



**Aughinish Alumina Limited**

**Reply to**

**Forwards and Liquidity**

**Discussion Paper**

**SEM-15-010**

**Part of the I-SEM Detailed Design**

*Non-Confidential*

27<sup>th</sup> March 2015

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Mr Joe Craig  
Utility Regulator  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

Mr James Curtin  
Commission for Energy Regulation  
The Exchange  
Belgard Square North  
Tallaght  
Dublin 24

**This response is non-confidential**

Dear Sirs,

Aughinish Alumina Ltd (“Aughinish”) welcomes the publication of this Discussion Paper on Forwards and Liquidity and supports the objective to implement measures to promote within zone forward and spot market liquidity and cross-zonal financial trading arrangements for the I-SEM market.

Aughinish operates a large alumina manufacturing refinery which consumes 45MW of power 363 days of the year supplied from a 160MW high efficiency Combined Heat and Power (“CHP”) plant which was commissioned in 2006. The surplus electricity from the CHP plant is sold to the market under a CAP05 Capacity Auction contract which expires in April 2016. This electricity “CADA” contract was vital in ensuring the CHP plant was built as independent, non-integrated generators (and suppliers) such as Aughinish in the all-island Single Electricity Market (“SEM”) require such products to manage market risk. As noted in the Discussion Paper, lack of liquidity (as in 2005) and in the SEM today remains a major issue in which the Regulatory Authorities (“RAs”) must resolve for the I-SEM market design.

In our response to the Discussion Paper, the main message from Aughinish is that the I-SEM should provide a variety of market liquidity products to allow market participants to manage risk.

These products should be seen to be happening before the I-SEM has started i.e. what happens after the PSO CFDs finish?

Credit appears to be a barrier to trade in the current system; any solution will need to include centralised aggregation of risk and associated credit.

Aughinish is open to whatever remedies the RAs deem to be appropriate but as an existing independent generator in the SEM we would be concerned if additional products are not available the I-SEM.

Yours sincerely

**Thomas O’Sullivan**

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