

12th April 2021

Subject: Exemption from EBGL Requirement to implement a 15-Minute imbalance Settlement Period

To whom it may concern,

This letter sets out the decision by the Utility Regulator (UR) and the Commission for Regulation of Utilities (CRU) to grant an exemption from the requirement to apply a 15-minute imbalance settlement period (ISP) in the synchronous area of the Single Electricity Market (SEM). The correspondence is the concluding step in the process to grant a three-year exemption and follows the recent publication of an Information Note¹ (SEM-21-015) detailing the process which has been undertaken.

Background

Article 53 of Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing (the “EBGL Regulation) puts an obligation on all European Union Member States to implement a process of harmonisation whereby all ISPs will be set to 15 minutes by December 2020, three years after the EBGL’s entry into force.

Article 8 of Commission Regulation (EU) 2019/943 on the internal market for electricity (recast) (the “Clean Energy Package (CEP) Regulation) also requires a 15-minute ISP to be implemented in all areas by January 2021.

In the Single Electricity Market (SEM), the ISP is currently set to 30-minutes.

¹ <https://www.semcommittee.com/publications/sem-21-015-15-minute-imbalance-settlement-period-isp-exemption-information-paper>

The UR and the CRU decided to seek an exemption from this requirement to have a 15-minute ISP, with this exemption being based on the outcome of a cost-benefit analysis (CBA) undertaken in cooperation with the Agency for the Cooperation of Energy Regulators (ACER) at least every three years and initially applicable until the 1 January 2024.

The UR and the CRU, in close cooperation with ACER, have undertaken a CBA to assess the costs and benefits of a move to a 15-minute ISP. The outcome of the work showed that there would be a significant net welfare cost to the SEM consumer in the region of between €61 and €105 million, with this illustrating disproportionate costs in comparison to any potential benefits that might be realised.

Decision

The outputs of the CBA analysis suggest that harmonising to a 15-minute ISP would not be in the interest of consumers or stakeholders at this time. Therefore, the UR and CRU are granting a three-year exemption to this requirement that will be applicable until 1 January 2024.

If you have any questions about the content of this letter, please contact Jean Pierre Miura (JeanPierre.Miura@uregni.gov.uk) or Barry Hussey (bhussey@cru.ie).

Yours sincerely

Signatures by email

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