



RE: EAI Response to SEM-19-011 - SEMO Key Performance Indicators

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Karen.Shiels@uregni.gov.uk

By Email

Dear Ms Kelly and Ms Shields,

The Electricity Association of Ireland (EAI) welcomes the opportunity to respond to the Consultation Paper SEM-19-011, "SEMO Key Performance Indicators".

The EAI is the representative body for the electricity industry and gas retail sector operating within the Single Electricity Market (SEM) on the Island of Ireland. Our membership comprises utilities that represent 90% of generation and retail business activities and 100% of distribution within the market. Our members range in size from single plant operators and independent suppliers to international power utilities. We believe that electricity has a fundamental role in providing energy services in a decarbonised, sustainable future, in particular through the progressive electrification of transport and heating. We believe that this can be achieved, in the overall interest of society, through competitive markets that foster investment and innovation. We promote this vision through constructive engagement with key policy, regulatory, technology and academic stakeholders both at domestic and EU levels. We represent the Irish electricity industry in EURELECTRIC, the representative body for the European electricity industry, and help shape the broader European response to developing policy and legislative initiatives.

The EAI is of the opinion that the reformed market has now had a sufficient bedding-in period, noting that the new market design has, in essence, been under development since 2012. Unfortunately, EAI members are of the view that the performance of the markets' IT Systems has been far from satisfactory. In practice, pricing disputes have been raised for nearly every day of the market requiring re-settlement. In addition, it is estimated that it has been necessary to revert and use back up prices for the Balancing Market at a run-rate of 3-5% during the first calendar quarter of 2019. These system

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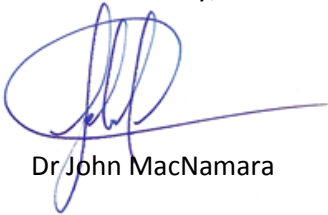
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failures are posing a real issue for participants in terms of daily trading decisions, cash-flow and financial reporting and is compounded by an absence of accountability (in terms of SEMO to the RAs), appropriate Governance structures (that would facilitate an open discussion of the issues) and while the RAs have acknowledged these issues¹, there is an apparent reluctance to specifically call out the impact that these system failures are having on participants.

EAI members are obliged to disclose their performance to their respective shareholders and are not in a position to seek a 'bye' in reporting when operational execution has been sub-optimal. The performance of SEMO to date has fallen far short of what participants would reasonably expect, and as such EAI maintain, mirroring the SEMC's comments in the consultation paper, that KPIs should '*implemented and measured as early as practically possible*', i.e. no 'bye' or postponement until the next tariff year, to ensure that the incentives are in place to deliver market systems that are fit for purpose.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'J. MacNamara', written over a horizontal line.

Dr John MacNamara

Chair EAI Markets Committee

¹ SEM Committee – Single Electricity Market Performance 1/10/18 – 31/1/19; retrieved from https://www.semcommittee.com/sites/semc/files/media-files/MMU%20public%20report%20Jan%2019_0.pdf at pp 11

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