

IWEA Spring Conference 2019

The SEM since 01 Oct 2018

Commission for Regulation of Utilities

Protecting the Public Interest in Water, Energy and Energy Safety

John Melvin

12 March 2019

Mission

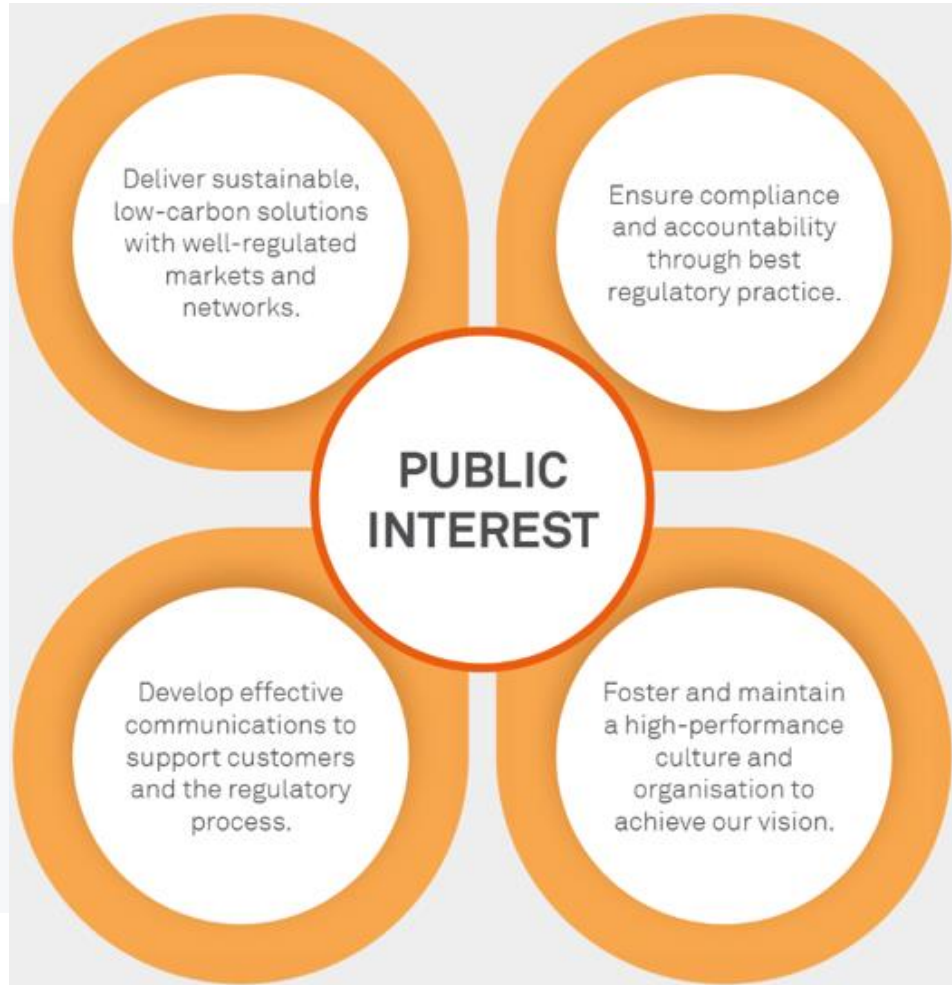
- Protecting the public interest in Water, Energy and Energy Safety

Vision

- Energy supplied safely
- A sustainable, reliable and efficient future for energy and water
- Empowered and protected customers paying reasonable prices
- A secure, low carbon future

