



**Response by Energia to SEM Committee  
Information Paper SEM-15-060**

***Modification of the Trading & Settlement Code to  
Implement I-SEM***

**18 September 2015**

## **1. Introduction**

Energia welcomes this opportunity to respond to the SEM Committee's Information Paper on proposed Modification of the Trading & Settlement Code to Implement I-SEM.

We strongly welcome the intention of the SEM Committee to develop the I-SEM detailed market rules in a manner that will facilitate participation from a wide range of stakeholders and ensure effective industry involvement (e.g. working groups) in the development of legal, business and technical rules. However, Energia does not consider it appropriate to progress this as a modification to the SEM Trading and Settlement Code.

## **2. Energia's Views**

Energia welcomes the intention to follow an inclusive industry process (working groups) for the development and drafting of detailed rules for the I-SEM energy trading arrangements and CRM. However, we have significant concerns regarding the proposal to implement wholesale market rule changes via the SEM Trading and Settlement Code Modifications Committee. A summary of our concerns is provided below:

- From review of the SEM Trading and Settlement Code we do not believe the remit of the SEM Modifications Committee is sufficient to develop, draft and implement rules for the I-SEM energy and capacity markets. The function of the Modifications Committee is to further the 'Code Objectives' relating to the SEM, not to complete the detailed design of the I-SEM (the market that will supersede the SEM).
- The SEM Modifications Committee is insufficiently resourced to procure the necessary consultancy and legal support required to develop and draft the I-SEM detailed rules. If this resourcing is provided by an entity that will be a license holder under I-SEM then it may create potential conflicts of interest.
- A formal RA led consultation process, supported by inclusive industry workshops, would seem appropriate for the detailed rules development and implementation of entirely new market arrangements.

In conclusion Energia supports the intention to develop and draft the detailed rules for I-SEM following an inclusive industry process (i.e. through working groups) and we will constructively engage in this process. However we do not consider it appropriate or advisable to progress I-SEM through a Modification to the SEM Trading and Settlement Code under the remit of the SEM Modifications Committee.