



**RE: SEMC Consultation on the Repricing and Price Materiality Threshold Parameter (SEM-19-042)**

To: Karen Shiels (Karen.shiels@uregni.gov.uk) & Gina Kelly (gkelly@cru.ie)

Date: 27<sup>th</sup> September 2019

Dear Karen and Gina,

Thank you for the opportunity to respond to this consultation related to the approach to the resettlement and repricing of the ISEM market to the 11<sup>th</sup> of June, which has been necessitated by the incidence of a number of pricing errors in the period to then, some of which are the subject of ongoing and resolved pricing disputes between participants and SEMO.

EAI would like to take this opportunity to once again highlight our dissatisfaction with the performance of the market to date and our frustration that it remains unclear as to when the market will ultimately stabilise. The issues have created an unnecessary level of revenue and regulatory uncertainty amongst our members, which shows limited signs of improvement. This sense of frustration is heightened by the fact that EAI's request for third party certification of the Balancing Market Systems in advance of a decision to "go-live" went largely unheeded.

In the context of this consultation, EAI does not have a single consensus opinion on which of the options presented amount to the least-worst approach to re-pricing. It is our opinion that the options presented have been influenced by the vendor in this instance, and that it would be more appropriate if the approach was defined by the demands of participants and the system operator.

In addition, EAI sees potential for unintended consequences to materialise as a result of the approach proposed. Specifically, the EAI believes the SEM Committee has failed to address one of the critical issues that could arise from the outcomes of this consultation paper; the increased potential for further RO events to occur. If the SEM Committee are of the view that repricing is to occur, the liability of difference charges for RO prices must be addressed, should the events arise. The intention of the I-SEM design was to create prices as close to real time as possible and for participants to subsequently trade upon that information. For participants to be exposed to difference charges for new RO events 12 months after the trading period appears to be in direct conflict with the intention of the market design. The SEM Committee must ensure that any actions taken do not expose generators to new liabilities from the past, against which they cannot mitigate.

Although EAI is unable to definitively support one option, as always, we are open to working with the RAs and other stakeholders in delivering the market as intended and that works for both participants and consumers.

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**Electricity Association of Ireland**

Registered Office: 127 Baggot St Lower, Dublin 2, Ireland D02 F634

Registered No. 443598 | VAT No. IE9682114C

T +353 1 524 1046 | E info@eaireland.com | @ElectricityAI

www.eaireland.com





Yours sincerely,

A handwritten signature in blue ink, appearing to read 'John MacNamara', is positioned above the printed name.

John MacNamara

Chair, EAI Markets Committee

**For Info: Previous EAI statements of relevance**

EAI has asked the RAs to hold SEMO to account for both the performance of the market to date and to ensure that the current stabilisation phase will contribute to a sustainable market going forward.

The Committee is concerned that SEMO is not being held to account for the ongoing issues in the BM and that the RAs lack the resources to conduct a thorough review of the performance and outcomes to date as requested by EAI in recent correspondence to the SEMC. Rather than conduct a thorough backward-looking review, the focus now appears to be on two TSC modifications which will influence price formation in the future. It is now not clear when re-settlement, which would have significant cash flow implications for SEMO, will happen.

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