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14 Queen Street,
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Elaine Gallagher
Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24.

17th April 2015

Dear Leigh and Elaine,

Bord na Móna (BnM) welcomes the opportunity to respond to the Regulatory Authorities' (RAs) Consultation Paper on the I-SEM Roles and Responsibilities (SEM-15-016). BnM fully supports the RAs' objective of setting out the key roles and responsibilities amongst parties in the new market in a clear, transparent and non-discriminatory manner with the aim of providing regulatory certainty and stability to its participants.

In this regard, BnM wishes to avail of the opportunity to comment on the proposed positions detailed in this consultation paper.

Synergies and Conflicts of Interest Related to I-SEM Operational Rules

BnM supports the RAs' endeavours to analyse potential synergies and to mitigate conflicts of interest between the TSOs and the market operator(s) with the view of minimising transaction costs to market participants and, as a result, to reduce the end-consumer costs.

BnM sees merit in ring-fencing transmission system operation functions from administration and financial settlement functions in the I-SEM to avoid any conflict of interest, which may result in increased consumer costs. With this structure in mind, it would appear appropriate that the TSOs should carry out the role of the delivery body for the capacity mechanism on top of being responsible for dispatch and balancing, whilst the settlement functions can be administered by the market operator(s).

BnM agrees with the view of the RAs that in a relatively small size market, such as the I-SEM, a single (ring-fenced) market operator covering administrative and settlement functions across all marketplaces is required, if synergies are to be realised. This can result in lowered transaction costs charged to the market participants that can be passed on to the end consumer. However, increased regulatory oversight may be required to mitigate any potential conflicts of interest between the TSOs and market operator(s). In particular conflict of interest relating to operation of EWIC and the TSO's provision of balancing services should be considered at this stage in the development of the I-SEM.

In addition, considerations should be given to conducting a comparative analysis of costs associated with system operation and administration, including a review of best international cost mitigation practices. With that, BnM welcomes RA's proposal to consult further on potential synergies and conflicts of interest, as well as analysing viable mitigating measures.

NEMO Designation

BnM recognises that neither Governments are intending to invoke the national legal monopoly for the provision of Day Ahead and Intra Day market operation services; however, for the reasons stated above, an unsurprising outcome of the designation process may be the emergence of a natural monopoly. BnM envisage that the RAs will develop adequate oversight provisions to monitor the operations of the newly designated entity and, as mentioned previously, to assess for actions that could be deemed as a conflict of interest, as well as compare its performance against best international practices using a series of quantitative measures.

BnM believes the RAs have presented a comprehensive list of NEMO designation criteria with an appropriate demand to provide evidence of the necessary competencies.

Should you require clarification on any of the proposals do not hesitate to contact myself.

For and on behalf of Bord na Móna PowerGen,



Marina Petcova

Policy Analyst