

IWEA response to the Draft SEMOpx Rules

24 February 2017

IWEA welcomes the opportunity to respond to the comment on the Draft SEMOpx Rules which were published on 19th January for discussion at the Business Liaison Group (BLG) meeting on 2nd February 2017. We note that the draft is not complete and therefore our comments are in relation to the text which has been provided, along with some commentary on the sections where drafting is not yet available.

IWEA would like to note that there are currently a number of draft documents in circulation relating to the ex-ante markets for I-SEM. While we welcome the extensive publication of materials relating to the market design relating to all the timeframes, it would be very useful for industry participants and stakeholders to be able to easily identify the documents where feedback is welcome or requested and the timeframe for providing this feedback. At the BLG on 2nd February it was noted that the timeframe for feedback on these Draft SEMOpx rules would be provided in the minutes from the meeting, however no such date has been provided.

General Comments

Market Readiness

Until we have clarity in relation to the detail of the Intra-Day Market, the timing of auctions and the mechanisms for continuous intraday trading, it is not possible for wind generators to procure the required systems to trade wind generation effectively. The trading systems for wind will inevitably be more complex due to the need for forecast data to be included. This lack of clarity is impacting the ability of market participants to prepare for the transition to the new market.

Aggregation

Aggregation is still an outstanding issue and a solution is required to allow wind to trade as aggregated units in the ex-ante markets. IWEA has previously outlined the benefits of ensuring aggregation is available in the ex-ante markets.

Intra-Day Market

The Intra Day Market development has not been satisfactory. We still do not know if regional auctions are going to happen and, if so, how many and when. While we have an indicative outline, this is potentially subject to change following negotiation with counterparts in GB.

There has been no acknowledgement of liquidity concerns in the I-SEM only market by the RAs and, again, aggregation is required to allow practical trade volumes and promote liquidity.

Clearing Arrangements

IWEA has concerns that smaller participants may not be able to access the clearing arrangements for the ex-ante markets, and, as a result, their ability to trade will be undermined. We request that further consideration is given to special clearing arrangements for smaller participants. Without this facility it may not be possible for small participants to avail of the Agent of Last Resort facility. It will also impact the ability of commercial aggregators to emerge in the market. If this requires further consultation then we believe this is an appropriate step to ensure efficient operation of the market.

Specific Comments on the Draft Rules

Exchange Committee

The rules as drafted only allow Exchange members to be on the Exchange Committee. Can provision be made for nominated representative of an Exchange Member to be on the Exchange Committee?

B.3.3.1 SEMOpx shall develop, maintain and publish Procedures in accordance with this section B.3.3 and section J.1 to be followed by Parties in performing obligations and functions under these Exchange Rules.

Clarity is required on when the Procedures will be available.

Governing Law and Jurisdictions

B.3.5.1 These Exchange Rules and the Procedures and any disputes arising under, out of, or in relation to them shall be interpreted, construed and governed in accordance with the laws of Northern Ireland.

Is this appropriate or will this need to be reviewed when Northern Ireland leaves the EU?

Eligibility for Exchange membership

C.1.2.1 In order to be eligible to become an Exchange Member, a person must:

(d) have the technical capability to trade on the systems of the Exchange;

Clarity is required that registration with the AOLR fulfils this requirement.

THIRD PARTY BENEFICIARIES

G.7.1.1 Subject to paragraph G.7.1.2, a person who is not a Party shall not have the right (whether under the Contracts (Rights of Third Parties) Act 1999 (United Kingdom), or otherwise) to enforce any provision of these Exchange Rules, the Procedures or the Exchange Membership Agreement, and these Exchange Rules and the Exchange Membership Agreement shall not be construed as granting

rights to or imposing any duty or liability on or to, or any duty of care with reference to, any person who is not a Party.

This clause references G.7.1.2. which is not in the draft rules as published. This needs to be updated.

H.5. Confidentiality

Publication of Information

IWEA believes that the following should be published:

- Day Ahead Clearing Price and Volume
- Volume of Wind Cleared in DAM
- Wind Forecast
- Demand Forecast

IWEA believes that the following information should remain confidential:

- Individual Participant Bids and Offers

J. MODIFICATIONS TO EXCHANGE RULES AND PROCEDURES

J.2.1.1 A Modification Proposal may be put forward by any Party to the Exchange Membership Agreement, the Exchange Committee, the Regulatory Authorities, or SEMOpx.

There should be a provision for anyone to propose a modification. It is possible that the rules as drafted preclude potential participants who are not in a position to propose a modification. This would be similar to the current modification process under the TSC.

There does not appear to be a requirement to publish Modification Proposals. This requirement should be included in the rules.