

SEMO Update

Developing the Market

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Manager

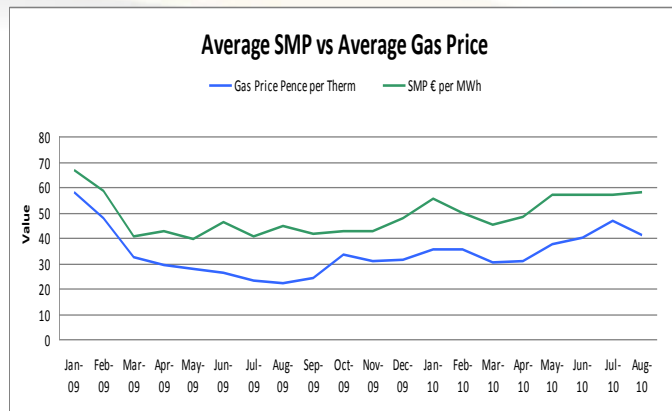
SEMO Market Development





What role does SEMO Market Development play?

- Responsible for Modifications process and administration Trading & Settlement Code (TSC)
- Regulatory Interface and SEMO Revenue Submission



- Market Modelling and Analysis

We do this by...



- Analysing the Market to date and modelling future scenarios
- Developing solutions that benefit the Market as a whole by engaging with stakeholders every step of the way
- Facilitate change by administration of the Trading & Settlement Code (TSC)
- Development of the Market Rules through the Modifications Committee

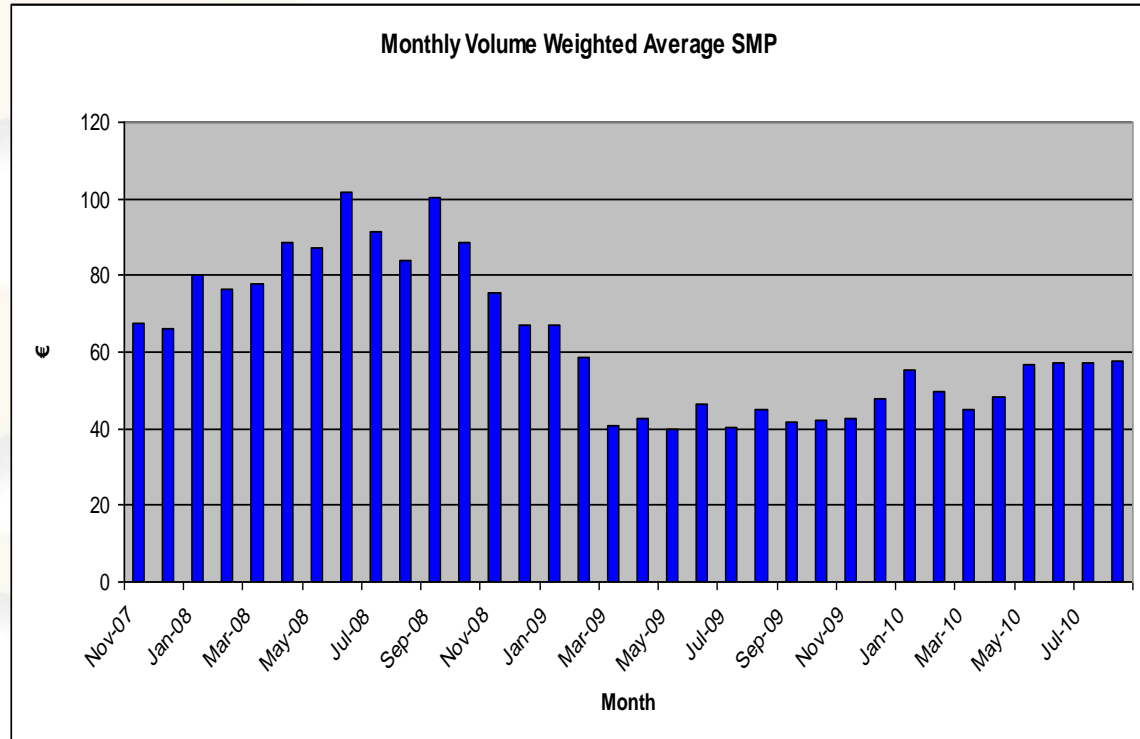


Value of the Single Electricity Market

Year	Energy	Capacity	Constraints
2008	€2,596,426,970	€490,482,539	€120,825,113
2009	€1,781,362,196	€600,401,932	€96,705,673
2010	€1,746,696,383	€553,705,697	€118,136,792

