteries, demand response assets, and fast reserve units, must adapt to a more dynamic, performance-driven market. Qualification processes will assess each provider's capabilities ahead of market entry, while responsive bidding and active portfolio management will become essential to maximising commercial opportunities.

Providers will need strong forecasting and asset optimisation capabilities to respond to rapidly changing system requirements. Furthermore, the introduction of layered and fixed contracts offers strategic opportunities for longer-term revenue certainty alongside spot market participation.

Timelines and Next Steps

Following some delays, full implementation of DASSA arrangements for reserve services is scheduled for May 2027. Further assessments will determine when broader system services come under these new structures. In June 2025, the SEM Committee decided to allow an extension of the DS3 regulated arrangements for all system services products until the earlier of the DASSA go-live date or the longstop of 30 September 2027. Any products which are not procured through the DASSA initially will continue on regulated tariffs until the longstop date.

Conclusion

The transition to the FASS Programme sets a new benchmark for system services in Ireland, prioritising flexibility, market efficiency, and integration of low carbon technologies. Providers who anticipate the new performance and qualification requirements stand to benefit most from Ireland's evolving system services landscape.

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