

**I-SEM Senior Stakeholder Event**  
**June 28<sup>th</sup> 2017**  
**Ballymascanlon House Hotel**

# ISEM Programme

# Completed Milestones

- **CRM**
  - April: Capacity Market Parameters decision paper
  - June: CMC Published
- **Energy**
  - January: Supplier Charges Decision
  - April: Trading and Settlement Code Published
  - June: Energy Parameters (Credit Cover and Imbalance)
- **Market Power**
  - April: Bidding Code of Practice
- **Forwards**
  - March : Forwards and Liquidities Decision Paper

# Completed Milestones (2)

- ***NEMO Regulation***

- June: NEMO (SEMOpX) Rules Published

- ***Licensing***

- April/May: TSO and MO Licences Effective

- June: Generator and Supplier Licences modifications Published

# Upcoming Milestones

- **CRM**

- July: Decision on Local Capacity Constraints, publication of auction information pack
- End July: State Aid approval expected

- **Energy**

- July: Energy Parameters (Operations and Pricing)
- August: AOLR and Balancing Market Principles Statement (Scheduling and Dispatch)

- **Market Power**

- July: Balancing Market Principles Code of Practice (BMPCOP)

- **NEMO Regulation**

- July: NEMO&SEMO Revenue Recovery Principles Decision
- July: Consultation on NEMO Price Control and indicative tariffs

# Upcoming Milestones (2)

- **Licencing**
  - August: Generator/Supplier Licence Modification Decisions
- **Regional Coupling**
  - July: Framework Agreement on Day Ahead and Intra-day arrangements (Markets)
  - July: Interim Cross Zonal Arrangements Agreed (TSOs)

# Some of the Key Messages from Bilaterals are as follows:

## Day Ahead Market

### EUPHEMIA BID TYPES

- Major concern over bid types and when those will be confirmed.
- Impacts trading strategy, commercial readiness, systems and processes

## Intra Day Market

### AUCTION TIMINGS

- Uncertainty over auction times is impacting organisational readiness – staffing, resources, shift-patterns
- No clarity on when decision will be finalised

## Balancing Market

### Tagging

- No major readiness concerns
- However, concern over impact of NIV tagging on constrained generation on revenues

## Capacity Market

### State Aid & REFIT

- Reassurance sought on State Aid process
- TSO/SEMO approach to potential PPA / Intermediary changes as a result of REFIT has been welcomed

## FTR Market

### Auctions

- No critical issues raised

## Other Issues

### Programme Management & Information

- On-going challenge keeping up with volume of information
- State Aid / Euphemia / IDM auctions need to be included on plan as decision delays create a bow wave of issues for participants

# Our Next Phase is on the IT Systems (TSOs) and Market Readiness

## Market Readiness Arrangement

- Thorough process in place focused on Participant Readiness.
- Reporting process is “monthly”
- “Bottom-up” evidence informing Market Readiness is being collated by the TSOs and RAs

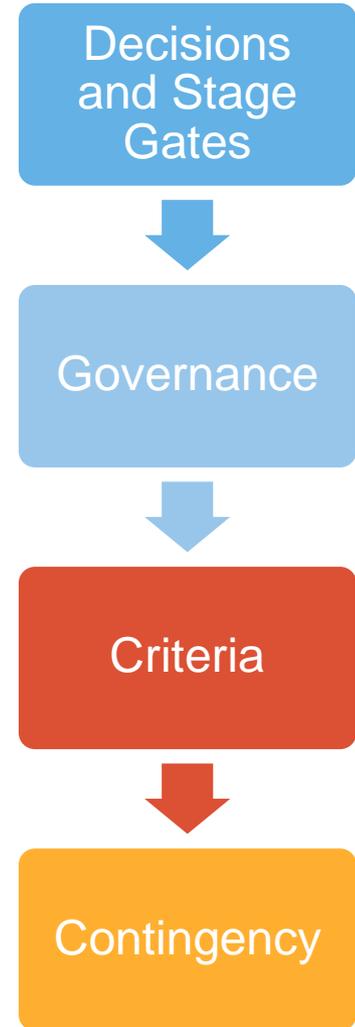
## Our focus is **Go-Live Decision Making**