STRATEGIC PLAN 2019-2021

STRATEGIC PRIORITIES



SEM Monitoring Report

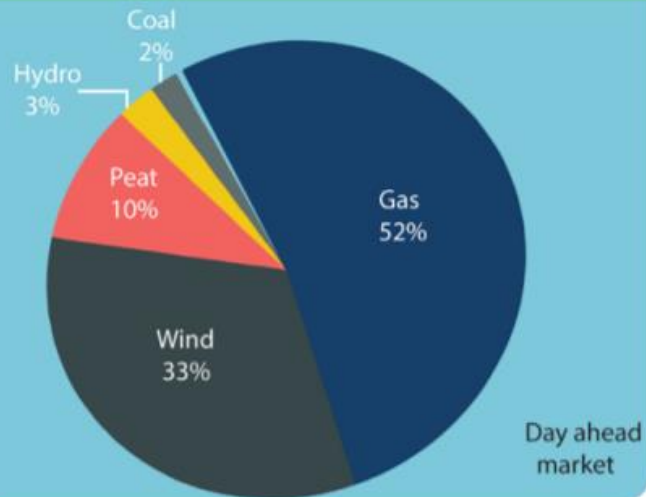
1 October 2018 - 31 January 2019

SEM
committee

Key Highlights

- ✓ Active engagement in the market from suppliers and generators
- ✓ Ex ante markets performing as expected - high liquidity concentrated in the day ahead
- ✓ Interconnectors flowing efficiently
- ✓ Increased wind generation putting a downward pressure on prices

Fuel Mix



CRM Auction



sufficient generation capacity secured to ensure security of supply

LOWER

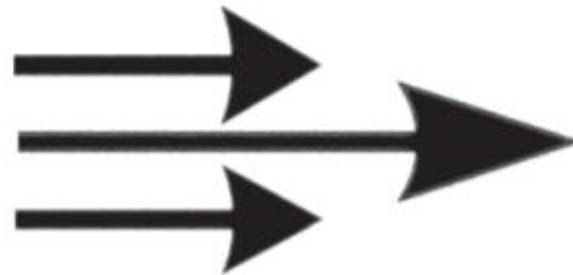


clearing price lower than first T-1 capacity auction clearing price.

Interconnector Flows

Interconnectors are flowing efficiently, reflecting the price differentials between markets

**LOWER
MARKET
PRICE**

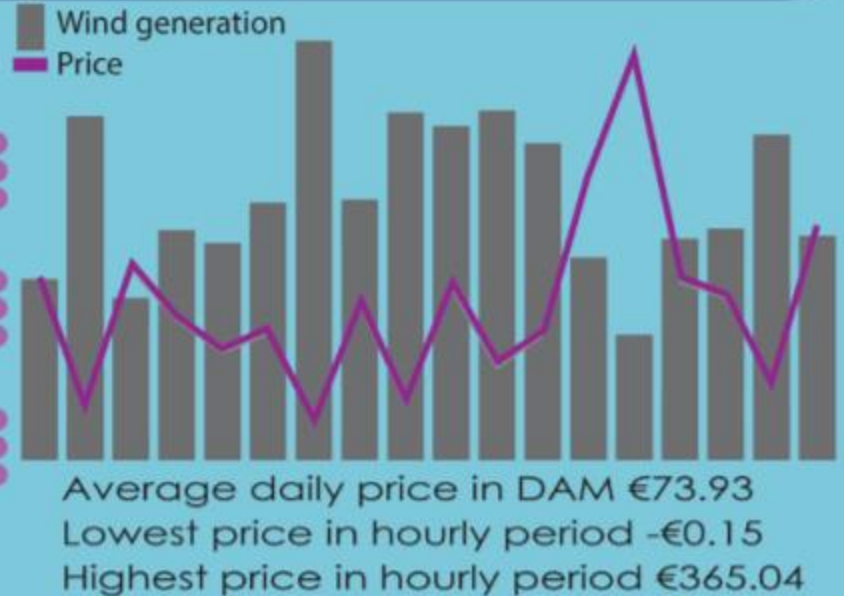


**HIGHER
MARKET
PRICE**



Prices and impact of wind

- ✓ In periods of high wind, day ahead price dropped significantly
- ✓ Wholesale price of gas increased significantly compared to same period last year
- ✓ Demand increased by 7% over the year
- ✓ A significant number of unplanned outages contributed to higher prices
- ✓ As a consequence, prices have increased over the year



