

Single Electricity Market

Market Monitoring Unit

Market Update

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1 Introduction

This report is produced by the Market Monitoring Unit (MMU) and gives a statistical overview of recent trends in the Single Electricity Market (SEM), including prices and load.

2 Market Update

Over the first three quarters of 2009 the average system price (SMP) was €44.43/MWh. The highest half-hourly prices were considerably above this, reaching €580.53/MWh on 25th August; the lowest half-hourly price was €14.44/MWh and occurred on the 26th July. In addition to this the average consumer cost of capacity over the same period in the Capacity Payments Mechanism (CMP) was €17.5/MWh. As generators are rewarded capacity based on their availability and not on their generation, generators received on average €9.2/MWh through the CPM.

The average scheduled generation or Market Schedule Quantity (MSQ) for the same period was 3,882MW, with a peak of 6,523MW and a minimum of 1,918MW. SEM registered wind generation peaked at 900MW on 11th January and averaged 281MW over the nine month period. Figure 1 shows the average SMP, MSQ and Wind generation for each month in the first three quarters of 2009.

Figure 1: 2009 Summary

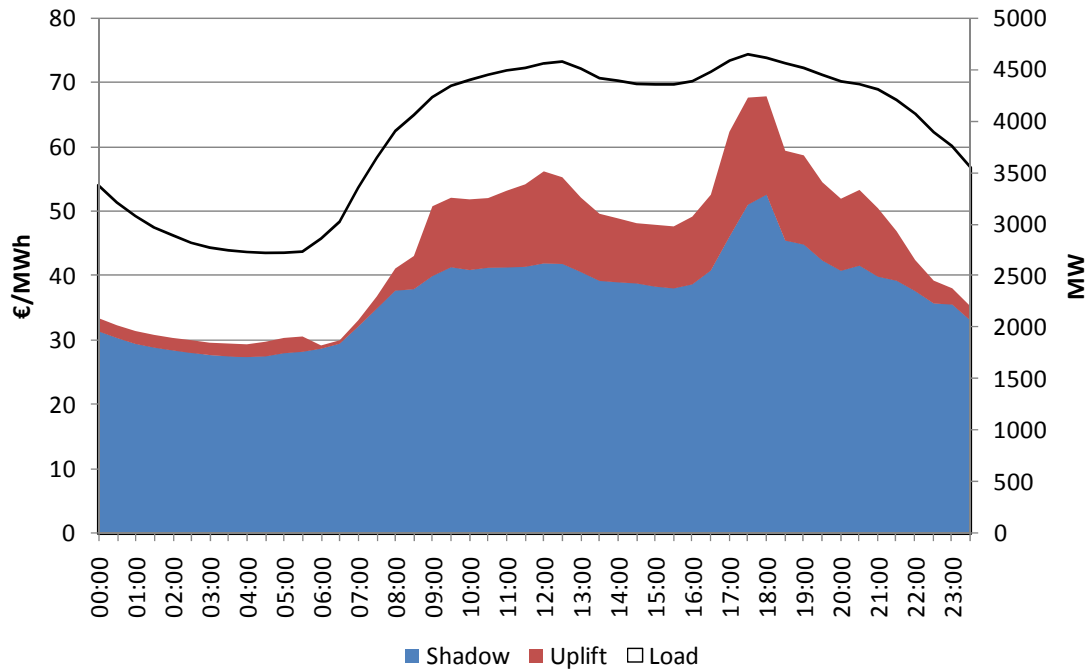
	SMP (€/MWh)			MSQ (MW)			WIND (MW)		
	Average	Max	Min	Average	Max	Min	Average	Max	Min
January	63.74	224.41	34.98	4,513	6,523	2,777	354	900	14
February	55.83	325.94	29.49	4,487	6,176	2,769	223	738	3
March	39.03	318.34	21.82	4,101	5,961	2,460	354	861	29
April	40.93	215.57	21.02	3,842	5,047	2,363	256	695	1
May	37.89	228.91	20.21	3,661	5,027	2,276	323	779	11
June	43.70	187.17	18.80	3,596	4,796	2,195	186	568	2
July	37.81	120.15	15.01	3,511	4,952	1,918	241	824	22
August	41.74	580.53	17.81	3,504	4,824	1,943	333	844	9
September	39.19	561.60	14.44	3,719	5,003	2,224	260	838	9
OVERALL	44.43	580.53	14.44	3,882	6,523	1,918	281	900	1

* Wind generation in this Figure only includes SEM registered wind farms. This accounts for approximately two-thirds of total Island wind.