- Each Market has a unique go-live date
- There is interdependency
- There are different decision makers

## For each **Go-Live Decision**

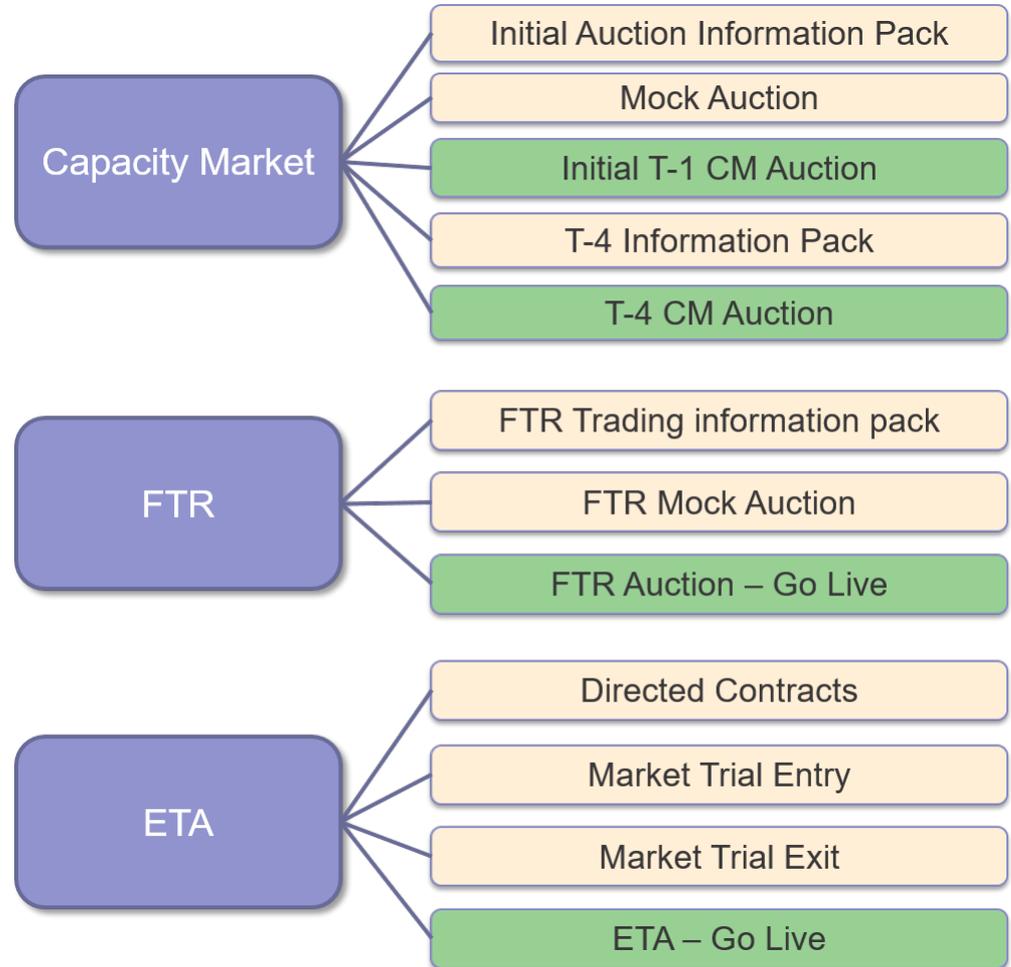
We have identified the decision and appropriate stage gates:

- Governance – who is the Decision Maker and which Forum confirms
- Criteria – what are we going to track to provide overall confidence
- Contingency – what are the options if there are “no-go’s” at critical decision points