The SEM Markets

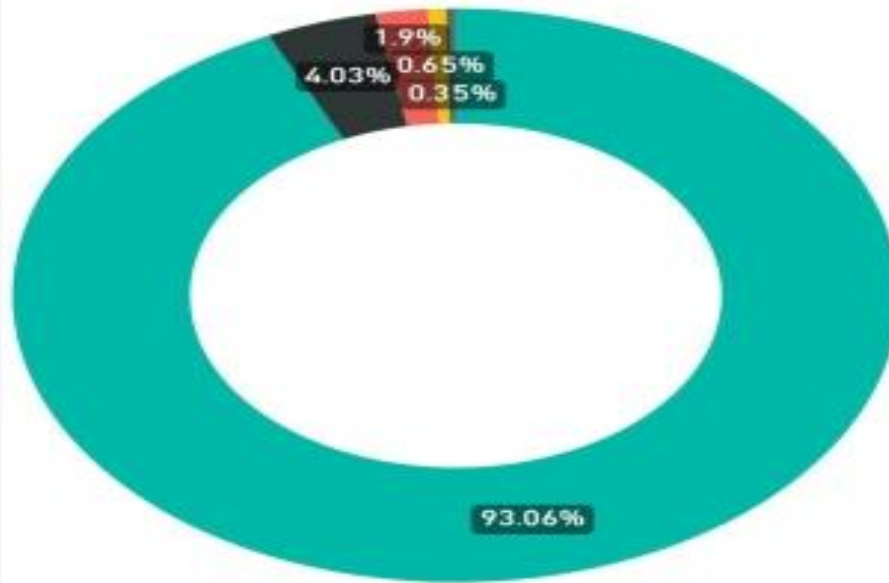
- Expected behaviour of wind
 - ▶ Wind expected to be active in the DA
 - ▶ Forecasting error in the ID
 - ▶ Minimising exposure to the BM



The SEM Markets

- Expected split of volumes?

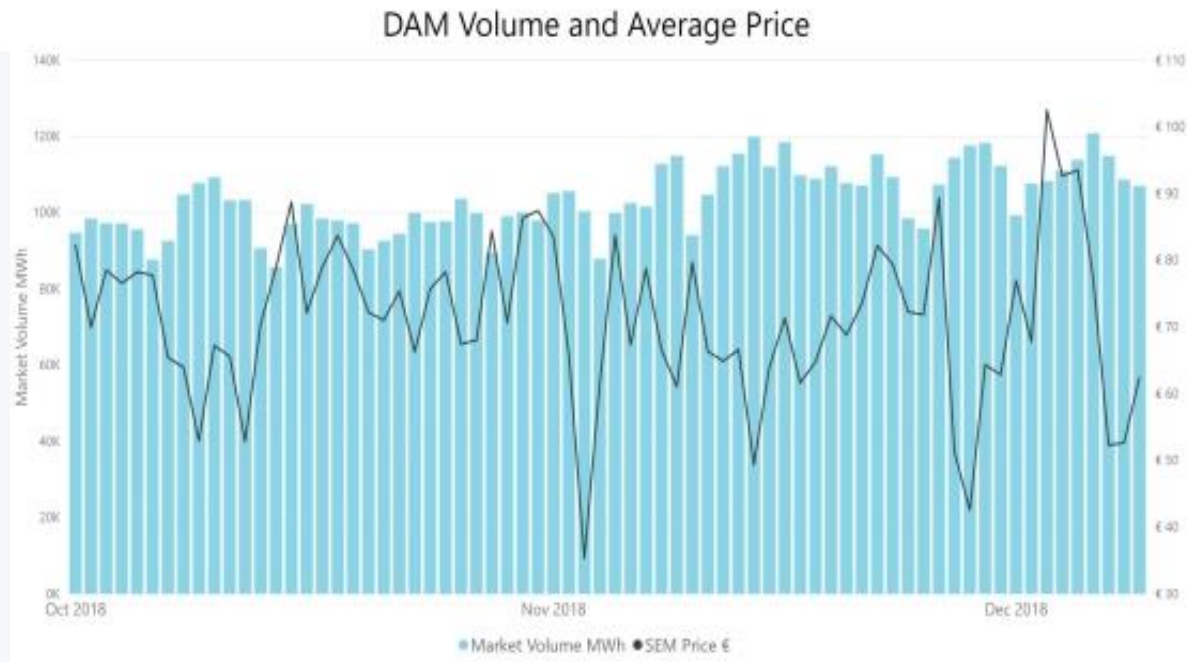
Market Share by Value



● DAM ● IDA1 ● IDA2 ● IDA3 ● IDC

Day Ahead Market

- ▶ First seventy days
- ▶ Value c €532m
- ▶ Average daily price €71.24
- ▶ Lowest hourly €0
- ▶ Maximum €281.88.



