

Introduction

Statkraft Markets GmbH welcomes the opportunity to respond to consultation SEM-20-033 on Intermediary Arrangements in the ISEM.

The proposals bring much needed flexibility to the use of Intermediaries, which will help remove unnecessary barriers for smaller developers and new technologies which are important in supporting the future needs of the system, and the climate action plan.

Summary of Consultation Questions:

Consultation Question 1: The Regulatory Authorities (RAs) propose to revise Part C of the eligibility criteria to allow for a broader range of market participant categories to apply and also to provide for renewable units which may be dispatchable and/or controllable to take part in such arrangements.

The revised criterion would be; where a Wind Power Unit, a Pumped Storage Unit, a Battery Storage Unit, a Demand Side Unit or a Solar Power Unit with a Maximum Export Capacity of less than 100MW is contracted to a Supplier that is Party to the TSC.

It is our view that it would be beneficial for a broader range of market participants to be allowed to apply to be represented by an Intermediary. Such an approach in our view would better help facilitate the objectives of the climate action plan, and support the needs of the system into the future by minimising burdens on smaller developers, and better facilitating access for new flexible technologies.

We would however like to suggest that the revised criterion remains technology neutral and therefore does not limit the type of participant to a set of specific Unit types, as defined under the TSC. This approach we believe would:

- Prevent the potential omission of certain other types of market participant that would currently benefit from such arrangements. Such an example would include flexible gas peaker units associated with data-centre sites that could provide additional flexible system services. As such units may be required for back-up generation in order to proceed with demand connections (particularly in the Dublin region), it could place unnecessary burden on data centre developers if obliged to participate directly in the market if excluded from utilising Intermediaries; and
- Prevent unintentional exclusions of future technologies and asset types not currently considered.

Further, we believe limiting the new criterion to specific Unit types is unnecessary alongside the 100MW limit on Export Capacity. This Export Capacity limit is appropriate, and in our view should be sufficient on its own to manage potential concerns around market power without also favouring certain technology types.

As noted in the consultation document, there is no restriction to the type of unit under GB's Balancing and Settlement Code (BSC) that can be registered under a third party to trade on their behalf in the market, and it is our view that a similar technology-neutral approach should be taken.

Consultation Question 2: The RAs propose to allow Suppliers to take part in Intermediary arrangements. Do you agree with this proposal and do you have a view on whether this should be available to all suppliers or only to those below a certain threshold of market share?

We generally support this proposal, with no further comments to note.

Consultation Question 3: The RAs propose that an additional criterion is added to the Trading and Settlement Code to allow for specific registrations to be approved once they meet the SEM Committee's specific objectives in this area. A Modification to the TSC would be raised following this Consultation to provide for this change. Do you agree with this proposal?

We agree that some changes are likely to be required to the TSC Appendices and also the application for consent forms published by the Regulatory Authorities. It is our view that any amendments required in order to support the objectives are limited to:

- Removal of the reference to the specific previous decision paper (SEM/17/025) in Appendix C of Part B of the TSC (Form of Authority): Amendments in this area in our view should avoid referencing a specific new policy decision number, which may cause future issues if further changes/decisions are required in the future. Any revision should instead provide some additional flexibility for the RA's to facilitate future additional changes to the criteria, without the need for TSC modifications, and/or enable registrations to be approved in other exceptional cases, provided they are considered to meet SEM Committee's specific objectives.
- Updates to the application forms for consent to TSC Intermediary Registration published by the RA's. These also reference the specific previous decision paper, which would need to be revised in light of the new criterion.

We are strongly of the view that if any SEM Committee policy decision is made to broaden the criteria, the subsequent changes above, and/or any other actions required to update the TSC and/or consent application forms should not impede the ability for market participants meeting such revised criteria to benefit from such arrangements immediately.

If there were further delays to participants being able to secure consent for Intermediary registration following any decision, we believe this could have significant impacts for near-term eligible projects, already well developed and looking to enter the market in the next few months. Many of these projects are intending to provide much needed additional flexibility through additional system services, and could be delayed and/or face unnecessary additional burden if the use of Intermediaries was not available to them. This could place these projects at a disadvantage, and delay the potential system operational cost savings these projects could offer.

Subject to existing governance arrangements, we are of the view that if the simple amendments noted above could be made as part of the policy decision, this should be carried out in order to minimise the timescales for overall implementation. Should this not be feasible, we urge the SEM Committee to consider an alternative approach in conjunction with the RAs that would enable new market participants in the intervening period to benefit from the updated criteria as soon as possible, for example ensuring any TSC modifications are raised as urgent.

Consultation Question 4: The RAs propose to publish a quarterly report on the SEM Committee website setting out the details of the current Intermediary arrangements in place in the SEM. Participants involved in these arrangements would be required to notify the RAs and SEMO of any changes to these. Do you agree with this proposal?

We are of the view that this information should already be readily available to SEMO as a result of the requirement on Participants to indicate the use of Intermediary status for registering/de-registering units. Therefore it may be more efficient for this to be provided to the RAs/SEM Committee centrally by SEMO, rather than placing additional obligations on individual Participants.

Consultation Question 5: What is your view on the potential added value of the application of Intermediary Arrangements in the Ex-Ante Markets?

We are of the view that the existing arrangements for enabling third-party trading in the ex-ante markets already provides sufficient flexibility for market participants. As such, we feel there is limited added value of the application of Intermediary arrangements in this area.

Consultation Question 6: Are there limitations to the current arrangements which could be revised to better facilitate corporate PPAs?

The integration of corporate PPAs would be better facilitated by a forward trade volume notification process or by meter volume reallocation process than through intermediary arrangements. This would facilitate the aggregation of demand and generation required to deliver a physical corporate PPA, whilst not restricting the demand customers long term choice of supplier. However, we are supportive of broadening definitions to include corporate PPAs in so far as it is relevant, noting that assets involved in any corporate PPA arrangement is likely to already fall under an intermediary arrangement.

Consultation Question 7: Are there further changes to the FoA that the Regulatory Authorities should consider?

No further comments.