

**Invitation for NEMO applications for
I-SEM
(Ireland and Northern Ireland)**

**Invitation
13 May 2015**

SEM-15-033n

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2 PURPOSE OF THIS PAPER

This paper formally invites interested parties to submit applications to be designated as a NEMO in Ireland and Northern Ireland for single day ahead and/ or intraday coupling pursuant to the requirements of the Regulation on Capacity Allocation and Congestion Management (CACM).

Applications are due to be submitted to both Regulatory Authorities in Ireland and Northern Ireland by 5.00p.m. on 24 June 2015. Applications should be submitted in hard copy to the addresses noted in Section 4, and also directed electronically to both:

Elaine Gallagher, CER (egallagher@cer.ie)

and

Leigh Greer, UR (Leigh.Greer@uregni.gov.uk)

Three hard-copies of each application should be submitted to each Regulatory Authority; the hard-copies must be with the Regulatory Authorities by the stipulated deadline of 5.00p.m. on 24 June 2015.

3 BACKGROUND

On 6 March 2015, the Regulatory Authorities (RAs) in Ireland (the Commission for Energy Regulation) and Northern Ireland (the Utility Regulator) published a joint consultation paper on proposed roles and responsibilities for the new Integrated Single Electricity Market (I-SEM)¹, due to be implemented on the island of Ireland by Quarter 4 of 2017. The consultation paper was subject to a 6-week consultation period with receipt of responses due by 17 April 2015.

The purpose of the I-SEM Roles & Responsibilities Consultation was to provide our minded-to position on the assignment of I-SEM roles and responsibilities, and to invite stakeholder views on our interpretation of the Nominated Electricity Market Operator (NEMO) designation criteria outlined in Article 6 of CACM, which applicants must meet in order to be designated a NEMO. Within the paper, we indicated that a separate invitation for NEMO designation would be issued in May 2015. This paper fulfils that undertaking. A separate paper has been published alongside this invitation entitled '[Clarification of the RAs' Interpretation of the NEMO Designation Criteria outlined in CACM Article 6](#)'.

Subsequent to receipt of a letter from DCENR to the Commission for Energy Regulation (CER) stating that Ireland does not intend invoke Article 5 of CACM and subsequent to confirmation from DETI to the Utility Regulator (UR) confirming that a National Legal Monopoly² does not exist in Northern Ireland³, both RAs will follow the NEMO designation process outlined in Article 6 of CACM.

As requested by the respective Departments and in line with the close co-operation between the RAs on cross border issues, we intend to carry out the NEMO designation process for Ireland and Northern Ireland in a coordinated manner. We request that applications for the NEMO role are submitted separately to both Regulatory Authorities. Article 4(5) of CACM provides that a NEMO that is designated in one Member State shall have the right to offer day ahead and intra-day trading services in another Member State. Therefore we intend that designation of NEMOs by the RAs will apply to the I-SEM as a whole, reinforcing our co-ordinated and joined-up decision-making process.

¹http://www.allislandproject.org/en/TS_Current_Consultations.aspx?article=5d172226-e065-4bba-9ff9-80512012c885&mode=author

² See: Article 5 of CACM: http://ec.europa.eu/energy/sites/ener/files/documents/cacm_final_provisional.pdf

³http://www.allislandproject.org/en/TS_Current_Consultations.aspx?article=5d172226-e065-4bba-9ff9-80512012c885&mode=author

4 FORMAL INVITATION FOR APPLICATIONS SEEKING NEMO DESIGNATION IN NORTHERN IRELAND/ IRELAND FOR SINGLE DAY AHEAD AND/ OR INTRADAY COUPLING

4.1 Application Process

All interested parties are invited to submit applications separately to the CER and UR for single Nominated Electricity Market Operator (NEMO) for Day Ahead and/ or Intraday Coupling either through the initial designation process or the subsequent ongoing process.

Initial applications may be made separately to both Authorities by **5.00p.m. on 24 June 2015**, stating clearly whether it is for Day Ahead and/ or Intraday coupling. We welcome applicants to meet with us in advance to discuss this draft application.

Three hard-copies of initial applications should be sent to each Regulatory Authority no later than **5.00p.m. on 24 June 2015** to:

Elaine Gallagher
Commission for Energy Regulation (CER)
The Exchange
Belgard Square North
Tallaght
Dublin 24
Ireland

Leigh Greer
Utility Regulator
14 Queen Street
Belfast
BT1 6ED

In addition, a soft copy of the application should be sent to each Regulatory Authority to Elaine Gallagher at the CER at: egallagher@cer.ie and to Leigh Greer at UR at: Leigh.Greer@uregni.co.uk.

