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Sheena Byrne
Commission for Regulation of Utilities
The Exchange
Belgard Square North
Tallaght
Dublin 24

Dear Sheena Byrne,

Below you will find my comments on the *Scheduling and Dispatch Parameters Consultation Paper 2021 (SEM_20_066)*. I will first explain briefly who I am and who my company is and then I will provide some comments on each section of the paper.

Nabla Analytics AB

My company was founded at the start of 2020 and we focus on Data Analytics for Energy Markets. We provide consulting and Data Analytic tools to trading company with much of our work focused on the I-SEM market. I myself have worked in energy trading for the last 6 years with the most recent 4 years focused on I-SEM and GB markets.

Ex-ante Markets

The author argues that current liquidity levels are adequate and therefore we do not need to use LNAF/SIFF. However, if changing LNAF/SIFF increases liquidity then that is a very strong argument to use them especially when you considering how poor liquidity is in the IDC market when compared with more mature markets such as Great Britain, France and Germany.

The second point in this section argues that there is not a sufficient signal that will tell market participants how they can help balance the system. However, this is exactly what the many assetless participants and storage traders do every day in the market. Increasing LNAF/SIFF will encourage participants to further help balancing the system by taking speculate positions in the market and will give clearer signals of how they should do this.

Non-Energy vs Energy Volumes

This section argues that the ratio between Non-Energy and Energy Actions is too high to start increasing LNAF/SIFF. However, it does not examine if having a zero LNAF/SIFF is in fact causing many of the Non-Energy Actions. For example, how many Non-Energy Actions are due to calling units on early and keeping them at minimum generation and would raising LNAF/SIFF reduce this?

Early Actions

This section only looks at time in advance of notification time for long notice units, but it does not look at the notification time itself. For example, it does not examine if having a zero LNAF/SIFF is causing an overuse of long run units when short run units would have sufficient or even have been cheaper and more environmental.

Scheduling considerations

Here there is insufficient evidence given to justify the claims made. For example, the paper mentions “empirical evidence” without any references and also many statements are vague, such as “could lead to longer solve times” and “could also impact on the accuracy”. It would be good to see more concrete evidence here and more definite statements.

I agree with the author that the parameters would make it harder to interpret scheduled results. However, there will still be transparency as the parameter’s values and their workings are published openly. If increasing the parameters brings enough positive effects, it is worth the sacrifice of having the scheduled results being harder to calculate.

Impact on Margin

I agree with the author that increase LNAF/SIFF will reduce the number of available units as you move close to real time. However, it is better to find optimum values for LNAF/SIFF that reduces the unnecessary running of Long Notice Units while ensuring an adequate security of supply. Increasing the parameters will also provide incentive to commission more quick response and storage units to meet the supply gap.

Summary and Proposal

In general, the paper is focused on justifying keeping LNAF/SIFF at zero rather than looking at what values of LNAF/SIFF would give us the optimum balance of risk and reward. In doing this, the paper only looks at how things are now rather than the different scenarios we could have under non-zero values of LNAF/SIFF.

I do not have a proposal for what values of the parameters would be suitable, however, I propose that a more detail study should take place which will find which values of LNAF/SIFF which will give us the right balance between security, emission reduction, increased liquidity, stronger market signals, incentivization of participants to balance the system, and incentivizing building of storage/quick response units. In particular, knowledge of the effect of the parameters on emission levels would be very valuable in helping pick optimum values of LNAF/SIFF which can help us reach our climate goals.

Sincerely,

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