



NETWORKS

ESB Networks Submission:

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

SEM-15-026 – I-SEM Markets Consultation Paper

5th June 2015

1. Introduction

ESB Networks welcomes the opportunity to respond to the SEM Committee’s I-SEM ‘Markets Consultation Paper’ within the Energy Trading Arrangements Detailed Design Workstream.

The submission includes the comments and suggestions of ESB Networks, as a neutral market facilitator, on the proposed ‘SEM-15-026 – Markets Consultation 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 SEM Committee’s proposed direction of I-SEM.

2. Submission

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

Granularity of Metering

In SEM-15-026, there are sundry items throughout discussing the granularity of metering; however, this was not specifically covered in any detail at the RLG workshops. It is unclear if there will be any impact on ESB Networks.

Whilst ESB Networks cannot be certain, there may be granularity imbalances that have yet to be explored – for example, the potential information imbalance charge on the difference between PNs (hourly) and metered quantities (half hourly), and could there be any consequences for ESB Networks.

It is unclear if ESB Networks will need to replace any meters, and if this is the case then, how many and for what sites. ESB Networks would welcome direct engagement from the SEM Committee on this matter.

9.9 Quarterly vs Half Hourly vs Hourly Settlement

In SEM-15-026, it states that the initial Imbalance Settlement Period duration will be 30 minutes although, it is possible that this will move to 15 minutes in future as the European Network Codes on Electricity Balancing progress.

ESB Networks agrees that this will cause an issue for the Retail Market Central Market System in Ireland and supporting processes, and that it would be very significant.

ESB Networks suggests that the materiality of not having maximum level of granularity would be assessed before a decision is made on progressing a costlier solution and to determine if it would deliver a real benefit.

Changing the level of granularity would have a significant impact on the Retail Market and the infrastructure that needs to support the data where Hourly data is half the volume of Half Hourly data or quarter the volume of Quarter Hourly data. Similarly Half Hourly data is half the volume of Quarter Hourly data.

There is no provision in the National Smart Metering programme to provide metering data at an Hourly or Quarterly Hourly level of granularity.

ESB Networks is of the opinion that there should be clarity on the timeline for any move to 15 minutes settlement and that there would need to be full consultation with the Retail Market and the National Smart Metering Programme before such a decision could be made.

10.2 Global Aggregation

The I-SEM Markets consultation paper outlines three potential options for dealing with Global Aggregation in the I-SEM.

In relation to Option 3, fixing an estimated volume or cost of the residual error for a given period, ESB Networks considers that this is a new concept whereby an estimate could be fixed for any defined period and could comprise of a single percentage value for a timeframe or have different defined values for different settlement periods. TLAF's, DLAF's and Demand Profiles make up the bulk of the differences as part of the residual error and this could have implications for ESB Networks, as a Market Data Provider, if it is required to provide both DLAF's and Demand Profile estimates for a period in time as part of this process.

A clarification is needed on how this new estimate will be calculated.

10.2.5 Smart Metering

On the expansion in section 10.2.5 SMART METERING '*some metering is actually quarter-hourly but this resolution of data is not currently used here*', ESB Networks suggests that it may be helpful to expand upon this statement. In Ireland, for those sites where the metered data is at quarter-hour resolution, ESB Networks is required to provide data to SEMO at a half-hourly Interval Period for SEM. The full requirements are documented in the Retail Market Aggregation Briefing Document and SEM Agreed Procedure 16.

The requirements for I-SEM are still uncertain and the impacts on the NSMP cannot be fully understood until further details around them are known. ESB Networks welcomes engagement on this topic as more information on I-SEM requirements become available.

10.3 Local Market Power

In section 10.3 Local Market Power, where transmission constraints and constraint payments are discussed it is stated that "Constraints can also arise on the distribution network".

ESB Networks, as the Distribution System Operator, seeks to clarify that where constraints and associated payments are discussed in existing SEM documents and the ETA Markets Consultation Paper, it is with reference to constraints on the Transmission System and not the Distribution System. The concept of a constraint on the Distribution System, resulting in a constraint payment in the SEM, does not currently exist.

10.4 Metering

At the RLG 2.3 meeting on the 18th February 2015 on Metering, SEMO proposed that a workshop be setup to cover fundamental elements that impact on ESB Networks, including the metering and concept of Price-Effecting and Non-Price Effecting categories. In the meeting slides presented by SEMO, it was questioned if there could be changes for the I-SEM for Dual Polling arrangements with the TSO, the timing of submission of data by Meter Data Providers, classifications of Units under PEG, PED, NPEG, NPED, File formats, Data Communications and Assetless Traders. which is something new for I-SEM.

