



**Electric Ireland Response:
Trading and Settlement Code Consultation**

SEM-16-075u

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SUMMARY INFORMATION

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Type of Stakeholder	Supplier
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General Comments

Electric Ireland (EI) welcomes the opportunity to comment on the consolidated Trading and Settlement Code (T&SC) documents. Much of the content has already been presented at the Market Rules Working Group (MRWG) meetings and has had the benefit of peer review largely through the mechanism of submission of comments to, and replies from, the SEMO team rather than debate at the meetings which has been limited.

However there are a number of aspects which are incomplete, inadequately developed, or badged as 'interim' with the prospect of 'enduring' arrangements to follow at some later undefined time. Some aspects are also subject to outstanding Regulatory Authority (RA) decisions, such as the algebra dependent on the Supplier Charging Decision, and it is not clear what process will apply for proper consultation on these aspects. Most of EI's comments below relate to these aspects.

As a general remedy which may apply to both the T&SC and the Capacity Market Code, EI proposes that where aspects have been presented as interim solutions (e.g. at Dundalk Emerging Thinking events or in MRWG meetings), these should be acknowledged within the T&SC in the form of an additional schedule which identifies and lists these aspects which will require an enduring solution to be developed in the future. In addition, where possible for these aspects, if the elements that have not been implemented for Go-Live can be further identified or the intended principles to be implemented later can be described, then this would provide valuable clarity to Market Participants in the process of acceding to this new T&SC.

I-SEM TSC COMMENTS

ID	I-SEM TSC Reference	Short Title	Commentary / Explanation	Suggested Drafting Change to the TSC	Relevant Cross-Reference for any impacted section
1	B.20	Supplier of Last Resort	The text and process outlined in this section (and the associated Section B.18 and AP18) require further detail in order to more clearly define the SoLR procedures including registration, timeframes, and required actions, roles and responsibilities of the registered SoLR.	<p>Expand section B.20 and/or AP18 to describe the SoLR procedures in more detail.</p> <p>Electric Ireland welcomes discussion on the SOLR process now that the development of rules around default, suspension, termination have been finalised.</p> <p>We recognise that tighter processes around suspension and termination of defaulting parties, including regulatory approval and application of "change of supplier" messages in the retail market will have a direct impact on participant's collateral requirement in the wholesale market.</p>	B.18 Default, Suspension and Termination.

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2	F.18.4-6	Difference Payments for DSUs	<p>Sections F.18.4.1 and F.18.5.1 state that the rest of sections F.18.4 and F.18.5 do not apply to Demand Side Units (DSUs). Consequently, when in section F.18.6, non-performance difference charges are calculated for DSUs the calculation relies on a value for QDIFFTRACK for DSUs which hasn't been defined.</p> <p>In addition the same calculation relies on a value for the Demand Side Non-Delivery Percentage (FNDDS_{DSU}) which is described as applying to one or more DSUs. Nowhere in the document is a methodology or governance process described for how FNDDS_{DSU} will be derived for individual DSUs or for DSUs as a group.</p>	<p>As written, the calculations of difference payments to be made by a DSU under scarcity are not defined. Neither have the principles on which they are intended to be calculated been presented or debated at the Market Rules Working Group meetings.</p> <p>Consequently EI suggests that the RAs engage with representatives of DSUs before developing final principles and algebra since this has not happened via the processes thus far. In particular EI is concerned that a general value for FNDDS_{DSU} may be determined in which case EI's DSU may be unfairly and substantially impacted due to the poor delivery performance of other DSUs.</p> <p>EI requests that in any decision by the RAs on this matter that the principles are stated and justified as well as the algebra corrected and completed.</p>	

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3	F.2.5.5, F.2.5.6	Trading and Settlement Code	<p>The arrangements for the participation of DSUs in ex-ante markets (amounting to two sentences) are not well-developed, ineffective, and inappropriate. Practically DSUs have no incentive to participate in the ex-ante markets since T&SC settlement means that ultimately DSUs don't receive the relevant ex-ante price but are instead exposed to the spread between ex-ante and imbalance prices.</p> <p>At a Dundalk Emerging Thinking event, it was suggested that an interim solution may be required for DSUs for Go-Live and an enduring one may follow later. These matters were not presented to, or debated at, MRWG meetings, Presumably the arrangements as currently written are the interim solution.</p>	<p>If it is the case that it isn't possible to implement a more appropriate DSU solution before Go-Live, then it should be acknowledged (in an additional appendix as described in our General Comments) that an enduring solution for DSU ex-ante market participation is warranted.</p> <p>Such an enduring solution might employ "premium" and "discount" logic like that used in Balancing Market settlement for accepted bids and offers to reinstate ex-ante market prices to DSUs.</p> <p>In any case, EI requests that the RAs commit to an enduring solution to replace the inappropriate arrangements described in the current T&SC and commit to engage appropriately with the DSU community when developing such an enduring solution.</p>	

