

Overview of Energy Trading Arrangements issues

I-SEM Market Rules Working Group Meeting 1

22nd October 2015

ETA Decision papers

- 3 ETA decision papers published on 11th September 2015
 - Building Blocks Decision Paper
 - Markets Decision Paper
 - Aggregator of Last Resort Framework Decision Paper
- Each paper included a list of issues to be brought forward to the Detailed Rules and Implementation phase
- The following is not meant to be exhaustive but seeks to give a general outline of these issues

Ex-ante Markets

- Decisions out-turning from EUPHEMIA trialling
- Fall-back procedures for the DAM
- Report/Recommendation on IDM interim solutions from NEMO and the TSOs
 - once NEMO designation is finalised
 - once XBID timelines and functionality are clearer
- IDM interim solution

Dispatch Operations

- Industry Working Group on Balancing Market Principles Statement will be established
 - this document will also set out the framework for TSO non-energy actions
 - Needs to be considered to give context, e.g. for flagging and tagging
- Transitional Arrangements
 - Decision whether to adopt an earlier gate closure will be taken closer to I-SEM go-live
 - Must be supplemented with a clearly defined path to 1 hour gate closure
- Dispatch of special units

Imbalance Pricing

Markets Decision Paper:

- Prices should be based on actions taken by the TSO
- Prices should be delivered shortly after the trading period
- Pricing should be transparent and should not introduce TSO subjectivity to the calculation of imbalance prices
 - The SEM Committee considers that, in this area, an algorithmic approach would offer advantages over manual flagging and tagging
- The marginal imbalance price
 - The interaction of imbalance pricing parameters and explicit averaging across a specified quantum of MWs would need consideration as a package
- Should there be a risk of periods in which there are no energy actions to set the price; a fall-back pricing option would be required

Imbalance Pricing (2)

Key issues brought forward to the Implementation phase:

- Development of the detailed flagging and tagging arrangements, being as automated as possible
- Strict marginal price or transitional averaging?
 - taking account of any other parameters
- Fall-back rules if needed, should all actions be tagged

Start Costs

Markets Decision Paper:

- The SEM Committee has decided that in the balancing market timeframe, market participants should represent any fixed costs (such as those reflected in start-up and no load costs in SEM) within their simple incremental offers and decremental bids.
- The SEM Committee has decided that bid-offer formats should be available to reflect the specific requirements of the different timeframes and that the I-SEM systems should be able to accommodate explicit fixed costs in the re-dispatch timeframe before balancing.
- At this stage the SEM Committee is of the view that this decision should go no further than to state that the systems developed should accommodate explicit start costs and that in the balancing timeframe only simple bids and offers should be used.
- Further refinement of start cost solution
- Mechanism to ensure units do not over-recover start/no load costs over a contiguous operating period

Physical Notifications

- Finalisation of time for initial submission of PNs (SEMC provisionally endorsed 13:30)
- Granularity of PN submissions; **to be considered whether participants**
 - will have to specify PNs that explicitly detail the block loads, dwell times/soak times, and intermediate ramp ups, with each segment being described by beginning and end MW level and minute time;
 - will be able to specify an abbreviated instruction, with the details being inferred from the TOD;
 - will be permitted to specify an approximate or 'representative' run-up profile;
 - or whether some other protocol between participant and TSOs can achieve a similar outcome.
- Codification of “linking” to ex-ante trades and enforcement
 - Tolerances for “linking” to be defined

Imbalance Settlement

- Finalisation of the detailed settlement algebra
 - Trading in opposite direction (preventing any increase in premium)
 - Multiple acceptances
 - Substitutive PNs
 - Application of tolerances
 - Interaction of explicit start costs
- ISP vs Ex-ante period
 - Average price to use
 - Mechanism to recover any revenue shortfall
- Information Imbalance Charge
- Treatment of Trading Sites
- Treatment of Assetless Traders and DSUs
- Price Floor on decremental bids to accommodate priority dispatch

Other Issues

- Curtailment
 - Development of the post processing framework for curtailment
 - Determination of reference price if use of actual trades/prices is not developed
- Development of process for currency costs
- Publication of information (incl. TSO forecasts) and development of a market bulletin board
- Details of Global Aggregation Rules
- Meter Data Provider Workshops
- Detailed Rules Drafting for the Aggregator of Last Resort