ESB Networks welcomes the proposal, put forward by SEMO, for a workshop approach with Meter Data Providers.

ESB Networks is also supportive of the Metering proposals in section 10.4.

In addition, ESB Networks advises that the Metering Workstream should encompass every I-SEM workstream that will have a Regulatory requirement on Meter Data Providers, and that it should not be confined to the ETA Workstream.

ESB Networks further suggests that the Metering Workstream needs to recognise whatever will be the Regulatory requirements on ESB Networks with respect to the Retail Market and changes to the processes and systems to support the I-SEM, and it welcomes the SEM Committee view stated in section 10.4 that *'the required approach will involve any interactions with the retail markets in Ireland and Northern Ireland.'* In this respect, ESB Networks' view is that there needs to be sufficient time allowed for ESB Networks to progress and complete all required changes to the Retail Market Central Market System in Ireland and in line with the Governance requirements of the Retail Market.

Whilst no workshops have taken place on Market Trials, ESB Networks advises that timelines need to be considered. In particular, discussions with Retail Market Participants, on all changes to the Retail Market Design, arising from the I-SEM, need to start in good time. ***Before I-SEM Market Trails can begin***, design and testing, and implementation of changes into the Market Trials testing environment are required to be completed, as was done with the SEM.

In addition, based on the experience of the SEM, ESB Networks suggests that any new type of Unit or change to the Registration of existing Units to support I-SEM Registration would need to be understood. ***Before I-SEM Market trials can begin***, all Retail Market Participants, as well as all the relevant I-SEM Market Operators, all unit registration need to be synchronised across all entities.

At this point, as described below in our submission on Provision of Metered Data to I-SEM, ESB Networks is unclear to what market operators meter data will need to be provided, to what timeline, in what file format, and what data is required.

ESB Networks is concerned at the delay in setting up the Metering Workstream and has separately communicated to the CER on this matter.

Provision of Metered Data to I-SEM

In the ETA Markets Consultation paper, it seems that there could be a number of requirements for metered data; however, it is still unclear if this is the same data that will be provided once by ESB Networks or will there be a need to provide different data for each requirement, or whether no data at all is required. For example, for TSO to establish the FPN for Wind Generation to calculate an Information Imbalance charge, and for TSO's treatment of uninstructed imbalances. In addition, there is a requirement for metered data for the Imbalance Settlement Operator.

A similar comment arises in relation to an apparent requirement for metered data from a workstream that is separate to the ETA namely for metered data to support the Capacity Remuneration Mechanism. It seems that this may impact on Meter Data Providers however it is not clear to what extent it will impact on ESB Networks. For example, under the SEM, ESB Networks sends a single file of data to SEMO which is used for all wholesale market settlement purposes and for which ESB Networks is a Meter Data Provider of non-price effecting data. The file submissions and timelines are documented in Agreed Procedure 16 for the SEM:

- For the I-SEM. Will ESB Networks be required to send one file of data to the TSO, and the Imbalance Settlement Operator, and to the entity that will be responsible for the settlement of the Capacity Remuneration Mechanism
- Or will there be any new requirement for ESB Networks for additional files of data

Registration

The RLG 1.3 meeting on Participant Registration held on 13th November 2014 flagged a potential change to Registration, and separately the CRM workshop held on 8th May 2015 flagged that the Codes may need to recognise a different type of Participant.

Units that are set up in the Retail Market Central Market System reflect the way they are set up in the Wholesale Market. There are business processes whereby ESB Networks and SEMO keep in touch when new Suppliers, new Supplier Units, new Generators and new Generator Units are set up, and also in cases where they are de-registered.

ESB Networks is unclear what, if any, impact this will have on it or the Retail Market in Ireland.

Units for the SEM need to be classified as Price-Effecting or Non-Price effecting so that the correct Meter Data Provider can be determined and so that data can be processed under SEM Agreed Procedure 16. ESB Networks understands that this classification may change for the I-SEM. ESB Networks is unclear whether any existing Unit Registrations under the SEM will need to change under the I-SEM and further, if so, what will this mean for the transitional period from when the I-SEM commences and the SEM continues for M+13 after the go-live of the SEM.

Clarification

In the Executive Summary of the ETA Markets Consultation Paper, the go-live of the I-SEM is scheduled for Q3 2017. In the May 2015 Quarterly Update, SEM-15-034 stated that the go-live date will be in Q4 2017.

ESB Networks requests clarification of the go-live date.