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4	F.12.2, F.14.2, F.15.3, F.19.2, F.19.4 , G.7.3.1	Calculation of Payments and Charges, Financial and Settlement	Some important parts of the text & algebra of the T&SC relating to major charges to suppliers (including for capacity and imperfections) have been removed and are dependent on the supplier charging decision paper (F.12.2, F.14.2, F.15.3, F.19.2, F.19.4 , G.7.3.1). The supplier charging decision is scheduled to be published after the TSC response is due. Consequently legal sign off of these parts of the T&SC is not possible until this decision and the associated algebra is available for review and comment.	EI requests that the RAs allow additional time for review of and consultation on these specific aspects following the publication of the Supplier Charging consultation decision. It would be helpful if, as part of the Supplier Charging Decision, the missing text and algebra was proposed at that stage.	
5	F.19.1	Setting Capacity Charge Parameters	Timescales for the Market operator to propose values to the RAs for approval and for approved values to be published are variously stated in the text to be “[X months]” before the start of the Capacity Year. Some final publication timescales are described to be “within 5 Working Days of receipt of the Regulatory Authorities' determination or six months before the start of the Capacity Year to which they shall apply, whichever is the later”. This latter form is unacceptable.	Fixed deadlines must be given for all these important parameters to enable the proper functioning of the market. In particular, suppliers need these values in good time in advance of the Capacity Year in order for them to be accurately incorporated with retail tariffs and other retail contracts. EI recommends that firm T&SC obligations are placed on both the RAs and Market Operators as appropriate to ensure publication of these important and material capacity parameters at the latest by 3 months in advance of the relevant Capacity Year.	

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6	General	TSC	There is no facility for aggregated unit participation in the ex-ante markets. This will result in reduced liquidity in these market timeframes and will have a significant impact on the participation of variable renewable generation due to the level of administrative involvement.	Include a facility to enable aggregated participation in the ex-ante markets, preferably without a restriction on unit size to allow for unburdened participation of renewable generation units of all sizes.	
7	Appendices	Appendices A - O	The bullet points in the Appendices do not have a prefix according to the relevant Appendix (e.g. A, B, C).	It would be beneficial if the bullet points in the appendices were given a prefix according to the relevant appendix (e.g. A, B, C), similar to the existing TSC and also the previous drafts of the Appendices seen by the Market Rules Working Group. This would make it easier to navigate the appendices.	
8	AP 15	Settlement and Billing – Page 4	2.1 (b) at bottom of page. Apparent typo: It appears as if this should read: 'the matter is <i>un</i> resolved after the final Timetabled Settlement Rerun'	Amend text if required.	

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9	G.13.1.1, F.17, F.19	Required Credit Cover	<p>There is a risk of a manifest algebra error in the calculation of Required Credit Cover where the Capacity Payment for a Capacity Market Unit (CCP_{OC}) and the Capacity Charge for a Supplier Unit (CCC_{VC}) are not netted.</p> <p>In the final equation (G.13.1.1) both quantities are added together. In sections F.17.1.1 & F.17.1.2, CCP_{OC} is calculated essentially as the aggregate of all the CRM Reliability Option Fee awards relating to the Capacity (billing) Period in question and a positive value.</p> <p>F.19.1.1 states that “The purpose of the Capacity Charge is to recover the anticipated Capacity Payments over the Capacity Year, with adjustments for previous Capacity Years as appropriate, on the basis of the share of consumption of each supplier in the periods forming the charge base for the Capacity Year”. This suggests that some (positive) proportion will be applied to the positive value for CCP_{OC} as calculated in F.17.1.1 & F.17.1.2 with the consequence that payments and charges would be added rather than netted.</p> <p>The actual text has been removed pending the Supplier Charging Decision, however the previous text had this flaw.</p>	EI suggests that the equation in G.13.1.1 is amended so that the CCP_{OC} term is deducted from (rather than added to) the other terms.	