



I-SEM:

**Market Rules Information Note and Invitation for
Nominations to Participate in Market Rules
Working Group**

7 October 2015

SEM-15-078

1. TRADING & SETTLEMENT CODE MODIFICATION PROCESS

1.1 Background

On 4 September 2015, the SEM Committee published an Information Paper “I-SEM: Modification of the Trading and Settlement Code to Implement I-SEM” (SEM-15-060)¹. The paper sought comments on the Regulatory Authorities’ plans to submit a Modification Proposal for the implementation of the I-SEM changes into the SEM Trading and Settlement Code (the Code) and sought comments by 18 September 2015.

Responses to the Information Paper have now been received. All the respondents were in favour of an approach to develop the detailed rules and legal drafting for I-SEM which involved industry working groups led by the Regulatory Authorities (RAs). For a variety of reasons, respondents were not in favour of using the current SEM Trading and Settlement Code (the Code) Modification Process².

1.2 Way Forward

After consideration of responses and given the majority views of respondents, the RAs have decided not to initiate this process by raising a Modification Proposal under the Code. Instead the RAs will set up, and will chair, an initial Working Group as described in the attached Draft Terms of Reference prepared by the Project Team³). The Draft Terms of Reference will be discussed at the initial Working Group meeting scheduled for Thursday, 22 October 2015 and will later be finally approved by the RAs and published I- in early November 2015.

Within the Project Team, the TSOs (with support from SEMO) will lead on the preparation of plain English text and legal drafting and the RAs will oversee the process to ensure that design decisions are implemented as intended.

2. I-SEM TSC WORKING GROUPS

1.1 Invitation to submit nominations for I-SEM Rules Working Group

The RAs request that industry nominates individuals to participate in the I-SEM Rules Working Group. We ask that each organisation limit their nominations to two persons, one I-SEM Rules Working Group Member and one Alternate Member (both Member and Alternate Member may attend the initial meeting, thereafter one member only to attend).

Please submit nominations by 5.00pm on Wednesday 14 October 2015 to both:

- Elaine Gallagher at CER (egallagher@cer.ie) and
- Leigh Greer at the Utility Regulator (Leigh.Greer@uregni.gov.uk)

¹ http://www.allislandproject.org/en/wholesale_overview.aspx?article=6f7e50f6-068e-4f3b-9339-08180b7d33af

² All the non-confidential responses are being published with this paper.

³ See Appendix 1

1.2 Requirements of Working Group membership

The RAs require that the Working Group meetings should be open to all stakeholders. However, there will be resource and time-intensive work for members of the I-SEM Rules Working Group to do in order to develop the detailed legal drafting for the I-SEM rules. The RAs also take the view that no company should nominate more than two individuals to participate in the I-SEM Rules Working Group; one such nominee will attend each meeting.

It is expected that subsequent meetings of the I-SEM Rules Working Group will be at five week intervals. The I-SEM Rules Working Group may decide that sub-groups should be set up to consider particular areas, for example the treatment of Special Units in the rules or the approach to Meter Readings. These sub-groups will also be chaired by the RAs.

The first area of consideration of the I-SEM Rules Working Group will be the Balancing Market. In preparation, the Project Team plans to circulate papers on imbalance pricing, on the financial aspects of curtailment and on the calculation of payments and charges two weeks ahead of the first I-SEM Rules Working Group meeting for the consideration of members. After the meeting it is proposed that members will have five days to send comments to the Project Team for consideration. The Project Team will use that feedback to update a “Plain English Version” of the requirements, which will be circulated for consideration (over a two week period) before the next I-SEM Rules Working Group meeting. At the second working group meeting a further area of the requirements will be put forward by the project team for consideration.

It is expected that at least six I-SEM Rules Working Group meetings will be required between October 2015 and June 2016. This will require a serious commitment of time and effort by members of the I-SEM Rules Working Group and of any sub-groups. Such members will also need an understanding of the published decisions on the I-SEM in order to be able to contribute to the development. It is worth considering that membership of the I-SEM Rules Working Group and of sub-groups may need to change as different topics are considered. The likely list of topic areas is outlined in the Terms of Reference in Appendix 1 (note: to be inserted after approval at PB).

It is expected that the process of developing detailed legal drafting for the I-SEM rules will take about a year. The RAs would encourage participation in and contribution to the I-SEM Rules Working Group, which will form part of the consultation process.

1.3 Initial diary dates

The initial meeting of this working group (the I-SEM Rules Group) will be on 22 October 2015. The initial meeting will essentially be a ‘kick-off’/ housekeeping meeting to clarify the Terms of Reference.

The subsequent meeting of the I-SEM Rules Working Group will be held on 5 November 2015 to discuss imbalance pricing, calculation of imbalance payments & charges and dispatch operations. Documentation to review in advance of that working group meeting will be circulated to those who are nominated to join the group on 22 October 2015.

3. NEXT STEPS

1.4 Nominations

The RAs request that industry nominates two individuals who could to participate in the I-SEM Rules Working Group. We ask that each organisation limit their nominations to two persons, one proposed Member and one proposed Alternate Member (both Member and Alternate Member to attend the initial meeting, thereafter one member only to attend).

Please submit nominations by 5.00pm on Wednesday 14 October 2015 to both:

- Elaine Gallagher at CER (egallagher@cer.ie) and
- Leigh Greer at the Utility Regulator (Leigh.Greer@uregni.gov.uk)

1.5 I-SEM Market Rules Implementation

As the majority of responses indicated a clear preference for an RA led Working Group, the I-SEM Rules Working Group is now being established as set out above. The RAs are giving further consideration to the process by which the I-SEM market rules are given legal effect. A detailed outline of this process will be published for information in **December 2015**.