Key Fact – System Marginal Price (SMP)

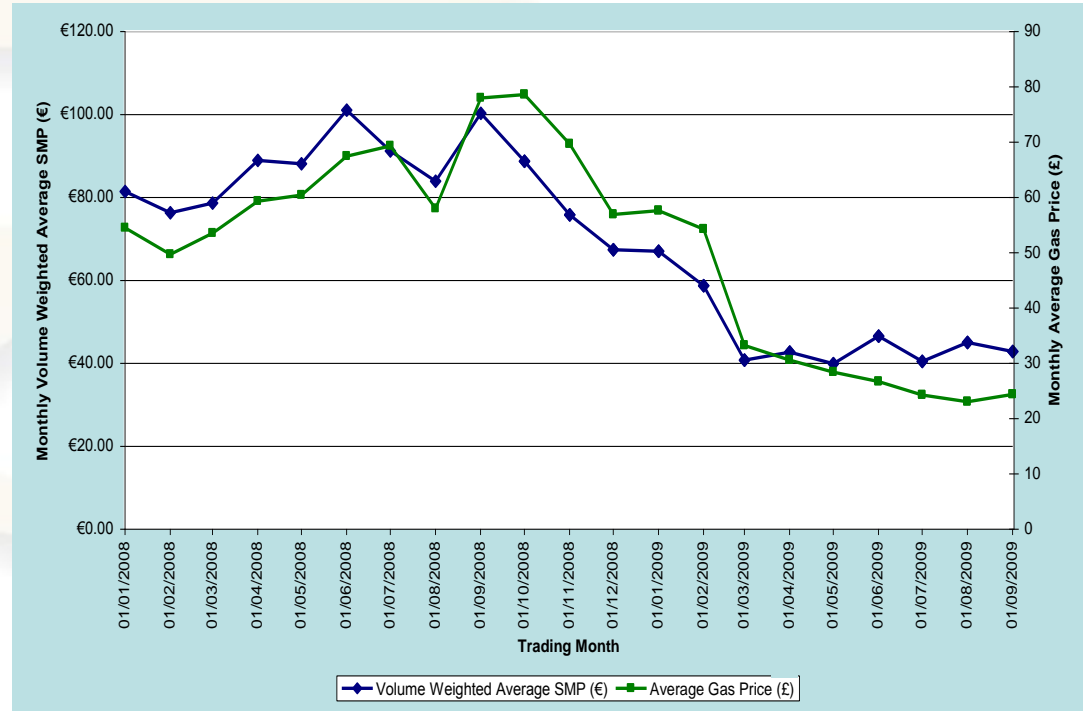
- System Marginal Price has decreased over lifetime of Market (load weighted average SMP)
- ‘Zero’ Price Scenario has occurred
- 40% Renewable target in 2020 for ROI and NI...SMP?



Key Fact – System Marginal Price (SMP)

- Main Impact on Price is primarily Fuel
- Other Drivers of price are Demand, Margin
- Future Interconnector Trading Impact?

Monthly Volume Weighted Average SMP and Gas Prices



Regulatory Interface

- Market Development Regulatory Interface Informs and Implements Policy into Operations

(For example Principles of Dispatch, Capacity Payments Mechanism WP7, EU 3rd Package, Material Level of Harm paper)

- Fulfills all Market Operator licence and TSC obligations
- By Establishment of a Compliance Program to identify, assess and manage compliance risks.



