



**NETWORKS**

**ESB Networks Submission:**

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

**SEM-15-016 – I-SEM Roles and Responsibilities**

17<sup>th</sup> April 2015

## 1. Introduction

ESB Networks welcomes the opportunity to respond to the SEM Committee's I-SEM consultation paper on 'I-SEM Roles and Responsibilities', SEM-15-016, dated 6<sup>th</sup> March 2015.

The following submission includes the comments and suggestions of ESB Networks, as a neutral market facilitator, on the considerations posed by the SEM Committee in this consultation paper.

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.

5	Synergies and Conflicts of Interest Related to I-SEM Operational Roles	ESBN Response
5.3	<p><b>Consultation Questions</b></p> <p>In light of the above discussion on synergies and conflicts of interest arising from the TSOs and market operator roles in the I-SEM, we are interested in the views of stakeholders on our proposed assignment of roles in section 3.</p> <p>Q2: Are there are synergies and economies of scope from having a single entity perform the I-SEM market operator roles, i.e. day ahead and intra day, imbalance settlement and capacity settlement? If so, how would these lower costs to consumers?</p>	<p>Concerning the <b>Capacity Mechanism Settlement Role</b> it would seem that there is a potential new requirement for metered data to be made available from Meter Data Providers to the entity that will be assigned to the role of carrying out Capacity Mechanism Settlement, however ESB Networks cannot be certain if this is what is intended.</p> <p>Should the I-SEM Capacity Mechanism Settlement process need metered data from ESB Networks, as MRSO (Meter Registration System Operator) in its role in the I-SEM as a Meter Data Provider, it seems reasonable to posit that a single feed of metered data that is sent once by MRSO to the same entity which would be responsible for imbalance settlement as well as capacity mechanism settlement and who could use that single feed for both the imbalance settlement and capacity mechanism settlement processes, would appear to have synergies over the alternative of separate feeds needing to be</p>

		<p>sent by MRSO to two separate entities and via possibly different data transfer/communications mechanisms and which could potentially each have different requirements leading possibly to MRSO having to develop and support different file formats, different contents and different delivery timelines.</p> <p><b>From section 4.1:</b>  <b>Capacity Mechanism Settlement Role</b>  <i>As well as a delivery body, the I-SEM Capacity Mechanism requires a role to be established for the settlement of capacity contracts resulting from the capacity auction and administering collateral and secondary trading arrangements.</i>  <i>The I-SEM HLD Decision provides that the capacity mechanism is a centralised system to procure capacity on behalf of all demand and <b>so it is important that capacity charges are levied on all metered load.</b> The corollary of this is that the settlement of capacity contracts in the I-SEM should be carried out by the same entity that settles the imbalance market. The role of settlement of capacity payments and charges will thus depend upon which entity is assigned responsibility for imbalance settlement (i.e. the TSOs or a third party who has been assigned or delegated that function).</i>  <i>Therefore our minded-to position is that capacity settlement could be carried out by the entity responsible for imbalance settlement.</i></p>
<b>7</b>	<b>Changes to licensing and Codes to implement I-SEM</b>	<b>ESBN Response</b>
7.1	<p><b>Changes to the SEM legal framework to provide for I-SEM</b>                  ....we expect that changes will be required to licences, market and technical codes, interconnector access rules and</p>	<p>ESB Networks suggests that any changes to Licences and Codes as a result of the I-SEM decisions will need to be highlighted to the owners of such documentation well in advance of the I-SEM roll out, which is currently scheduled for</p>

	<p>potentially legislation in both jurisdictions. Any legislative changes will be brought forward by the Departments in due course.</p>	<p>the end of 2017.</p> <p>In all cases, substantial time would be required to update such documentation and associated processes and this should be given great consideration by the SEM Committee.</p>
<p>7.2</p>	<p><b>Licence Changes</b></p> <p>The current licence framework and suite of licences throughout Ireland and Northern Ireland for the SEM will require modification to reflect the new and changed roles and responsibilities set out in the I-SEM HLD and the EU regulations.</p>	<p>As above</p>
<p>7.3</p>	<p><b>Changes to Codes</b></p> <p>Insofar as is possible and based on the principle that changes should only be made where required, we intend that the I-SEM market rules will build on the legal framework established in the SEM Trading and Settlement Code through the replacement of that Code with a new set of trading rules and multilateral contractual arrangements. Depending on the outcome of the NEMO designation process, a single or multiple set of market rules and contractual arrangements may be required.</p>	<p>As above</p>