



Re: SEM Market Power and Liquidity consultation (SEM-10-084)

SEMO welcomes the opportunity to respond to the consultation, “SEM Market Power and Liquidity – A Consultation Paper” (SEM-10-084)

SEMO agree with the general views expressed by CEPA, in the consultation report, and by Market Participants, in their responses to the previous paper, that robust and proactive market monitoring is still and will continue to be an important component of the market power mitigation in the SEM. It ensures that both participants and customers have the greatest level of confidence in the market and that any exercise of market power is effectively dealt with in a timely and proportional manner. This is widely accepted in electricity markets across the world.

The SEM, among other things, has an objective to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity. In our view, proactive and robust market monitoring is important to further this objective: in the short term, by ensuring prices are cost reflective and efficient; in the long term, by giving confidence to new entrants, whose presence underpins a competitive market.

As the Market Operator for the SEM, we experience on a daily basis the volume of data that is used in the SEM. In our view, to effectively monitor such a large volume of data requires a well resourced team. This team requires expertise and specialised systems coupled with a detailed understanding of both the rules of the SEM and the specifics of the electricity systems in Ireland and Northern Ireland.

SEMO is resourced to operate and develop the SEM in line with relevant policy. A consequence of this, however, is that SEMO is equipped with much of the relevant expertise required to monitor the SEM. In this regard, if SEMO can provide any additional analysis or play a greater role in the monitoring of the SEM, we would be more than happy to discuss this further.