Compliance Program

Regulated environment

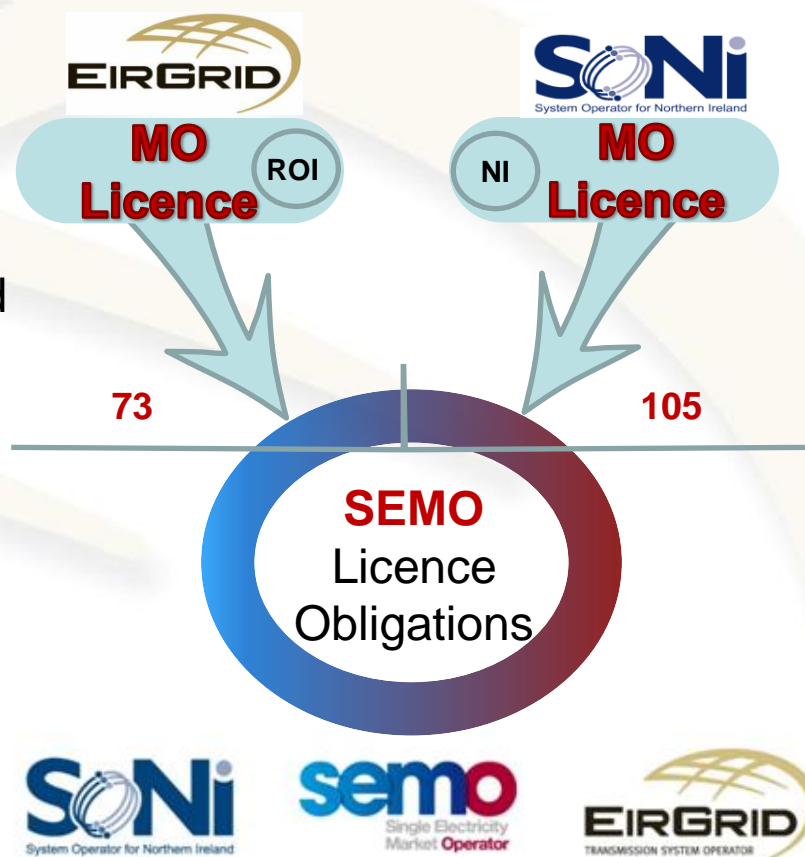
- SONI Market Operator License
- EirGrid Market Operator License
- Trading & Settlement Code 782 (1591)

The Compliance Program was established to:

Identify assess and manage compliance risks.