The average SMP in 2008 was €80.63/MWh. The average SMP in the first nine months of 2009 (€44.43/MWh) equates to a comparative drop of around 45%.

Figure 2 shows the average SMP for each half hour trading period split in to the Shadow Price and Uplift elements.

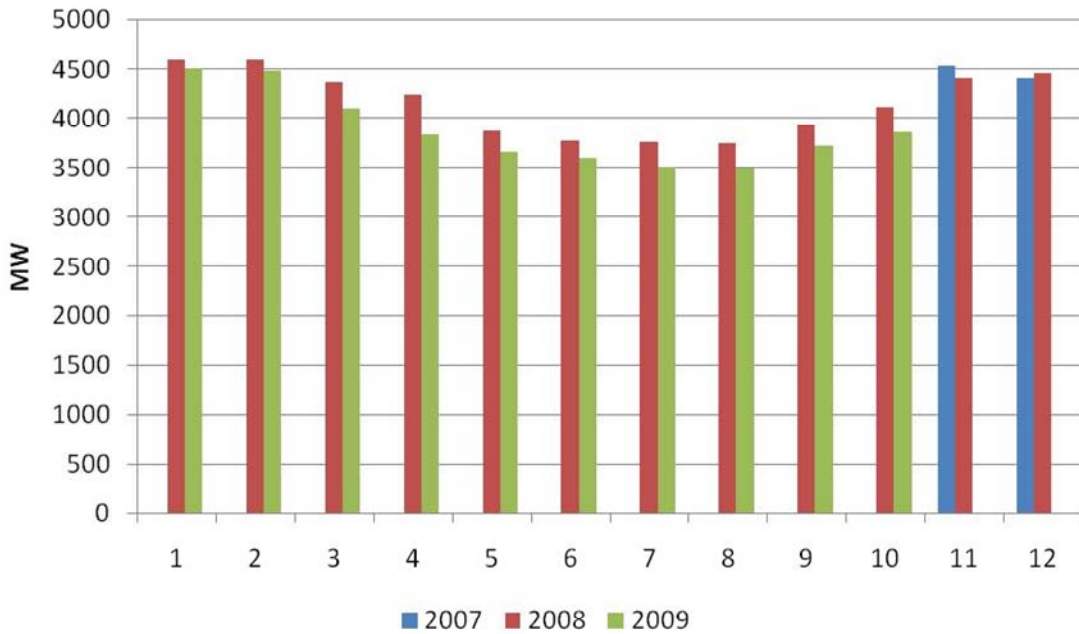
Figure 2: Q1-3 2009 Intraday Average Shadow, Uplift & Load



This profile is broadly similar to that seen in 2008, with peak prices corresponding with peak load, and with the highest prices and load experienced in the early evening. Overnight prices are significantly lower, with average overnight prices as little as half the peak in-day prices. Uplift made up on average 17% of the total SMP (up from 11% in 2008) and, as expected, most of this Uplift is distributed over peak periods.

Figure 3 shows the monthly average load in the SEM since November 2007 (when the SEM commenced). Average load for each month in 2009 was significantly below that of 2008, with the average load in Quarter 3 of 2009 down over 6% (235MW) compared to the equivalent period in 2008.

Figure 3: Average SEM Monthly Load 2007-09



2.1 Market Trends

Figure 4 shows the weekly average movement in SMP and Gas price (including Carbon). This shows a strong correlation, which is not surprising given that the majority of SEM demand is served by gas-fired generators.

