



**Energia response to
SEMC Consultation Paper
SEM-20-066**

***Trading and Settlement Code
SEM Scheduling and Dispatch Parameters 2021***

16 October 2020

1. Introduction

Energia welcomes the opportunity to respond to the SEM Committee Consultation Paper SEM-20-066 “Trading and Settlement Code SEM Scheduling and Dispatch Parameters 2021” (the “Consultation Paper”). We have outlined our comments in relation to the Consultation Paper below in General Comments and Conclusion sections respectively.

2. General Comments

The Consultation Paper outlines a minded to position from the RAs for both the Long Notice Adjustment Factor (LNAF) and the System Imbalance Flattening Factor (SIFF) parameters to remain at zero for 2021. This position is based on the TSO analysis and recommendations for the parameters to remain at zero.

TSO Analysis

The TSO has carried out analysis on any requirement for LNAF and SIFF values to be introduced. The conclusions of the TSO analysis provide no immediate requirement for a value to be placed on either of these parameters given the operation of the market to date and furthermore outlines the potential for unintended consequences of doing so. The TSO analysis and rationale include the following points:

- The current zero parameter values have not had a negative impact on trading in intraday markets since go-live, with indicators showing healthy liquidity levels;
- There is a relatively large risk of unintentionally increasing the level of non-energy actions;
- Unnecessary early dispatch actions have not been a feature of the Balancing Market during the period of analysis (May 2019-May 2020) as operational data shows synchronisation instructions are being issued in a timely manner with respect to heat state dependent notification times.

Energia support the recommendation to keep LNAF and SIFF at zero for 2021 on the basis that no evidence has been provided to justify a change in these parameter values.

3. Conclusion

In summary, Energia recommend keeping the LNAF and SIFF parameters at zero for 2021. No justification or supporting evidence has been provided for introducing any changes at this time and as such it is prudent to keep these parameters at zero and review again at a future date.