Intra Day Ahead Markets

Prices

- ▶ IDM1 €69.1
- ▶ IDM2 €80.07
- ▶ IDM3 €88.89
- ▶ IDA C €72.08.

Value

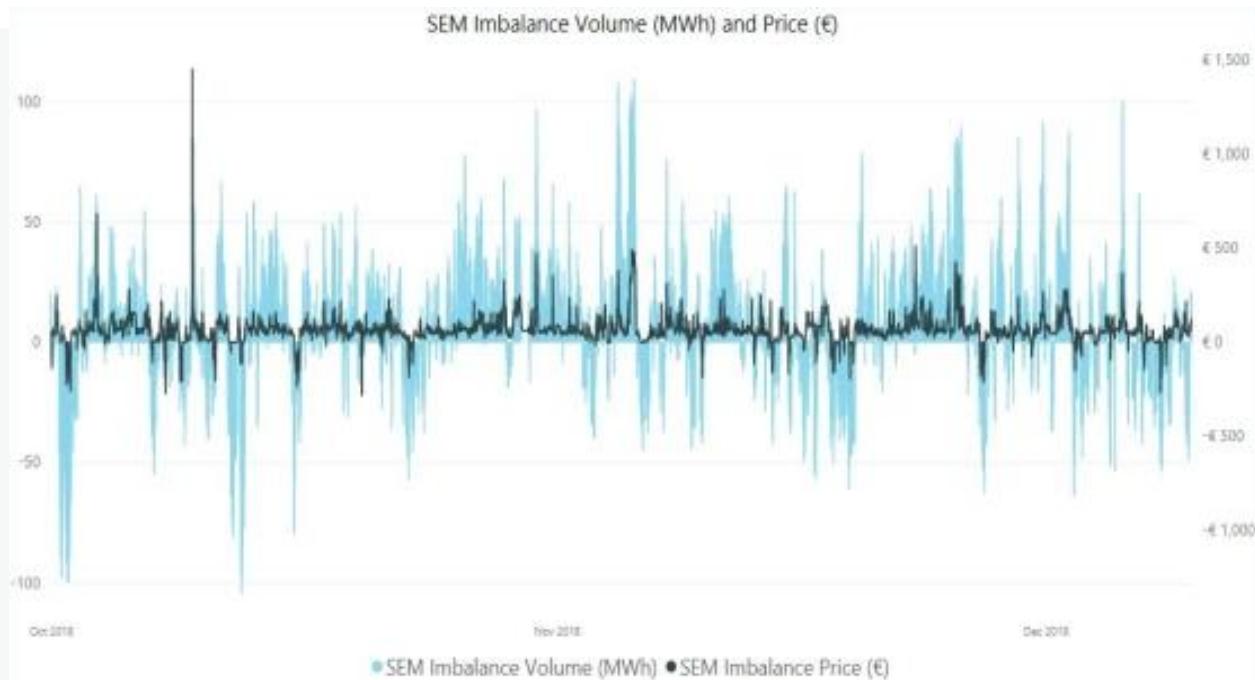
- ▶ IDM1 €23m
- ▶ IDM2 €11m
- ▶ IDM3 €3.7m
- ▶ ICMC €2m