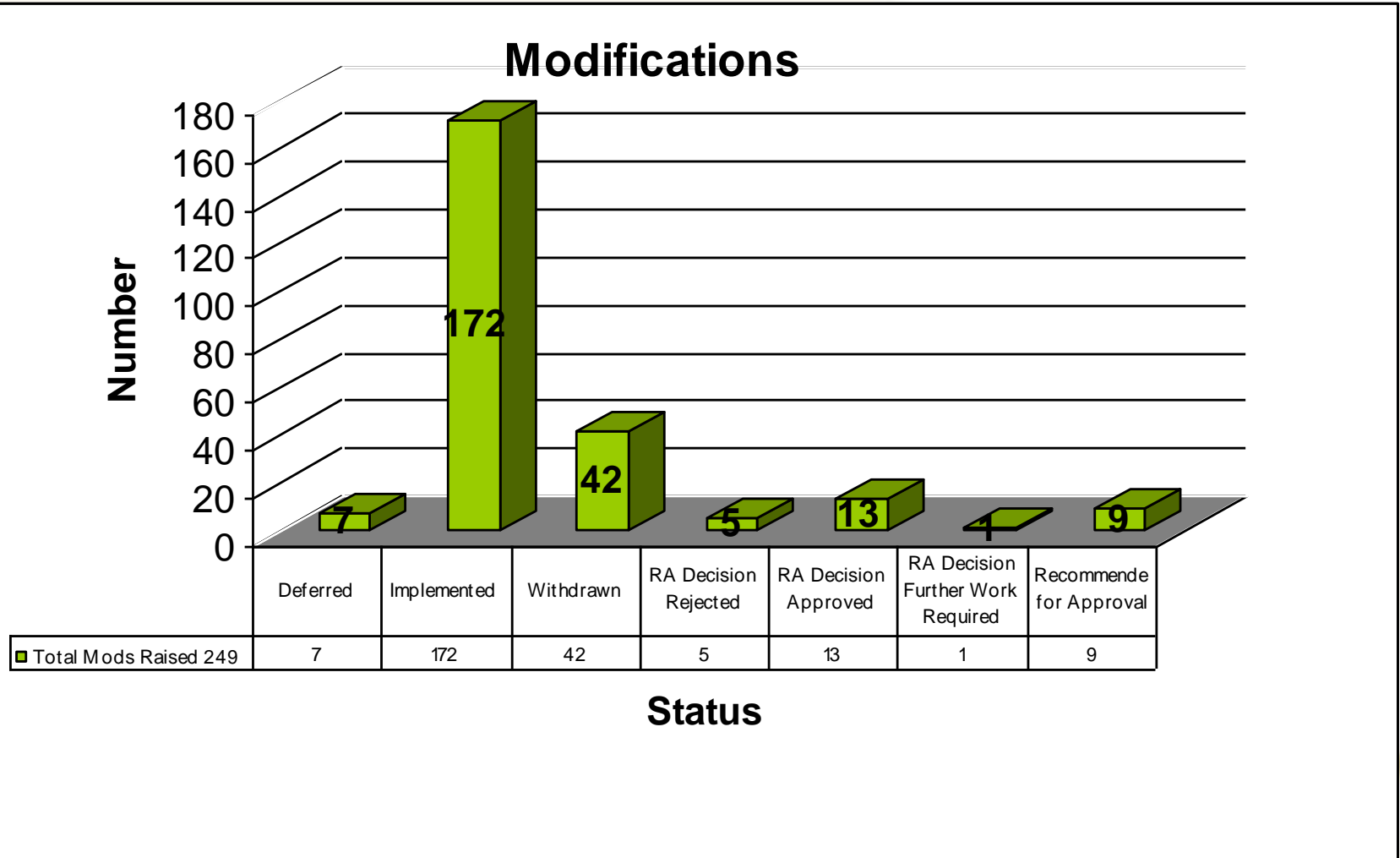
Create a culture of compliance

Licence Obligations



Key Developments – Modifications to

July 2007 – Oct 2010: Total 249 raised



Key Developments - Change

SEMO Market Development play an important role in informing and implementing change

The 8th Central Market Systems (CMS) release Winter 2010 contains the following significant changes:

- VTOD (Validation of Technical Offer Data)
- Cross Border VAT
- Dual Rated units

The 9th Central Market Systems (CMS) release 2011 contains the following significant changes:

- Global Aggregation



Summary Outlook – Market Development

	Renewable Energy	Investment – Flexible System	Regional Integration
1. Current Developments	Principles of Dispatch & Scheduling	Capacity Payments Mechanism (CPM) Demand Side Vision for 2020	Intra Day Trading FUI
2. Short Term Developments	Market Rules Development 2010 - 2015	Ancillary Services Development	Market Coupling FUI
3. Medium – Long Term	Market Rules for 40% Renewables targets 2020 – NI and ROI	Demand Side Vision for 2020	Single European Market

