

**Power NI Energy Limited
Power Procurement Business (PPB)**

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

Information Paper

SEM-15-060

Response by Power NI Energy (PPB)

18 September 2015



Introduction

Power NI Energy – Power Procurement Business (“PPB”) welcomes the opportunity to respond to the information paper on Modification of the Trading & Settlement Code to Implement I-SEM.

Comments

PPB is pleased that the Regulatory Authorities are recognising the expertise in industry by inviting them to participate in the development of the new rules for the I-SEM. It is our view that working groups are the best way to progress the development of the I-SEM rules however; we are deeply concerned regarding the governance proposal for the working groups.

We believe that a modification to develop the rules, thereby putting the onus on the Modifications Committee to deliver the rules is not the correct way to proceed and is not in any event possible under the terms of the Trading & Settlement Code for the reasons set out below.

The Trading & Settlement Code objectives are defined in paragraph 1.3 of the code as:

1.3 *The aim of this Code is to facilitate the achievement of the following objectives:*

1. *to facilitate the efficient discharge by the Market Operator of the obligations imposed upon it by its Market Operator Licences;*
2. *to facilitate the efficient, economic and coordinated operation, administration and development of the Single Electricity Market in a financially secure manner;*
3. *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;*
4. *to promote competition in the single electricity wholesale market on the island of Ireland;*
5. *to provide transparency in the operation of the Single Electricity Market;*
6. *to ensure no undue discrimination between persons who are parties to the Code; and*
7. *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.*

The objective and function of the Modifications committee as stated in paragraph 2.148 and 2.149 of the code are as follows:

2.148 *The objective of the Modifications Committee is to progress Modification Proposals with a view to better facilitating the achievement by the Code of the Code Objectives.*

2.149 *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.*

Therefore any modification must seek to improve the code in achieving the code objectives. Clearly any modification to develop the I-SEM rules would not be furthering the code objectives as the code objectives relate to the Single Electricity Market (which is defined in paragraph 1.1 of the code). Such a proposed modification would be deemed as “Spurious” and hence must be rejected as the definition of a “spurious proposal” in paragraph 2.203 in the T&SC is:

2.203 A Modification Proposal shall be deemed to be spurious if, inter alia, it is clearly contrary to the Code Objectives or does not further the Code Objectives. If the Modifications Committee reasonably considers a Modification Proposal to be spurious, it shall reject such Modification Proposal.

We believe that Working Groups are the correct way to proceed but these should be led by the Regulatory Authorities and the costs associated with this work stream should be included in the Regulatory Authorities I-SEM budget. A work stream led by the Regulatory Authorities would ensure wider industry participation. We would welcome the establishment of an I-SEM Review Group, similar to the High Level Design Review Group or to the RLG Groups and subgroups used to develop the SEM T&SC, to ensure a coherent set of market rules are established.

We believe that a public consultation should be held following completion of the drafting of the detailed rules such that all interested parties will have an opportunity to consider the proposals and respond appropriately.