

Small Scale Generator Forum

The Single Electricity Market

4th May 2007

Agenda

10.30-10.45	Introduction	Iain Osborne (NIAUR)
10.45-11.15	Trading & Settlement Code and new Licence Obligations	Claire Madden (CER)
11.15-11.45	SEM changes to out-of- market trading	Paul Scrafton (NIE T&D) Theresa O'Neill (ESB Networks)
11.45-12.15	Registration for Market Trials / SEM	Mary D'Arcy (SEMIT)
12.15-12.45	Q&A	All

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INTRODUCTION

by

Iain Osborne (NIAUR)

Introduction

- What is the Single Electricity Market?
- Do I have to participate in the market to trade electricity?
- What are the benefits of the SEM for small-scale generators?
- What are the additional costs of participating in the SEM?
- What will happen with my existing contracts?
- What if I am not participating in the market?

“An All Island Energy Market should provide for competitive, sustainable and reliable markets in electricity and natural gas on the island of Ireland at the minimum costs necessary”

All-Island Energy Market: A Development Framework –
November 2004

What is the Single Electricity Market?

- Ireland and Northern Ireland are implementing an all-island wholesale electricity market
- SEM will be a centralised or gross pool market
- Electricity will be bought and sold through the pool under a market clearing mechanism
- SEM will commence full operation on 1st November 2007

What is the Single Electricity Market?

- SEM market rules are set out in the Trading and Settlement Code
- Existing trading arrangements will cease with the implementation of the SEM
- Generator licences in RoI and NI will be amended to reflect the new market conditions

Do I have to participate in the market to trade electricity?

- Generators with a Maximum Export Capacity (MEC) $\geq 10\text{MW}$ **will be required** to participate
- Those with MEC $< 10\text{MW}$ have the **option** to participate
- Those who choose to participate must register with the Market Operator

What are the benefits of the SEM for small-scale generators?

- No need to find a purchaser for electricity & no requirement to enter into bilateral contracts (all electricity will be purchased by the pool)
- Generators will be paid the SMP for the quantities bid that have been included in the market schedule (SMP may be higher than their short run marginal cost SRMC)
- Generator cash flow improved - settlement for dispatched quantities and constraints will be weekly

What are the benefits of the SEM for small-scale generators?

- All available generators will receive capacity payments from the SMO (paid on a monthly basis)
- Generators who have legacy contracts with licenced suppliers in RoI or NI may appoint the supplier to act as their Intermediary in accordance with the T&SC

What will happen with my existing contracts?

- Existing contracts will need to be modified – generators are advised to review these in conjunction with your counterparties to determine changes will be necessary
- Please address these issues at an early stage to ensure that all modifications are in place prior to the market start (1 November)

What if I am not participating in the market?

- Little change on the existing out-of-market mechanisms
- Physical bilaterals will continue to be supported (for generators with MEC <10MW) however one of the counterparties must be a participating supplier in the SEM
- All payments to the generators will be made by the suppliers
- Generators operating outside the market will not be entitled to receive capacity payments

What if I am not participating in the market?

- In NI non-fossil fuel obligations (NFFOs) will continue to be supported
- Wheeling arrangements will cease with the introduction of the SEM
- Generators trading outside the market must be registered with the Market Registration System Operators (MRSOs)

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