Applicants must complete the application template set out in the Annex to this paper and include this in their final submission. The template requests applicants to provide certain specific information to help process and assess submissions. Applicants should include any necessary support material within their application which they intend to use to demonstrate how the applicant meets the RAs understanding of the criteria laid out in Article 6 of CACM.

Applicants should clearly identify in any application any document or part of a document which the applicant considers to be confidential and provide reasons to support its confidentiality.

The RAs will provide feedback on the initial application to each applicant following submission; the RAs will provide a view as to whether the submission is likely to meet the RAs' understanding of the criteria laid out in Article 6 of CACM.

Following submissions in June, we may require further input from applicants to allow us flexibility in decision-making. Applicants will be informed of any further requirements for revised submissions throughout the engagement process after initial submissions are made in June. A final decision on NEMO designation will be made by October 2015 (assuming that CACM enters into force before this date).

4.2 Designation Process

Article 4.3 of CACM requires that unless otherwise provided for by Member States, Regulatory Authorities shall be the designating authority for (a) NEMO(s). The Department of Communication, Energy and Natural Resources in Ireland and the Department of Enterprise, Trade and Investment in Northern Ireland have each acknowledged that the respective RAs are the designating authority in Ireland and Northern Ireland⁴.

Article 6 of CACM provides that an applicant shall only be designated as a NEMO if it complies with a number of criteria. The NEMO designation process is to ensure that applicant NEMOs are CACM compliant or that they have the capability to comply with the requirements of CACM upon being designated a NEMO. The Utility Regulator and the Commission for Energy Regulation will assess whether applicants meet the Article 6 criteria in CACM.

NEMO designations and or decisions to reject applications will be based on whether each regulatory authority considers the applicant meets the Article 6 criteria in CACM. The template contained in Annex 1 of this paper is considered to be an assessment of an applicants' capability to perform the NEMO tasks set out in CACM Article 6 for single day ahead and/ or intraday coupling.

⁴ See: http://www.allislandproject.org/en/TS_Current_Consultations.aspx?article=5d172226-e065-4bba-9ff9-80512012c885&mode=author

5 NEXT STEPS

We indicated in the I-SEM Roles & Responsibilities consultation paper⁵ that we would be happy to meet potential applicants for the NEMO role to discuss the content of their application. Meetings will take place between 1 June and 12 June, and will be arranged by the RAs in due course.

The deadline for receipt of initial applications for the NEMO role will be **5.00p.m on 24 June 2015**. As the NEMO designation is a Member State responsibility under CACM, formal decisions will be made by CER and UR separately and final decisions will be taken by the CER and the UR.

We will provide our initial views directly to applicants as to whether they are likely to meet the designation criteria based on their initial submission. Engagement between RAs and applicants for understanding and clarification will take place during July 2015. Final applications may then be required to be submitted, dependant on the outcome of engagement with applicants and any RA requirement for further information to support the applications based on discussions.

Regarding further NEMO applications for designation beyond this initial application process we intend that interested parties may submit such applications to the RAs on an annual basis following initial designation.

A decision will be published by October 2015 assuming CACM has entered into force by June 2015.

Table 1: Key Milestones

Process	Dates
Meet applicants pre-submission (RAs jointly)	1-12 June 2015
Deadline for submission of initial or draft applications	24 June 2015
Initial feedback to applicants as to whether they are likely to meet the designation criteria based on applicants' initial application. Regulatory Authorities may seek additional information etc.	July 2015
Decision	October 2015

⁵ [SEM-15-016 I-SEM Roles and Responsibilities Consultation Paper SEM-15-016 I-SEM Roles and Responsibilities Consultation Paper.pdf](#)

6 ANNEX: APPLICATION TEMPLATE TO BE COMPLETED AND SUBMITTED WITH INITIAL DRAFT SUBMISSION AND FINAL APPLICATION BY CANDIDATES

6.1 Background Questions

Please provide a statement of the natural or legal entity applying to be designated a NEMO in Ireland/NI for single day ahead and/ or intraday coupling, and confirmation of whether this entity is a national legal monopoly in any other Member State: **[please complete]**

Please provide a statement of whether the candidate is applying for designation in Ireland/NI for single day ahead and/ or intraday coupling: **[please complete]**

Please provide a statement of whether all or part of the submission is confidential, the reasons why, and that the confidential information is clearly marked confidential: **[please complete]**

Please provide contact information to be used for all correspondence during the designation process: **[please complete]**

6.2 Submission of evidence to demonstrate candidate meets the criteria for designation set out in the Regulation on CACM

Applicants should complete the template provided in Annex 1 below to demonstrate how it meets or will meet the criteria for designation set out in Article 6 of CACM. Further sheets may be added.

