



NETWORKS

ESB Networks Submission:

**Integrated Single Electricity Market (I-SEM) Energy
Trading Arrangements Detailed Design**

SEM-15-011 – Building Blocks Consultation Paper

25th March 2015

1. Introduction

ESB Networks welcomes the opportunity to respond to the SEM Committee’s ISEM consultation paper on the first stage of Phase 3, Energy Trading Arrangements Detailed Design Phase, the ‘Detailed Design and Implementation Phase’, of the I-SEM project.

The following section of the submission includes comments and suggestions of ESB Networks, as a neutral market facilitator, on the CER proposed ‘Building Blocks’ paper and the considerations posed in the consultation.

ESB Networks looks forward to continued engagement on this topic and is open to further discussion and involvement in accommodating the RAs proposed direction of ISEM.

2. Submission

ESB Networks has considered the following items as relevant for comment.

2.3.1 TREATMENT OF GENERATOR LOSSES

‘Day Ahead and Intraday Markets

Based on discussions at the working group and through the development of the briefing paper, it would appear that there is an approach for the I-SEM which maintains the current high level policy on transmission losses.....’

On Footnote 2 (relevant to 2.3.1)

‘The proposed approach will also work for generator DLAFs for distribution connected generators operating in the market’

ESB Networks response:

ESB Networks understands the proposal to mean that there will be no change to the status quo therefore, for Distribution Losses, the metered generation volumes of generators would be adjusted by their individual Distribution Loss Adjustment Factor (DLAF) by Meter Registration System Operator (MRSO) before sending to the Imbalance Settlement Operator and likewise the metered demand volumes of Supplier Units would be adjusted by their appropriate DLAF by MRSO before sending to the Imbalance Settlement Operator

7 DE-MINIMIS LEVEL 7.2 DE MINIMIS THRESHOLD IN SEM

‘Regarding arrangements for non-participant trading in the I-SEM it would appear that the current arrangements are fit for purpose. The I-SEM will continue to allow netting of De Minimis generation against the demand of the supplier they have contracted with. Further, the HLD Decision stipulates that the current arrangements will continue i.e. the intermediary arrangements, supplier ‘lite’ and trading sites. The I-SEM will also provide for an aggregator of last resort to be available for wind generation at market go-live.’

ESB Networks response:

ESB Networks understands that the Aggregator of Last Resort (AoLR) will apply to I-SEM Participants and not I-SEM Non Participants – if this is not correct it is our assumption that this will be clarified.

For the avoidance of doubt, it should be clarified what will be needed to extend the SEM regulatory requirements for Non-Participant Generator arrangements in the Retail Market in Ireland to the I-SEM and which are currently documented via the following:

- Single Electricity Market Regulatory Requirements Document for Metered Data Providers
- CER/06/230 Retail Trading for Non Participant Generation in the Single Electricity Market in Ireland Consultation Paper
- MPD 16 – 2.1 Data Aggregation and the Aggregation Briefing Document
- WP14 Distribution Connected Non Participant Generator Export Arrangements Working Practice
- MPD 07 1.1 – New Distribution Connected Non-Participant Generator
- MPD 07 1.3 – Update Non-Participant Generator
- MPD 08 1.2 – Replace Export Arrangements with Sub-metering

On a similar vein, ESB Networks is interested in understanding what will be needed to extend the SEM regulatory requirements for Participant Generator arrangements in the Retail Market in Ireland to the I-SEM and which are currently documented via the following:

- MPD 07 1.2 – New Distribution Connected Participant Generator
- WP12 To nominate / denominate a Supplier as a recipient of Participant Generator messages
- WP15 New Participant Registration
- MPD 07 1.4 – Non-Participant Generator turns Participant

ESB Networks understands that this may become more apparent when Registration for I-SEM is being consulted on.

ESB Networks is of the opinion that should there be a change in the De Minimis Threshold then there will be movement between Participant and Non Participant Generation which will need to be reflected in the processing requirements and registration of these Units in the Retail Market as well as the I-SEM.

The full impact of these changes will depend on the numbers of Generators that make the changeover as well as other changes that may arise because of changing Registration requirements and potentially Price Effecting generation for I-SEM and which are not yet fully understood by ESB Networks.

Therefore, for planning purposes it is necessary to highlight all relevant changes at the earliest possible opportunity. ESB Networks suggest, from experience in the SEM, it is of benefit if all changes that are required are reflected in time for Market Trials .

7 DE-MINIMIS LEVEL 7.2 DE MINIMIS THRESHOLD IN SEM

'It is worth noting that there are benefits to suppliers netting contracted De Minimis generation against their demand. Specifically, suppliers pay a use of system charge (TUoS and/or DUoS), a capacity payments charge, an imperfections charge and a MO charge, all of which are based on demand usage (€/MWh consumed). A reduction in demand results in a reduction in these charges that would otherwise be higher if the generation had not been netted against their demand. However allowing a greater number of generators to net their generation against demand means the said charges are allocated over a reduced generation and demand base resulting in a higher €/MWh charge to participants'

ESB Networks response:

ESB Networks would like to clarify that generation is netted off of demand for DUoS calculations only for sites that are classified as an Autoproducer or CHP under CER/03/237

7.4 SUMMARY

'Currently, generators are mandated to participate in the SEM if they have a Maximum Export Capacity of 10MW or greater under a single connection agreement. It needs to be considered whether the current level should be kept in I-SEM. There may also be merit in considering whether a minimum level should be introduced, below which units may not participate in the I-SEM, or below which units can only participate through an aggregator.'

ESB Networks response:

For information: any proposed change to the current levels below which generation is not allowed to be a non-participant generator in the SEM (CER/06/230) would require engagement with ESB Networks as a market facilitator.

As per CER/06/230:

'For the avoidance of doubt, these arrangements will be open to all suppliers, and will be robust to differing wholesale environments where ESB Public Electricity Supply is either settled by differencing by the Single Market Operator (SMO), or by using explicit aggregated metered supplier unit data provided by the RMO. In addition, these arrangements will not apply to demand customers that install micro generators as defined in Standard EN 504382 and should be

read accordingly. Note that these decisions are in addition to the baseline requirements set out in AIP/SEM/74/06.....'