Figure 4: SMP and Gas Price

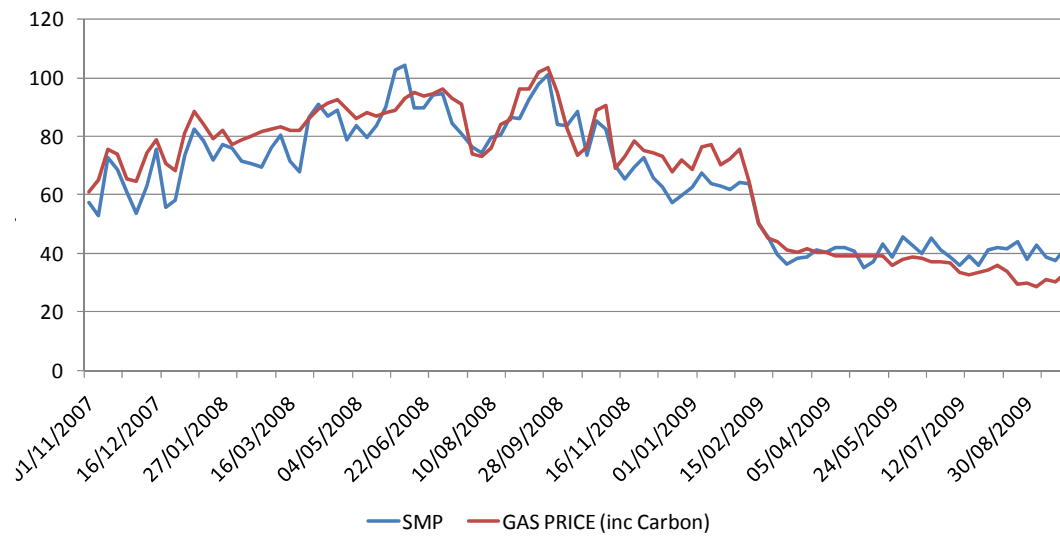


Figure 5 shows the relationship between SMP and Margin. Margin is the amount of available capacity remaining after load has been served (i.e. Margin = Availability – Load). As expected there is a strong negative correlation, with SMP generally low when Margin is high. 2009 has seen a significant increase in Margin compared to 2008, with an average increase of over 800MW. This is due to a number of factors including reduced load, increased availability of thermal generation, increased wind penetration and increased imports of electricity from GB across the Moyle interconnector.

Figure 5: SMP and Margin

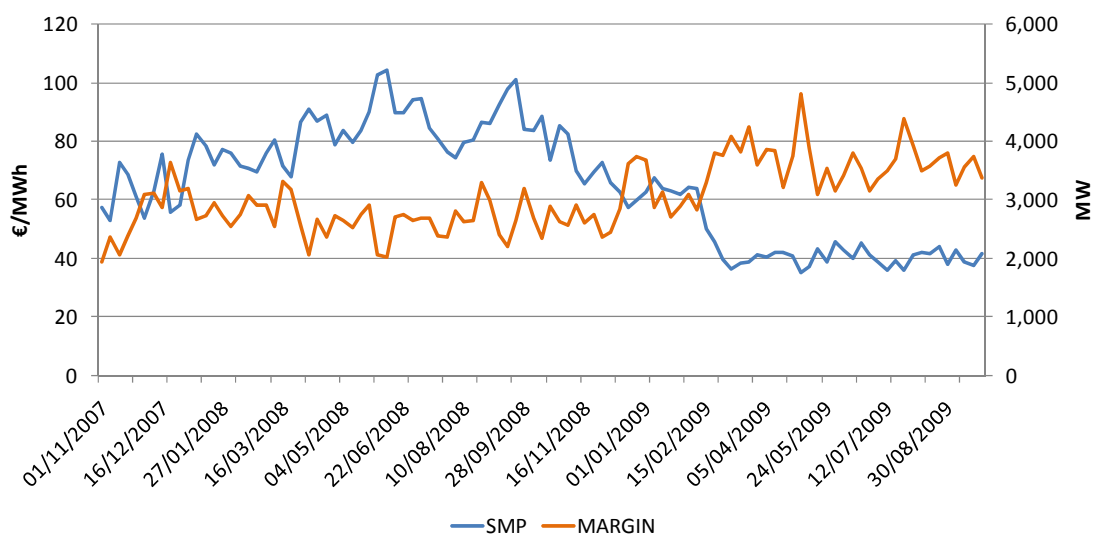


Figure 6 shows the scheduled generation mix split by fuel type for 2008 and the first three quarters of 2009. Gas fired generation continues to be the most influential fuel, with nearly 70% of scheduled generation being gas fuelled for the 2009 period. This share increased relative to 2008; mainly because gas-fired units displaced coal fired generation from the merit order. During early 2009 the wholesale gas price dropped significantly relative to the coal price, leading to gas fired generation to become more competitive than their coal-fired counterparts. During 2009 the volume of imports into the SEM from GB across the Moyle interconnector also increased significantly. This is mainly because the price differential for the first three quarters of 2009 favoured imports in to the SEM, whereas for large portions of 2008 there were significant exports as prices in GB were higher than those in the SEM.

Figure 6: Percentage share of MSQ

