



Integrated Single Electricity Market (I-SEM)

Energy Trading Arrangements Detailed Design

Information Paper

SEM-14-087

23 September 2014

1 INTRODUCTION

1.1 THE ETA DETAILED DESIGN PHASE

- 1.1.1 The Energy Trading Arrangements (ETA) Detailed Design Phase is the first stage of Phase 3, the ‘Detailed Design and Implementation Phase’, of the I-SEM project. The objective of the ETA Detailed Design Phase is to develop a set of detailed energy trading market rules that are consistent with the High Level Design of the I-SEM. This set of market rules must be sufficiently detailed, consistent and clear so as to allow the TSOs to go to market to procure the necessary systems to run the I-SEM.
- 1.1.2 The I-SEM ETA Detailed Design Phase will be split into a number of distinct work streams. These work streams are linked but are distinct and important enough in and of themselves to require discussion at separate meetings. The splitting of the detailed design into separate workstreams should also allow for more efficient working arrangements within the project.
- 1.1.3 The focus is on areas that must be included in the system specifications that the TSOs will be bringing to market in order to procure the market systems for I-SEM. The workstreams explicitly exclude the Capacity Remuneration Mechanism (CRM), the Market Power Mitigation Strategy and any Liquidity Promoting Measures that are to be developed. These will form separate work streams.

1.2 CONSULTATION AND DECISION PAPERS

- 1.2.1 The ultimate deliverables from this project phase will be three SEM Committee Decision Papers that collectively form a complete detailed design of the ETA for I-SEM. The two main Decision Papers will be on “Building Blocks” and “Markets”. The “Building Blocks” Decision Paper will contain decisions on policy issues such as treatment of losses and priority dispatch. The “Markets” Decision Paper will contain decisions on the detailed design of the Day Ahead, Intraday and Balancing Markets.
- 1.2.2 There will be earlier deliverables of two Consultation Papers which will be published for public consultation in order to seek stakeholder views on the key elements of the I-SEM Detailed Design.
- 1.2.3 There will also be two Consultation Papers and a Decision Paper on the Aggregator of Last Resort. The first Consultation Paper will consider the high level framework for the aggregator of last resort and the second consultation paper will consider its detailed operation. The Decision Paper will then include overall decisions on the aggregator.

- 1.2.4 The SEM Committee aims to publish the following Consultation and Decision Papers:

6 th February 2015	“Building Blocks” Consultation Paper
4 th June 2015	“Building Blocks” Decision Paper
3 rd April 2015	“Markets” Consultation Paper
7 th August 2015	“Markets” Decision Paper
5 th December 2014	“Aggregator of Last Resort Framework” Consultation Paper
3 rd April 2015	“Aggregator of Last Resort Operation” Consultation Paper
7 th August 2015	“Aggregator of Last Resort” Decision Paper

1.3 DESCRIPTION OF WORKING ARRANGEMENTS

- 1.3.1 The Detailed Design Phase will be led by the Regulatory Authorities (RAs). An RA project team will be responsible for delivering the detailed market design, and will be supported by the I-SEM Project Team in the TSOs. The RA project team will also be assisted by consultancy support.
- 1.3.2 Given their important position as Transmission System Operators and Market Operator, EirGrid and SONI will be involved in supporting the RAs in this project phase. This support will include the presentation of material on specific subjects and the presentation of relevant topics at the Rules Liaison Group (RLG) meetings (discussed further below). The TSOs will cooperate with the RAs through governance arrangements and working arrangements for the I-SEM project.
- 1.3.3 The RAs will hold six working group meetings between October 2014 and February 2015. These working groups will be known as the Rules Liaison Group (RLG). The RLG will be made up of nominated members from participant groups, including the Interconnector Owners, and interested parties.
- 1.3.4 There will be three RLG meetings on topics relating to the “Building Blocks” consultation and three RLG meetings on topics relating to the “Markets” consultation.

The provisional dates for the Rules Liaison Group meetings are set out below.

	Date	Venue
“Building Blocks” Workshop 1.1	15/10/14	Dublin
“Building Blocks” Workshop 1.2	29/10/14	Belfast

“Building Blocks” Workshop 1.3	13/11/14	Dublin
“Markets” Workshop 2.1	21/01/15	Belfast
“Markets” Workshop 2.2	04/02/15	Dublin
“Markets” Workshop 2.3	18/02/15	Belfast

- 1.3.5 A separate Discussion Paper will be published in the week before each Workshop, outlining the topics to be covered by the RLG. After “Building Blocks” Workshop 1.3 and “Markets” Workshop 2.3, the RAs will call for the submission of views from the RLG members on the topics covered. These views will help inform the relevant Consultation Papers.
- 1.3.6 The Rules Liaison Group will be an advisory and information sharing body, made up of nominated members from participant groups and interested parties. The group will be chaired by the Regulatory Authorities.
- 1.3.7 Given the various different subjects that will be discussed at different meetings the RAs expect that participants may wish to send different staff members as their representatives to different meetings. However, representation at any one RLG meeting will be limited to one person per participant organisation.
- 1.3.8 The final RLG members will be representative of the various industry sectors and shall be used exclusively for the I-SEM ETA Detailed Design Rules Liaison Group (RLG).

1.4 OUTLINE OF THE TOPICS TO BE COVERED IN THE SIX “BUILDING BLOCKS” AND “MARKETS” WORKSHOPS

The topics to be covered in the six “Building Blocks” and “Markets” Workshops include, inter alia:

Workshop 1.1	Introduction of topics
	Treatment of Transmission Losses
	Treatment of Firm Access
Workshop 1.2	Constraints
	Curtailement
	Priority Dispatch
	De Minimis level
Workshop 1.3	Currency
	Participant Registration
	Clearing and Settlement
	Credit Risk Requirements
	Treatment of VAT

	Shipping (Financial)
	Market Information
Workshop 2.1	Day Ahead Market and EUPHEMIA
	Units under Test
	Fallback Procedures
	Intraday Market
	Participant Nomination Process
Workshop 2.2	Shipping (Physical)
	Reaching a Feasible Dispatch
	Balancing Market
Workshop 2.3	Imbalance Settlement
	Metering
	Global Aggregation
	Instruction Profiling
	Tagging and Flagging
	Classes of Non-Energy Actions
	Local Market Power considerations
	Reserves

1.5 Next Steps

- 1.5.1 The RAs are now seeking nominations for the Rules Liaison Group. Membership will be finalised once nominations are received with the general intent that membership will be limited to one per participant or industry body.
- 1.5.2 In order to make the Rules Liaison Group as effective as possible it is intended that participation will be limited to circa 20 people.
- 1.5.3 Nominations for the Rules Liaison Group should be sent to Kevin Hagan (khagan@cer.ie) and Kenny Dane (Kenny.Dane@uregni.gov.uk) by close of business on 1st October 2014.