

Integrating the European target model with the SEM: The market operator's perspective

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Single Electricity Market Operator



- *SEMO is the licensed Market Operator in Ireland and Northern Ireland.*
- *It is part of EirGrid Group with EirGrid TSO, SONI TSO and East West Interconnector Limited.*
- *Established in 2007 with offices in Dublin and Belfast with 64 staff.*

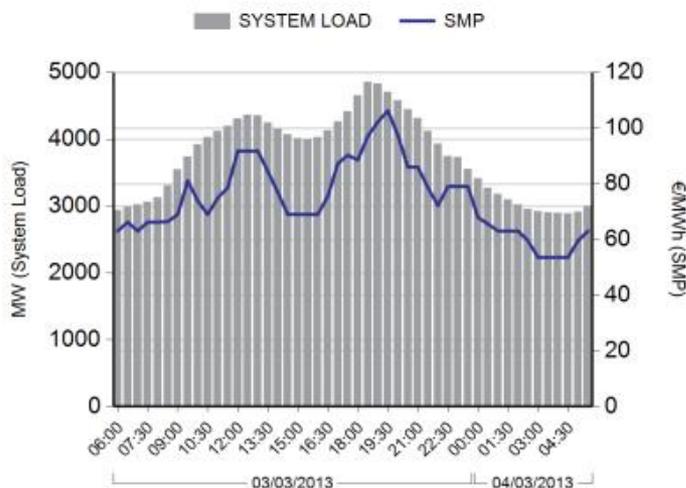


- We are responsible for registration, pricing & scheduling and the annual clearing and settlement of payments of ~ €2.5bn.
- Over the coming years, the smooth operation of the SEM will continue to be our primary focus.



The Single Electricity Market Overview 8th March 2013

Ex-Post Initial 3rd Mar



Last updated: 15:11 7th March 2013

Today's Operational Indicators



View Chart Data

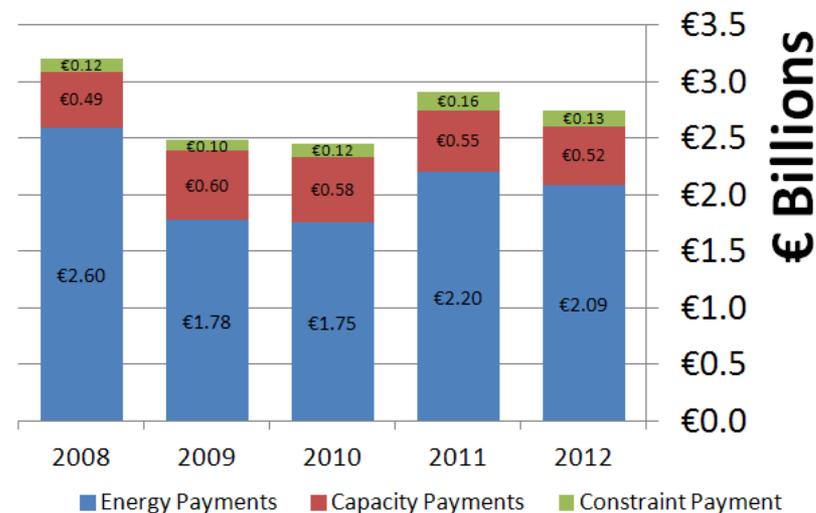
Currency:

EUR GBP

Open Market Messages

14th Dec 2012 IT
2008 and 2009 MI Reports

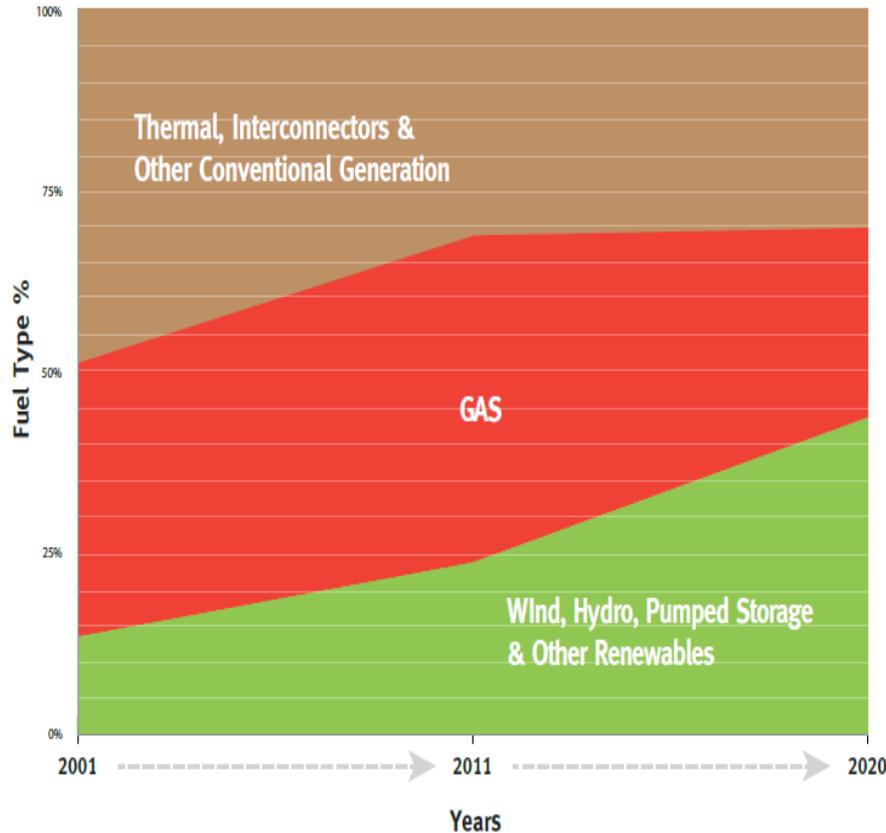
Trade
Min
€53
Max
€10
More



Development

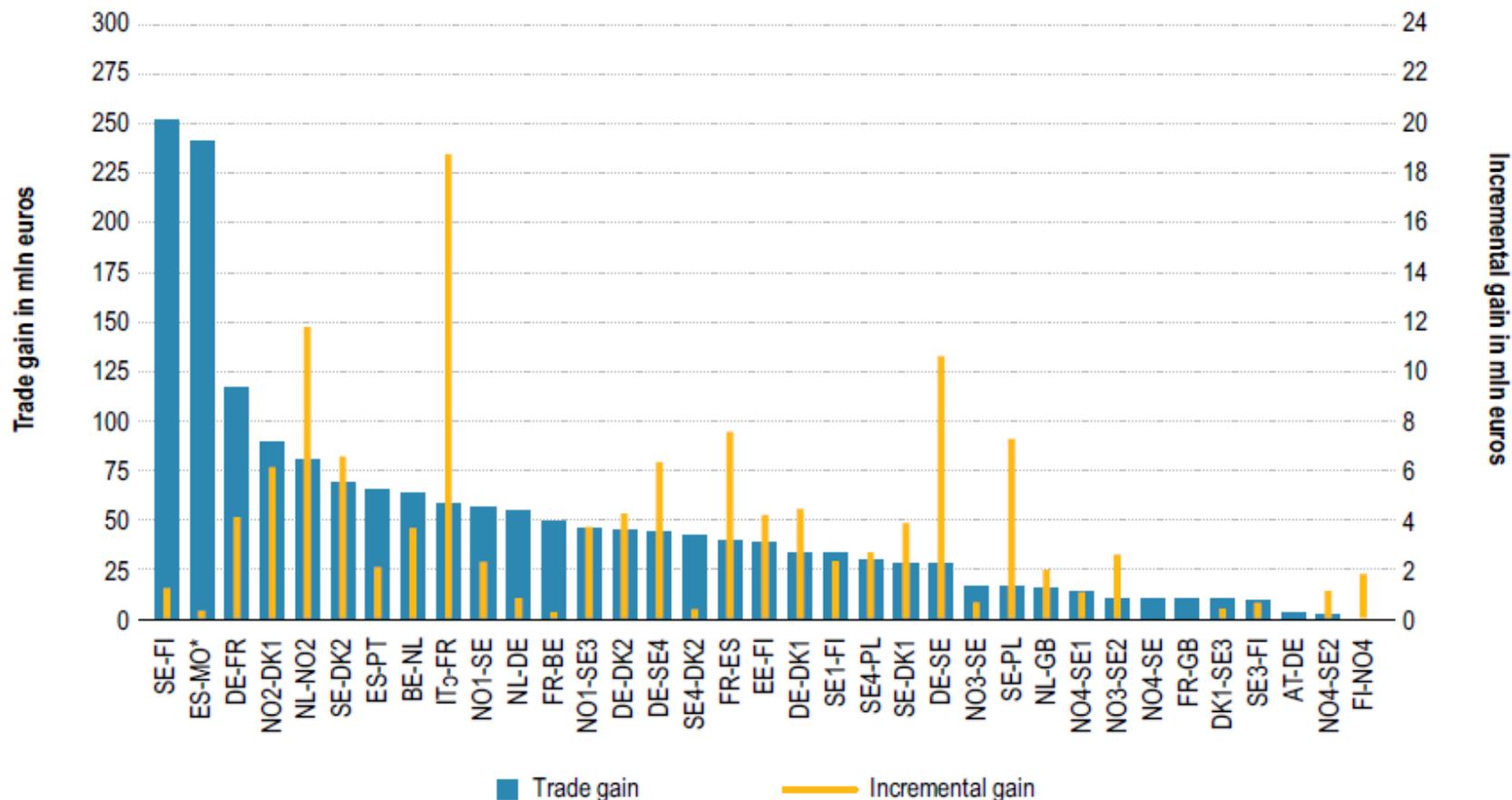
- ***SEMO and TSOs implemented and have successfully operated the SEM for over five years.***
- ***We have since implemented a number of major enhancements to the SEM including Day 1+ and Intraday Trading, Global Aggregation, Cross border VAT, Aggregated Generator Units, Demand Side Units.***
- ***Aligning with the Target Model represents significant change to the overall wholesale electricity market arrangements.***
- ***We therefore support the broad consensus that the whole design should be revisited.***