# To manage our way through the process, there are a series of Stage Gates before each critical “go-live” event....

- Each I-SEM Market component has its own complex pathway to Go-Live
- Stage Gates & Go-Live Events identified for each



# For example, for the Release of the Initial Auction Information Pack, we complete a Stage Gate 1 Tracker

Capacity Market	Initial Auction Information Pack (3/7/17)	Weeks to Go: 1
 <b>Stage Gate 1</b>	<b>Commentary:</b> Publication of the Initial Auction Pack recommended for 3/7/17.	
 <b>Governance Readiness</b>	 <b>TSO Readiness</b>	 <b>Participant Readiness</b>
<p><b>CM Code:</b> Complete 2<sup>nd</sup> June.</p> <p><b>CM Parameters &amp; Constraint Setting:</b> On-track for June SEMC.</p> <p><b>State Aid Compliance:</b> Engagement with Departments &amp; DG Comp is on-going. Clarifications being worked through. Stage Gate 1 can proceed.</p> <p><b>CM Auditor &amp; Monitor:</b> Decision complete. Procurement delays don't impact Stage Gate 1.</p>	<p><b>Business Processes &amp; Procedures:</b> Business processes are complete and registration is progressing; there are no specific procedures required for Stage Gate 1.</p> <p><b>People &amp; Organisation:</b> Pre Go-Live team in Market Operations established and operational.</p> <p><b>Readiness of Systems:</b> No specific systems requirement for Stage Gate 1; development and testing of systems for live operation is proceeding to plan.</p> <p>TSO's report readiness to proceed; there are no wider programme issues that would suggest this Stage Gate should be delayed.</p>	<p><b>Registration:</b> Registration deadline is 28<sup>th</sup> July. Some participants impacted by REFIT uncertainty in ROI. Programme is working to minimise overall impact and will continue to engage with participants.</p> <p><b>Business Processes &amp; Procedures:</b> Some participants impacted by REFIT uncertainty in ROI. No specific requirements for Stage Gate 1.</p> <p><b>People &amp; Organisation:</b> MRA indicates progress. No specific requirements for Stage Gate 1.</p> <p><b>Readiness of Systems:</b> No specific system requirements to support Stage Gate 1.</p>



# DS3 Programme

# DS3 Successes to Date

## Interim Arrangements

- The new Interim Arrangement Framework Agreements went live on 1 October 2016, enabling 107 units in Ireland and Northern Ireland to provide DS3 System Services.

## Qualification Trial Process (QTP)

- The QTP commenced in March 2017 with 12 contracts in place and is progressing well.
- The QTP will run until 31 August 2017.
- New entrants and new technologies arising from the QTP can access System Services contracts in 2018.

## SNSP Operational Policy

- As of 9 March 2017, following a successful trial, the non-synchronous generation limit has increased from 55% to 60% and is now TSO operational policy.

# System Services

## March SEMC Decision on Glide-path to 2020 for €235m budget Cap

- Provides increased revenue certainty and signals to invest
- Interim Arrangements to be in place until April 2018
- Enduring Tariffs Arrangements go-live 1 May 2018
- Procurement for new entrants/capability every 6 months

