

# What's changing in the market and what will be the impact on plant operation?

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# Existing Market

- SEM is a 'day-ahead' market – market participants (generating companies and interconnector traders) offer prices/quantities at 10am that are valid for the following trading day.
- There is no opportunity for market participants to trade after this time, this means that:
  - Interconnector capacity may go unused.
  - It is not possible to take advantage of differentials in energy prices between SEM and BETTA.
- However, generation and interconnector schedules are generally fixed at day-ahead although subject to variations in demand, wind and unplanned changes in generator / transmission availability.



# Proposed Market Changes

- ‘Intra-Day Trading’ is expected to be introduced in April 2012 (subject to SEM Committee approval).
- Will result in the introduction of opportunities for market participants to update their commercial offer data and alter their interconnector trading position ‘day ahead’ and ‘within day’.
- This is expected to increase trading on the interconnector(s) and reduce energy costs.
- However, the facilitation of more dynamic trading could present operational / technical challenges for the TSOs and generators.

# Intra-Day Trading

- Requirements driven by EU regulations.
- 'Intra-Day Trading' proposals have been developed by the Regulators, Market Participants, the TSOs and SEMO.

## Main characteristics of Intra-Day Trading:

- q An earlier Day Ahead Gate (09:30).
- q A second Day Ahead Gate (at 11:30) to allow unused interconnector capacity to be utilised.
- q The introduction of a Within Day Gate (at 08:00).
- q The Trading Day split into two price periods (06:00 to 17:30 and 18:00 to 05:30)
- q The ability of market participants to submit price/quantity data at each gate closure.

# Intra-Day Trading

**Gate Closure 1: 09:30**  
**Market Schedule 1 Published: 11:00**

**Gate Closure 2: 11:30**  
**Market Schedule 2 Published: 13:00**

**Gate Closure 3: 08:00**  
**Market Schedule 3 Published: 09:30**

← Trading Day - 1      06:00      Trading Day      05:30 →

**Operational Schedule with Prices from GC2 & GC3**  
**Published: 12:30**

**Operational Schedule with Prices from GC2**  
**Published: 16:00**

**Operational Schedule updated and published as required.**

# Impact

## Forecast 2013/14 Capacities in SEM:

- Max System Demand: 6700 MW
- Min System Demand: 2500 MW
- Installed Wind Capacity: 3100 MW
- Interconnection Range: +/- 1000 MW\*

...The potential for interconnector schedules to vary within day could have a significant impact on the scheduling of generation.



(\*Assumes Moyle capacity restrictions are lifted)

# Impact

- Timeframe for the TSOs to produce the operational schedules will be compressed – still aim to issue at 16:00 Day Ahead.
- Following the Within Day gate, an operational schedule will be issued by the TSOs at 12:30 (based on prices submitted at 11:30 D-1 and 08:00 D and the interconnector schedules determined by the market)
- This within day operational schedule will manage the transition from one set of prices, valid up to 17:30, to another set of prices valid from 18:00.

# Impact

- The introduction of a within day gate coupled with the increase in interconnector capacity will increase the potential for generation schedules to vary closer to real time.....there will be less certainty!
- These changes will add to the requirement for greater flexibility from the generation portfolio.....TSOs are actively discussing capabilities and incentives with the generating companies.
- Intra-Day Trading expected to go live in April 2012 (awaiting SEM committee decision).