Intraday Trading Update

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EirGrid Group Customer Conference

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System Operator for Northern Ireland

Single Electricity Market Operator

Why Intraday Trading?

- The EU is moving towards greater integration of electricity market arrangements, particularly to facilitate greater trading across Europe.

- EU Congestion Management Guidelines (CMG), require re-allocation of unused Interconnector capacity on both D-1 and D.

- Ireland Infringement Letter - June 2010
  - Continuing infringement cases against Ireland for violating Electricity Regulations.
  - Key concerns are:
    1) no intra-day congestion management mechanism at all interconnections
    2) no common co-ordinated congestion management method

- SEM Committee Decision (SEM-10_011)
  - RAs to develop a Modification to facilitate intra-day trading
  - RAs to set up a Working Group to discuss proposal and alternatives
  - RAs to bring a proposed Modification (agreed by the Modifications Committee) to the SEM Committee.

Activities since SEM Committee decision

- RAs raised a Modification (18_10) in March 2010, proposing the implementation of “intraday trading” in the SEM.

- The Modifications Committee established a Working Group, which has met on ten occasions, in addition to a number of conference calls.
  - Widespread involvement from across the industry
  - Agreement of working assumptions on all major design components

- The key output is the High Level Design Summary, which documents the working assumptions agreed at the Working Group.



History of Intraday Trading Modification: Mod_18_10

Intraday Trading Modification Mod_18_10 raised March 2010:

Phase 1 *(development and approval of High Level Design)*

- Working Groups 1 to 7: development of High Level Design.
- 25 Nov 2010 - Modifications Committee Meeting 32 – Modifications Committee recommended to approve High Level Design.
- 04 Mar 2011 - SEM Committee approved implementation of High Level Design.
- 01 Feb 2011 - Modifications Committee Meeting 33 – SEMO asked to develop legal text based on High Level Design.

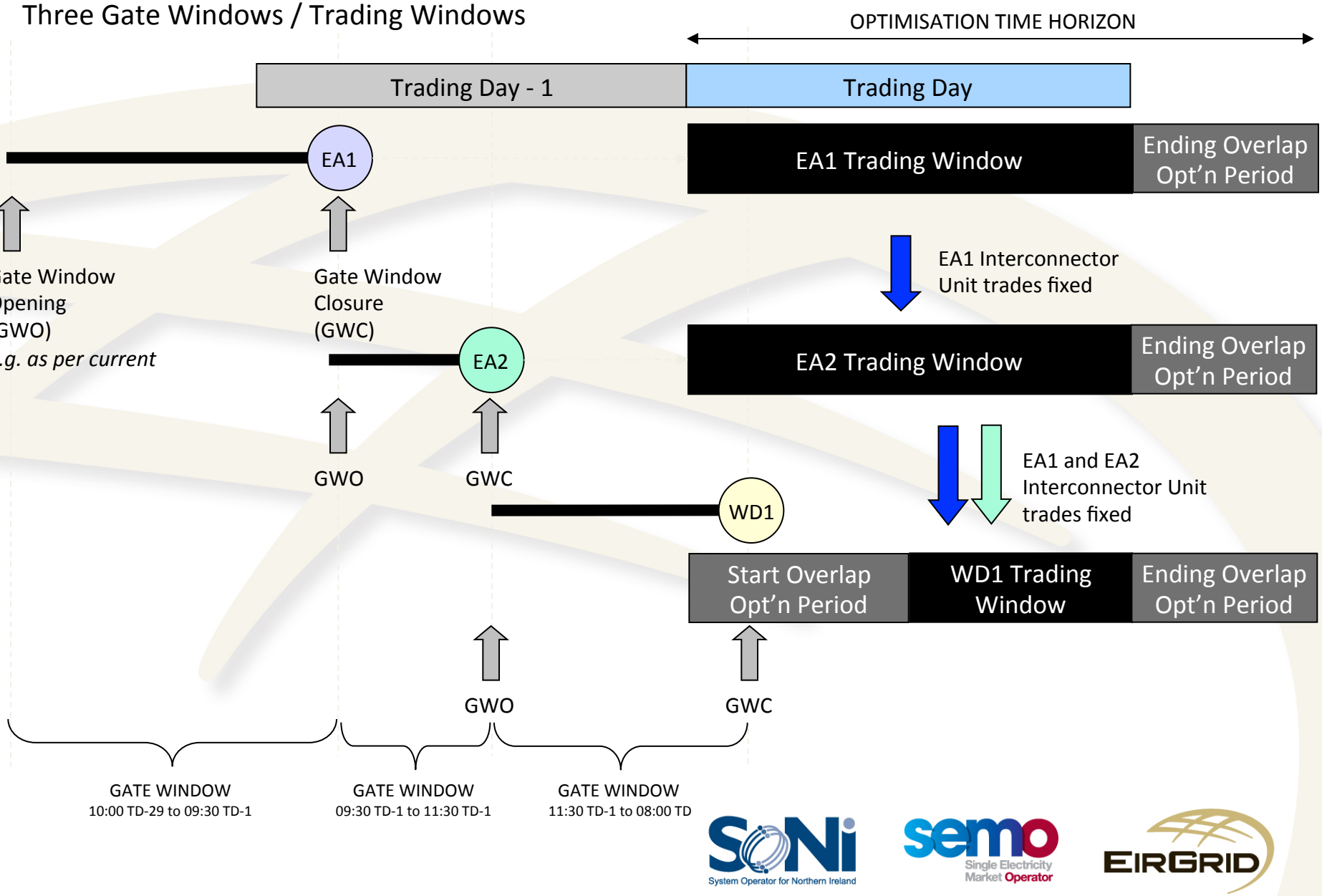
History of Intraday Trading Modification: Mod_18_10 (2)