Regional Integration

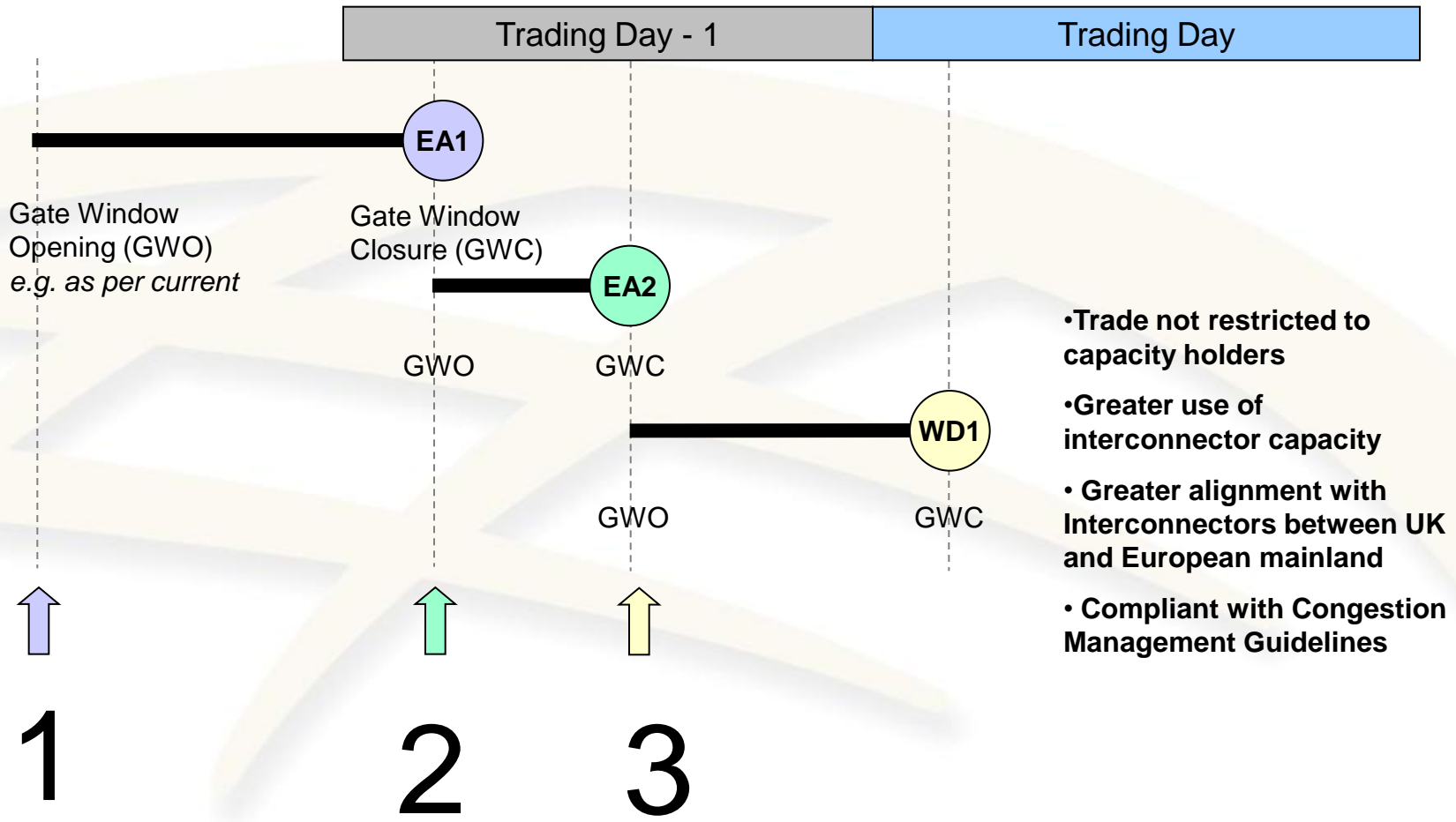
- EU 2nd Liberalisation Package
 - June 2003 Directive 2003/54/EC
 - Common rules for the internal market in electricity
 - Regulation (EC) No. 1228/2003
 - Congestion Management Guidelines
- EU 3rd Liberalisation Package – Consultation
- the effective separation of supply and production activities from network operation
 - the further harmonisation of the powers and enhanced independence of the national energy regulators
 - Agency for the Cooperation of Energy Regulators (ACER)
 - European Network of Transmission System Operators for Electricity (ENTSO-E)



Intra Day Trading

- Intra Day Trading facilitates **additional** within day trading
- Major workstream in progress now as significant change to Market
- Additional gate closures on D-1 and Within Day providing opportunities to trade
- Benefits
 - Increased competition ultimately benefiting consumers
 - Ability to respond to changing Market system conditions
 - Better alignment with European neighbours
 - Better utilisation of IC Capacity

Interconnector Trading: Proposed Intraday arrangements



- Trade not restricted to capacity holders
- Greater use of interconnector capacity
- Greater alignment with Interconnectors between UK and European mainland
- Compliant with Congestion Management Guidelines

Opportunities to trade

Parting Wisdom

“Governments view of the economy could be summed up in three short phrases: if it moves tax it, if it keeps moving regulate it. And if it stops moving, subsidise it.”

- Ronald Reagan

“If not us, who? If not now, when?”

- Mikhail Gorbachev

Questions