Context has changed since SEM design



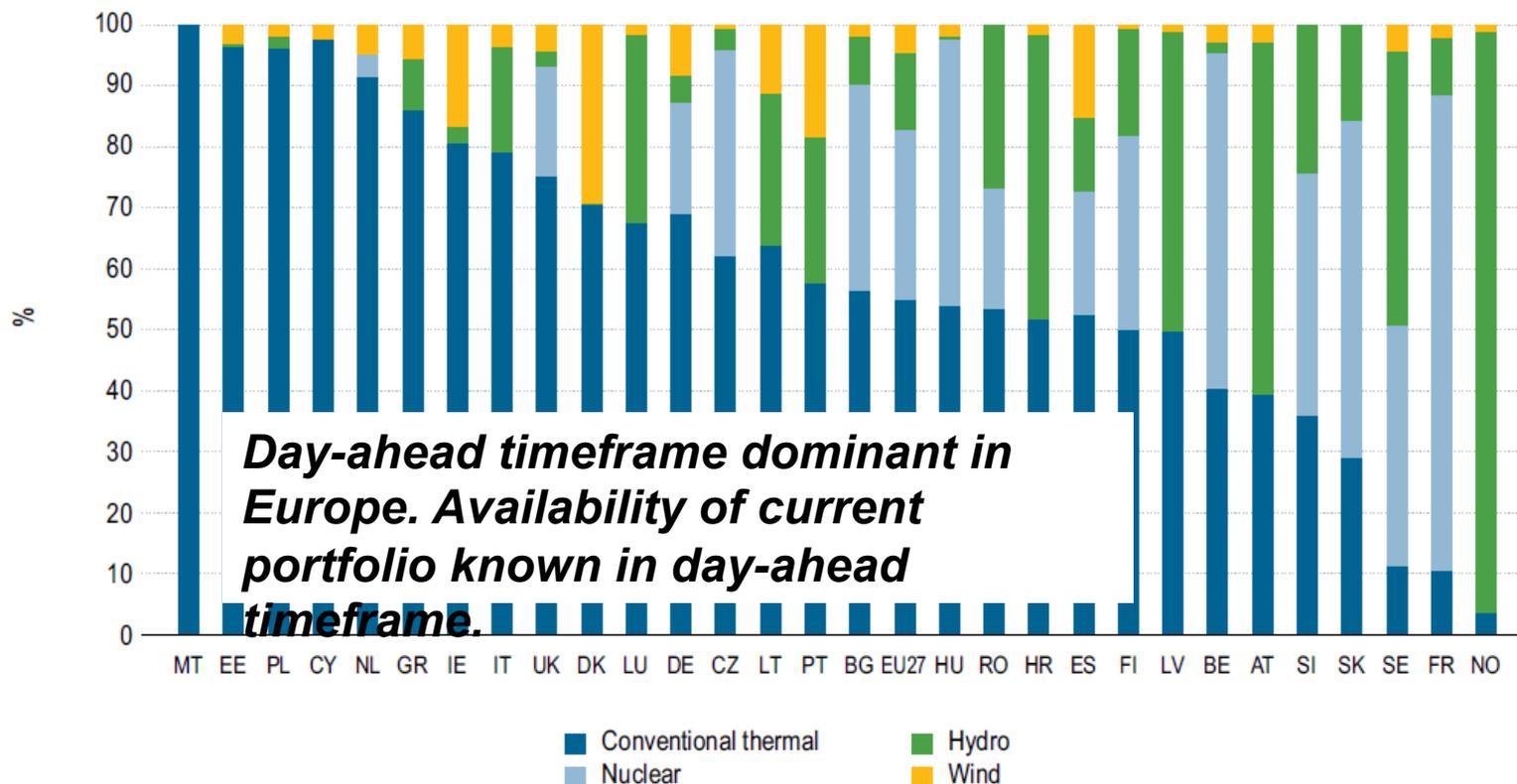
- *Greater levels of renewables and interconnection require more opportunities to trade and more integrated cross border trading arrangements.*
- *Network Codes set out the common approach to be adopted by all European markets*