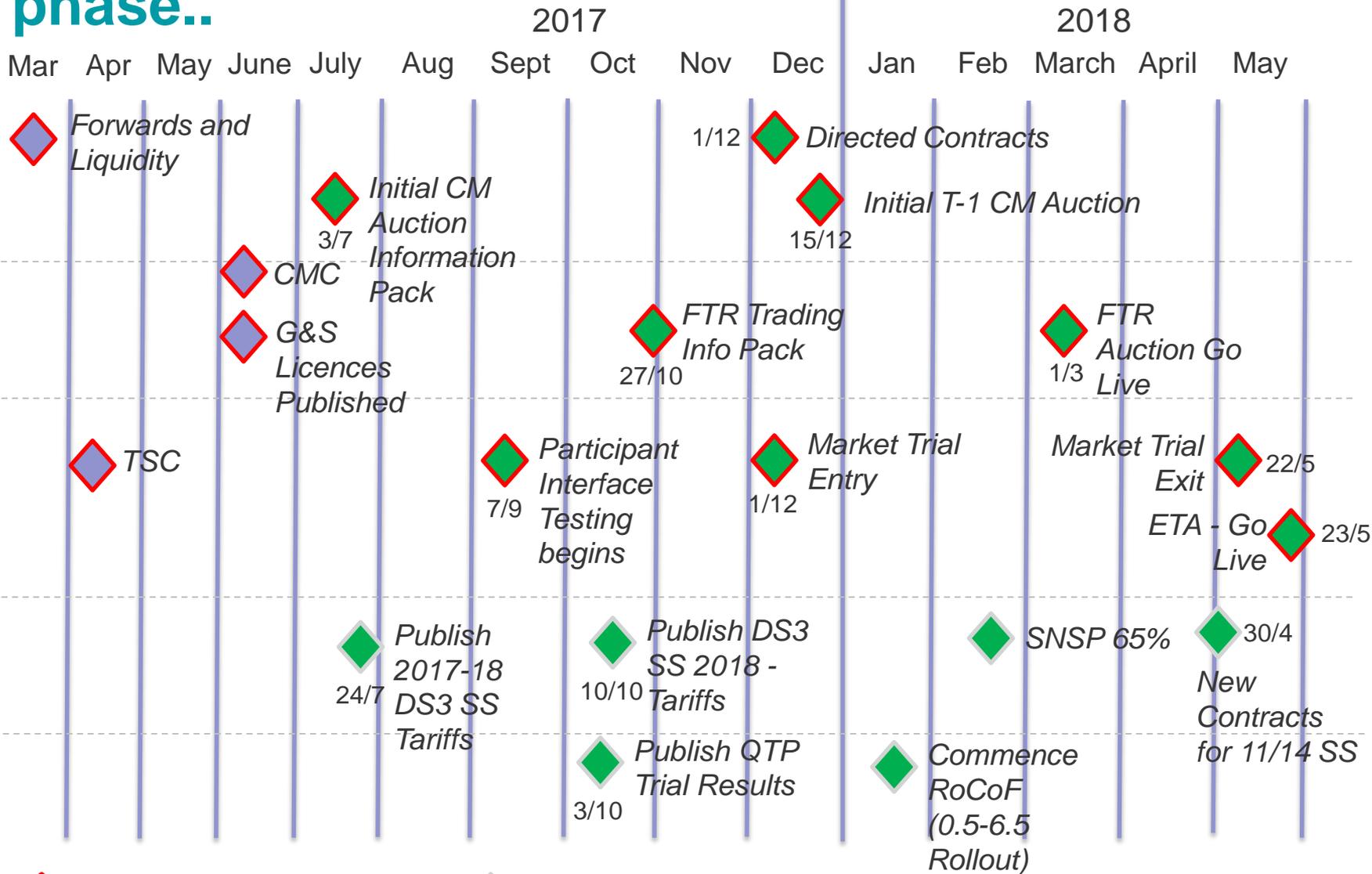
## Enduring Tariffs from May 2018

- TSO Consultation Paper will issue on 4 July 2017
- Presents results of TSOs' analysis on volumes and expenditure
- Proposes enduring regulated tariff arrangements to be in place from May 2018
- Presents options for mitigating the challenges for investment certainty and expenditure

## Competitive Arrangements

- Current priority is ensuring enduring tariffs are in place for 1 May 2018
- International Review to be completed in Q3 2017
- Detailed scoping of Competitive Arrangements to include review of Balancing Guidelines and International Review

# A lot done...and now we enter the final phase..



I-SEM Level 1 Milestone      DS3 Milestones

**CM=** Capacity Market; **FTR=** Financial Transmission Rights; **ETA=** Energy Trading Arrangements; **QTP=** DS3 SS Qualification Trials