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
6.1.(a) Adequate Resources	it has contracted or contracts adequate resources for common, coordinated and compliant operation of single day-ahead coupling and/or single intraday coupling, including the resources necessary to fulfil the NEMO functions, financial resources, the necessary information technology, technical infrastructure and operational procedures or it shall provide proof that it is able to make these resources available within a reasonable preparatory period before taking up its tasks in accordance with Article 7.	<p>Applications must provide evidence of capability to deploy necessary resources for NEMO functions, including financial resources, the necessary information technology, technical infrastructure and operational procedures sufficiently in advance of October 2017 when the operational aspects of day ahead and intraday market coupling shall apply in Ireland and Northern Ireland and the I-SEM is due to go live.</p> <p>Applications should provide evidence of how it intends to operate single day ahead and intraday coupling and in particular whether functions will be delivered internally or outsourced.</p>	<p>Confirmation of where the relevant information is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.</p> <p>[please complete]</p>

⁶ Please refer to a separate published paper entitled ‘Clarification of the Regulatory Authorities’ Interpretation of the NEMO Designation Criteria outlined in CACM Article 6’ for explanation of any revisions made to our original interpretation of the NEMO designation criteria as published in our consultation on ‘I-SEM Roles and Responsibilities’ of 6 March 2015

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
		Furthermore, evidence must be provided of the applicant's ability to provide resources for the development of the terms and conditions or methodologies by NEMOs set out in Article 7 and other preparatory arrangements required in Ireland and Northern Ireland prior to Q4 2017.	
6.1(b) Access to information	it shall be able to ensure that market participants have open access to information regarding the NEMO tasks in accordance with Article 7.	<p>Applications must provide evidence that they have the capability to publish and make available to market participants in Ireland and Northern Ireland all relevant information for the day ahead intraday market set out in CACM Article 7 sufficiently in advance of October 2017 when the operational aspects of day ahead and intraday market coupling shall apply in Ireland and Northern Ireland and the I-SEM is due to go live</p> <p>Access to such information should be available to all market participants on an equal and non-discriminatory basis.</p>	<p>Confirmation of where the relevant information is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.</p> <p>[please complete]</p>

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
		Applications shall provide evidence that they have the ability and will represent market participants at EU level and provide adequate information etc.	
6.1(c) Cost Efficient	it shall be cost-efficient with respect to single day-ahead and / or intraday coupling and shall in their internal accounting keep separate accounts for MCO functions and other activities in order to prevent cross-subsidisation.	<p>Applications will be expected to provide evidence that they can ensure the implementation of the most cost effective solutions for performing the day ahead and intraday market operation functions in the I-SEM. Examples of evidence could include research or benchmarking on various options available, comparing standardised and bespoke systems.</p> <p>Given the economies of scope arising from performing market operator tasks across a number of markets, we expect that applicants could outsource the MCO functions to third parties if they are not already carrying out such functions and if it is evidenced as cost effective to do so.</p>	<p>Confirmation of where the relevant information is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.</p> <p>[please complete]</p>

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
		Applications must also demonstrate that they will be able to provide a breakdown between the costs associated with MCO activities and other NEMO or market operator costs, and that such cost breakdowns will be provided annually for review.	
6.1(d) Adequate Business Separation	it shall have an adequate level of business separation from other market participants.	<p>Applications should state clearly the legal entity applying for designation and provide detail of its corporate structure. This is without prejudice to standard provisions of assignment.</p> <p>Applications shall be required to provide evidence of an adequate level of business separation between the NEMO functions and other market participants functions (including those of the TSOs) or provide detail of plans to put this in place sufficiently in advance of October 2017 when the operational aspects of day ahead and intraday market coupling shall apply in Ireland and Northern Ireland and the I-SEM is</p>	<p>Confirmation of where the relevant information is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.</p> <p>[please complete]</p>

