

IWEA response to the Information Paper on the Modification of the Trading & Settlement Code to Implement I-SEM

21/09/2015

IWEA welcomes the opportunity to respond to the Information Paper on the Modification of the Trading & Settlement Code to Implement I-SEM.

IWEA has concerns in relation to the proposal to implement the I-SEM Trading and Settlement Code as a modification to the existing SEM trading and Settlement Code and for the Modifications Committee to have responsibility for the development of the new trading and settlement code.

The functions of the Modifications Committee are outlined as follows:

- 1.1 *The functions of the Modifications Committee are to facilitate the Modifications Process by:*
1. *co-ordinating the resources of Parties to facilitate the development and processing of a Modification Proposal;*
 2. *assessing Modification Proposals and the impact of any Modification Proposals for the Pool **having regard to the Code Objectives**;*
 3. *further developing Modification Proposals which are not rejected as being spurious;*
 4. *working up the detail of Modification Proposals;*
 5. *consulting on Modification Proposals as required;*
 6. *compiling reports and making recommendations on Modification Proposals to the Regulatory Authorities; and*
 7. *making any appropriate changes to Agreed Procedures.*

We note that the Code Objectives relate to the Single Electricity Market, and not the I-SEM, therefore any modification to introduce changes for I-SEM is not furthering the current code objectives.

Code Objectives

- 1.2 The aim of this Code is to facilitate the achievement of the following objectives:
8. to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;
 9. to facilitate the efficient, economic and coordinated operation, administration and development of the **Single Electricity Market** in a financially secure manner;
 10. to facilitate the participation of electricity undertakings engaged in the generation, supply or sale of electricity in the trading arrangements under the **Single Electricity Market**;

11. to promote competition in the single electricity wholesale market on the island of Ireland;
12. to provide transparency in the operation of the **Single Electricity Market**;
13. to ensure no undue discrimination between persons who are parties to the Code; and
14. to promote the short-term and long-term interests of consumers of electricity on the island of Ireland with respect to price, quality, reliability, and security of supply of electricity.

IWEA believes that the development of a new Trading and Settlement Code should be considered and that this process should be led by the Regulatory Authorities and not the Modifications Committee. We do not think that this responsibility should be placed on the Modifications Committee. We strongly support the initiative to have an industry inclusive approach, however we do not believe it is appropriate for industry to lead the process through the Modifications Committee. We would welcome the establishment of a number of working groups with an overarching group to ensure that all the components work together, perhaps similar to the High Level Design Review Group.

The information paper notes the following:

*“We also ask that representatives of the Modifications Committee ensure that they are sufficiently briefed on the I-SEM Project and that in establishing the Working Groups they **provide that they are fit for purpose and adequate resources are provided for the development of the I-SEM detailed market rules**”*

It is not within the capability of the Modifications Committee to ensure that the resources are provided for development of the I-SEM detailed market rules.

It should be noted that there will be a period of time where the T&SC for the SEM and that for the I-SEM will need to exist in parallel, i.e. until all timelines within the SEM T&SC have passed. Therefore it is likely to be more appropriate to have two separate codes. This does not mean that much of the work carried out in relation to the existing code cannot continue to be used, however there may be a need for two standalone documents.

IWEA is also concerned that the proposed process does not include a period of public consultation. IWEA believes that full public consultation is required to ensure transparency of the process and to provide an opportunity for all interested parties to review and provide input into the new code to ensure it is fit for purpose.