



**Response to Consultation on**  
**Extension to the Criteria for Approval of Intermediary Applications**  
**under the Trading and Settlement Code**  
**(SEM/11/004)**

3 March 2011

## Introduction

Airtricity appreciates the intent behind the recent SEM Committee's consultation proposing to extend the criteria for appointing an Intermediary to act on behalf of a generator unit to certain Price Maker Generator Units, specifically a potential scheme-supported new entrant. We welcome the efforts to address an issue which may appear to frustrate a genuine participation interest in the SEM, particularly as that relates to the duty to consider "the need, where appropriate, to promote the use of energy from renewable energy sources".

However, the course of creating rules exemptions to cater for the specific requirements of individual entities is not one to be encouraged. The principal charge is that such exemptions whittle away the internal logic of relevant original provisions, increasing the potentials for unintended consequences. Hence while it is often more expedient to employ rules exemptions, it is much more prudent to define a general category of requirements for which more comprehensive and robust rules can be developed to address.

## Intermediary Provision a sub-set of SEM Registration Domain

Issues around appointment of Intermediaries are essentially a sub-set within the SEM Registration domain. As such the particular problem specified within this consultation may simply be a symptom of a more general malady within the broader SEM registration processes.

The SEM Registration framework was designed primarily to facilitate the transition of pre-existing participants to the SEM. Since then, while significant improvements have been made, the processes have proven inadequate to address a range of requirements. These include requirements of new entrants (for example the consultation notes the specific time-bound exception implemented for the transfer of assets from ESB to Endesa under the CER-ESB Asset Strategy Agreement), as well as of existing industry participants (for example, no T&SC provisions exist to facilitate the transfer of SEM units between existing Market Participants; the relevant unit(s) would have to be deregistered by one party and re-registered by the new owner, a tricky proposition in light of the Code requirements for a 60-day notice for new registrations).

Other potential issues within this domain have been identified, including the treatment of the Intermediary provision for wind units that elect to become Variable Price Maker units. Given the unlikelihood of wind units exerting market power in the foreseeable future within the SEM, that such units cannot avail of the Intermediary provision given the current rule-set is surely a contradiction to the purposes underlying the provision. **As SEM evolves and attracts more entrants, with diverse technologies and organisational structures, and as the need for restructurings in the industry increases, it becomes increasingly more pertinent to have a targeted workstream address issues covering registration, maintenance, transfers, re-ratings and exit of units. Else, these issues will be addressed in the manner as the current consultation – in reaction to the specific considerations and requirements of individual entities.**

Hence in order to address the broad issues resident in this domain, we would recommend the SEM Committee sets up an expert group on SEM Registrations. This group would be steered by the RAs, but moderated by SEMO to address the issues already identified, as well as others yet unidentified.

## **On Specific Issue under Consultation**

However on the specific situation of the potential new entrant seeking access to its allocated scheme support via the SEM, the consultation alludes that the entity cannot do so via any other mechanisms “due the configuration of the SEM”. It would have been useful to have had further details on why it is the case that such a unit is so prevented from access to its scheme support payments. Without such insight it is difficult to understand how the only viable solution is to grant the proposed extension to the criteria for approving Intermediary representation.

Irrespective of that information-gap, we would still suppose that a solution can be identified which conforms to the current configuration of the SEM, without requiring any exemption to existing provisions. Granted that we do not have sight of all relevant information on this matter on the basis of the nature of the issue as far as we can adduce, we would presume that this new entrant can employ the ‘Supplier-lite’ model by registering a Supplier Unit in addition to its Generator Unit, and via this mechanism gain access to its allocated scheme payments. Such an approach is well within the boundaries of the current SEM rules-set.

On that basis, our preference for addressing this matter would be through a means that maintained the existing SEM configuration without requiring an exemption.

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