Balancing Market

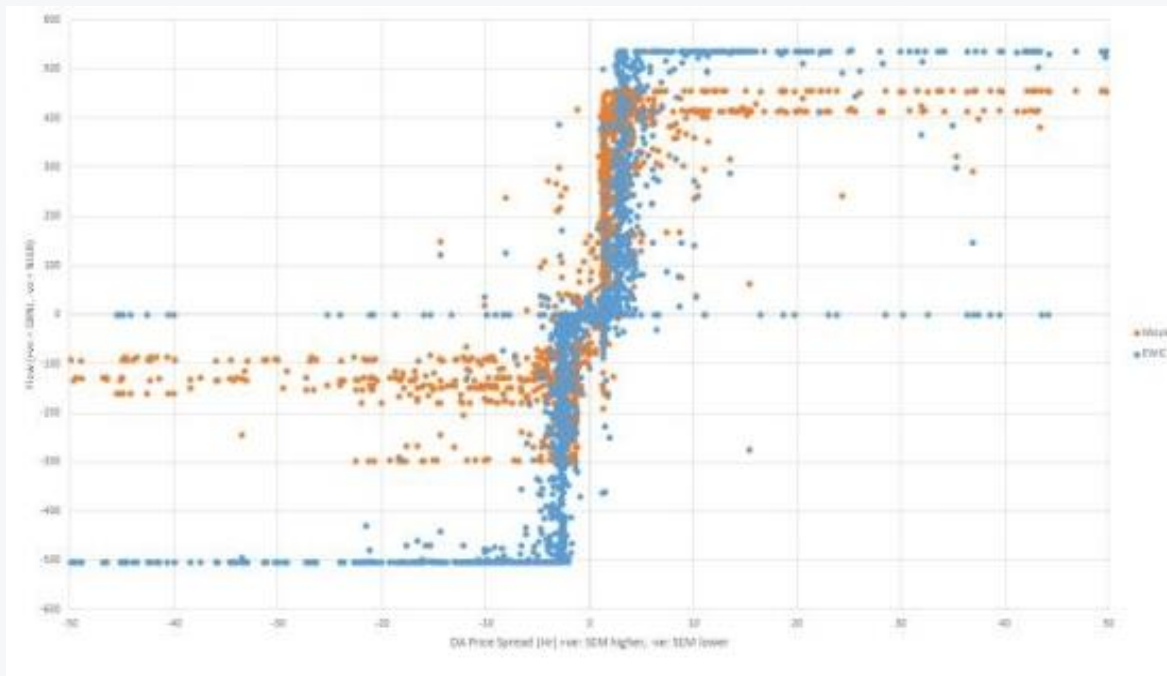
■ Price

- ▶ Average €67 over period
- ▶ Negative prices
- ▶ Prices >500



Interconnector Flows

- X-axis DAM prices SEM and GB
RHS SEM > GB
so Import
- Y-axis Vol and Flow
Topside Import
GB to SEM



No Deal Brexit

■ GAS

Flows of gas between Great Britain and Ireland take place through the gas interconnectors. Trade across these interconnectors is facilitated by a European trading platform. In the event of a no deal Brexit, this platform will continue to be used, and trade will be unaffected. Gas will continue to flow.

■ ELECTRICITY

The Single Electricity Market allows generators and suppliers to trade electricity in a single market across the island of Ireland. This all-island trade will continue, even in the event of a no deal Brexit. Trade between Ireland and Great Britain, through the interconnectors, will continue although this trade may be less efficient, as some of the European platforms may not be used in the same way as today.

No Deal Brexit

■ DA and ID

Currently the Day Ahead Market operates as part of a pan-European market. Electricity is traded across almost all the EU Member States simultaneously in this market. Ireland is connected to this market through Great Britain. In the event of a no deal Brexit, this market will almost certainly be less efficient than today as Great Britain will no longer be part of the pan-EU market and the SEM will become an isolated market. The CRU will seek to minimise this loss in efficiency, working in conjunction with DCCAE and EirGrid and through engagement with the European Commission. Trade with Great Britain will continue, unaffected, in the Intra Day Market.

No Deal Brexit

■ DS3 and CRM

The SEM covers areas outside of the energy trading arrangements described above, including ancillary services and a Capacity Market. In the Capacity Market, generators compete with each other for contracts to provide generation capacity for the island of Ireland. This is to ensure that there is sufficient generation available to meet the expected demand.

At its meeting on 29 February, the SEM Committee confirmed that the T-4 Capacity Auction for Capacity Year 2022/23 will proceed on 28 March 2019 as set out in the published capacity auction timetable. Regardless of any type of Brexit, contracts awarded in this auction will be honoured.



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