

# I-SEM Capacity Remuneration Mechanism Work Stream

## Project Update



# Project Update and Plan

- Introduction to project team
- Overview of today's workshop
- Overview of recent activities
- Outline of project plan

# Introduction

## Project Team

### RA Managers

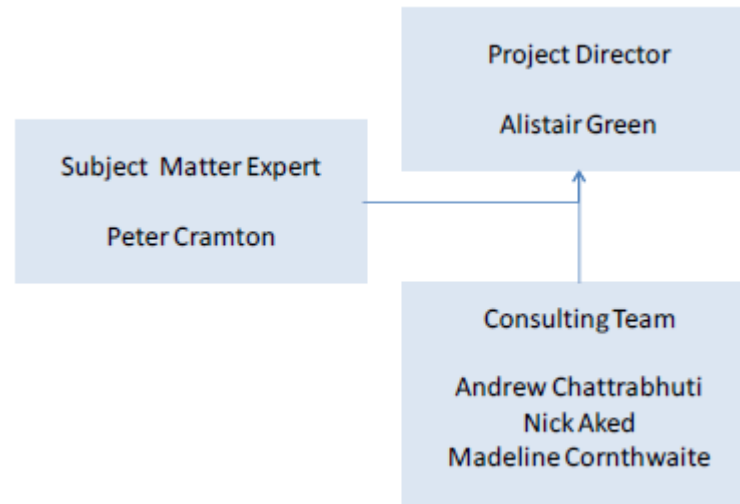
- Colin Broomfield
- Philip Newsome

### Analyst support, including

- Natalie Dowey
- Brian Mulhern
- Tom Quinn

## Consultancy Support

(Energy Strategy and Policy (ESP) Consulting)



TSO input - EirGrid / SONI

# Workshop Agenda

- 10:30 - 11:00 Project Update and Plan
- 11:00 - 11:30 Stakeholder Engagement and EU Update
- 11.30 - 12:30 Expert Address
- 12:30 - 12:45 Q & A
- 12:45 - 13:30 Lunch Break
- 13:30 - 15:00 Consultation 1 Considerations
- 15:00 - 15:30 Q&A
- Close

# Context

- High Level Design Decision
  - The I-SEM will include an explicit capacity remuneration mechanism (CRM).
  - An explicit quantity-based CRM will take the form of Reliability Options, backed up by physical capacity
- State Aid
  - Engagement with DG Comp and DG Energy
- Interactions with other developments
  - I-SEM work areas
  - DS3
- Systemisation

# Recent Activities

- Establish project team
  - ESP on board (4 weeks)
- Development of issues, informed by
  - Bi lateral meetings
  - Other engagement (NE ISO, Depts, DECC/OFGEM, TSOs)
  - Research
- Early stage of process
- Further stakeholder engagement

# Outline of Key Issues

## Consultation and Decision 1

- Design overview
- Capacity requirement – adequacy assessment and locational issues
- Product – performance incentives
- Eligibility rules
- Reference market
- Institutional arrangements
- Supplier interactions and charging basis for consumers

## Consultation and Decision 2

- Delivery timeframe and contract length
- Transitional arrangements
- Secondary trading
- Strike Price
- Cross border arrangements

## Consultation on Auction Rules

- Auction Frequency
- Auction Format
- Market Power Mitigation Measures

# High-level Timelines

Deliverable	From	To
Consultation and Decision 1	Jun-15	Oct-15
TSO system procurement	Oct-15	Sep-16
Consultation and Decision 2	Nov-15	Mar-16
Consultation on Auction Rules	Apr-16	Aug-16
Preparation for Auction	Sep-16	Dec-16
First Auction(s)	Jan-17	

- State Aid Process