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
		<p>due to go live.</p> <p>The RAs shall consider the level of ‘adequate separation’ and monitor this on an ongoing basis in accordance with their duties under Article 4 and 5 of CACM taking into account synergies and conflicts of interest between the market operator and TSO roles in the I-SEM.</p>	
<p>6.1(e) No cross subsidisation for national monopolies</p>	<p>if designated as a national legal monopoly for day-ahead and intraday trading services in a Member State, it shall not use the fees in Article 5(1) to finance its day-ahead or intraday activities in a Member State other than the one where these fees are collected.</p>	<p>Where applicable, applications must include evidence that they have separate accounts for any services provided as a national legal monopoly for day ahead and intraday to prevent cross-subsidisation.</p>	<p>Confirmation of where the relevant information is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.</p>

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
			[please complete]
6.1(f) Non-discriminatory treatment of market participants	it shall be able to treat all market participants in a non-discriminatory way.	Applications shall provide evidence that it shall not unduly discriminate between market participants and that market participants in the I-SEM shall be sufficiently informed and consulted on the day to day management and development of the single day ahead and intraday coupling.	Confirmation of where the relevant information is provided in main or supporting annex documents. Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential. [please complete]
6.1(g) Market Surveillance	it shall have appropriate market surveillance arrangements in place.	Applications must include evidence that it will have the capability to deploy the necessary market surveillance arrangements sufficiently in advance of October 2017 when the operational aspects of day ahead and intraday market coupling shall apply in	Confirmation of where the relevant information is provided in main or supporting annex documents. Confirmation of whether

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
		Ireland and Northern Ireland and the I-SEM is due to go live, where relevant this should include evidence of training and monitoring procedures to identify and report on any potential market abuse consistent with Regulation (EC) 1227 (2011) on REMIT	all or part of the information is confidential together with an explanation of why this information is confidential. [please complete]
6.1(h) Transparency and Confidentiality	it shall have in place appropriate transparency and confidentiality agreements with market participants and the TSOs.	Applications shall provide evidence of appropriate transparency and confidentiality agreements and controls/ proposed transparency and confidentiality agreements and controls which the applicant intends to implement with market participants and TSOs.	Confirmation of where the relevant information is provided in main or supporting annex documents. Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
			[please complete]
6.1(i) Clearing and Settlement Services	it shall be able to provide the necessary clearing and settlement services.	<p>Applications must include evidence that they have, or can contract an entity which is able to provide:</p> <ul style="list-style-type: none"> - adequate capitalisation and financial security, together with procedures in place to ensure satisfactory guarantees for settlements, necessary to clear and settle exchange of energy resulting from single day ahead and/or intraday coupling. - the technical, operational and contractual arrangements to clear and settle exchange of energy resulting from single day ahead and/or intraday coupling. <p>This evidence must be available sufficiently in advance of October 2017 when the operational aspects of day ahead and intraday market coupling shall apply in Ireland and Northern Ireland and the I-SEM is due to go live</p>	<p>Confirmation of where the relevant information is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.</p> <p>[please complete]</p>
6.1(j) Communication systems with TSOs	it shall be able to put in place the necessary communication systems and routines for coordinating with the TSOs of the Member	Applications must include evidence that they have, or sufficiently in advance of October 2017 when the operational aspects of day	Confirmation of where the relevant information

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
	State;	ahead and intraday market coupling shall apply in Ireland and Northern Ireland and the I-SEM is due to go live are capable of putting in place the necessary communication and technical systems and agreements for coordinating with the TSOs in Ireland and Northern Ireland including the Moyle and East West interconnectors and contingency plans for communicating with the TSOs.	<p>is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of why this information is confidential.</p> <p>[please complete]</p>
2. Fair and non-discriminatory application of criteria	The designation criteria shall be applied in such a way that competition between NEMOs is organised in a fair and non-discriminatory manner.	The RAs intend to consider each application for designation based on whether they meet the designation criteria. While the CER and UR are responsible for NEMO designation in Ireland and Northern Ireland respectively, we intend to make a coordinated and simultaneous decision on NEMO designation. In considering this, the RAs will also take into account how the long and short term interests of consumers in Ireland and in Northern Ireland can be best served by applications for the NEMO role and the	<p>Confirmation of where the relevant information is provided in main or supporting annex documents.</p> <p>Confirmation of whether all or part of the information is confidential together with an explanation of</p>

Criterion	CACM Article 6 Designation Criteria	Application of the Criteria in Ireland and Northern Ireland ⁶	Confirmation that information has been submitted: Y/N
		synergies and conflicts of interest that may arise in relation to other market operator and TSO roles in the I-SEM.	why this information is confidential. [please complete]