Phase 2 *(development of detailed Code changes to deliver HL Design)*

- 10 May 2011, Working Group 8: Functional Group 1
- 29 June 2011, Working Group 9: Functional Group 3
- 27 Sept 2011, Working Group 10: Functional Group 2
- [tbc if required], Working Group 11: Recap of design and entire "final" Mod; with all comments addressed and identified issues resolved

SEM Intraday Trading Design:

Three Gate Windows / Trading Windows



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SEM Intraday Trading Design:

Trading and Settlement

- Enhanced trading opportunities, recognising the value of explicit capacity auctions:

	EA1	EA2	WD1
Interconnector Capacity Holders	✓	✓	✓
Other Interconnector Users (not Capacity Holders)		✓	✓
Other Generator Units	✓	✓	✓

- Unused Interconnector capacity from EA1 Trading Window can be utilised in subsequent Trading Windows.
- Superposition will allow the physical capacity of Interconnectors to be observed, whilst enabling trading in excess of the capacity in each direction (import, export). Opportunities to arbitrage and deliver price efficiencies.
- Settlement will continue to be Ex-Post, based on Dispatch and Generator Unit performance against Dispatch.
- No changes are proposed to settlement payments or charges.

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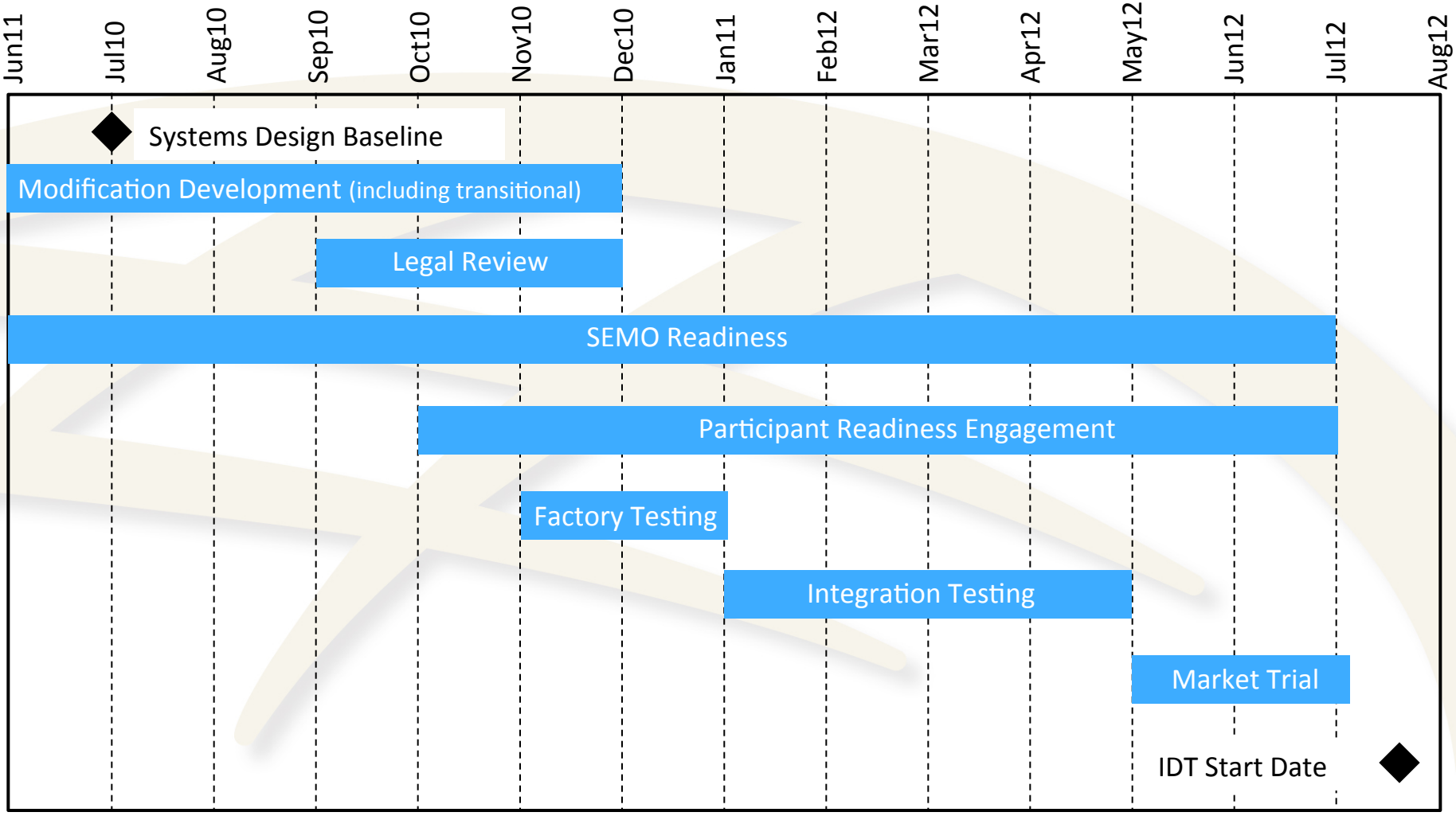
Where is SEM Intraday Trading now?



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Challenges for SEM

- Interconnection & delivery of IDT
  - Greater levels of interconnection to the island of Ireland from neighbouring power systems
  - Evolution of market rules with respect to integration

- CACM Target model – implications
- Renewable Targets - Further renewable penetration
- DECC - UK Market Reform – implications