Increased cross border trade brings significant benefits



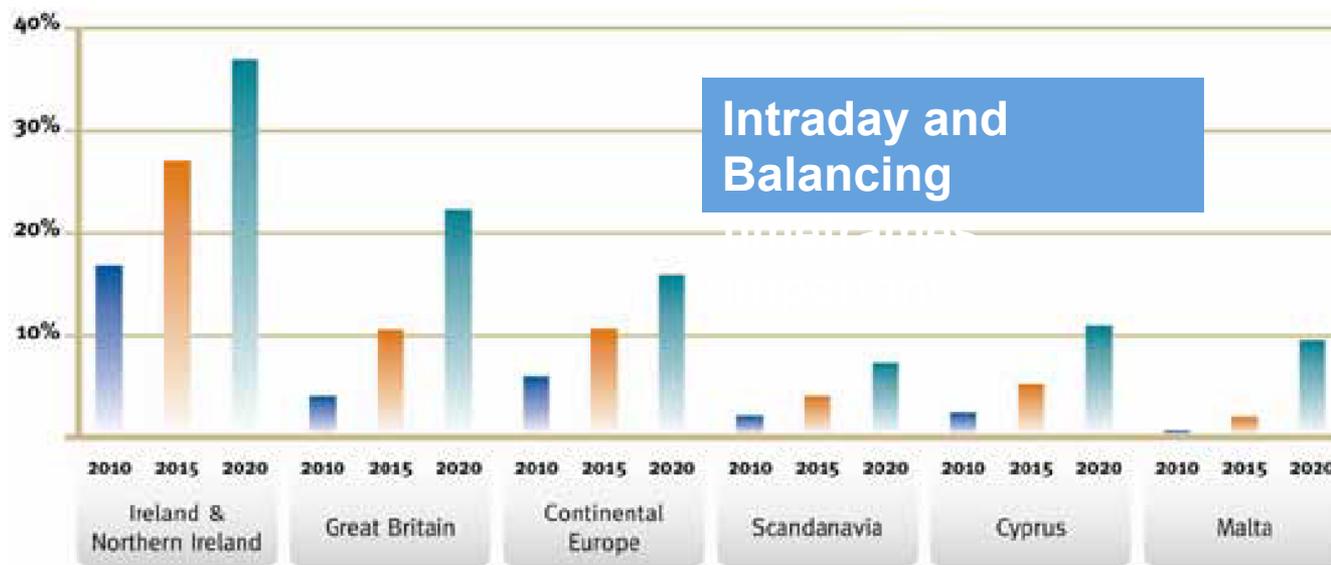
But Target Model established based on the current portfolio

European electricity generation by country in TWh – 2011 (%)



Needs to be compatible with future portfolio

Penetration of Non-Synchronous Renewables in each European Synchronous System 2010 - 2020



Source: The National Renewable Energy Action Plans (NREAP)

Ireland and Northern Ireland are at the vanguard of renewables integration. We need to see beyond target model.

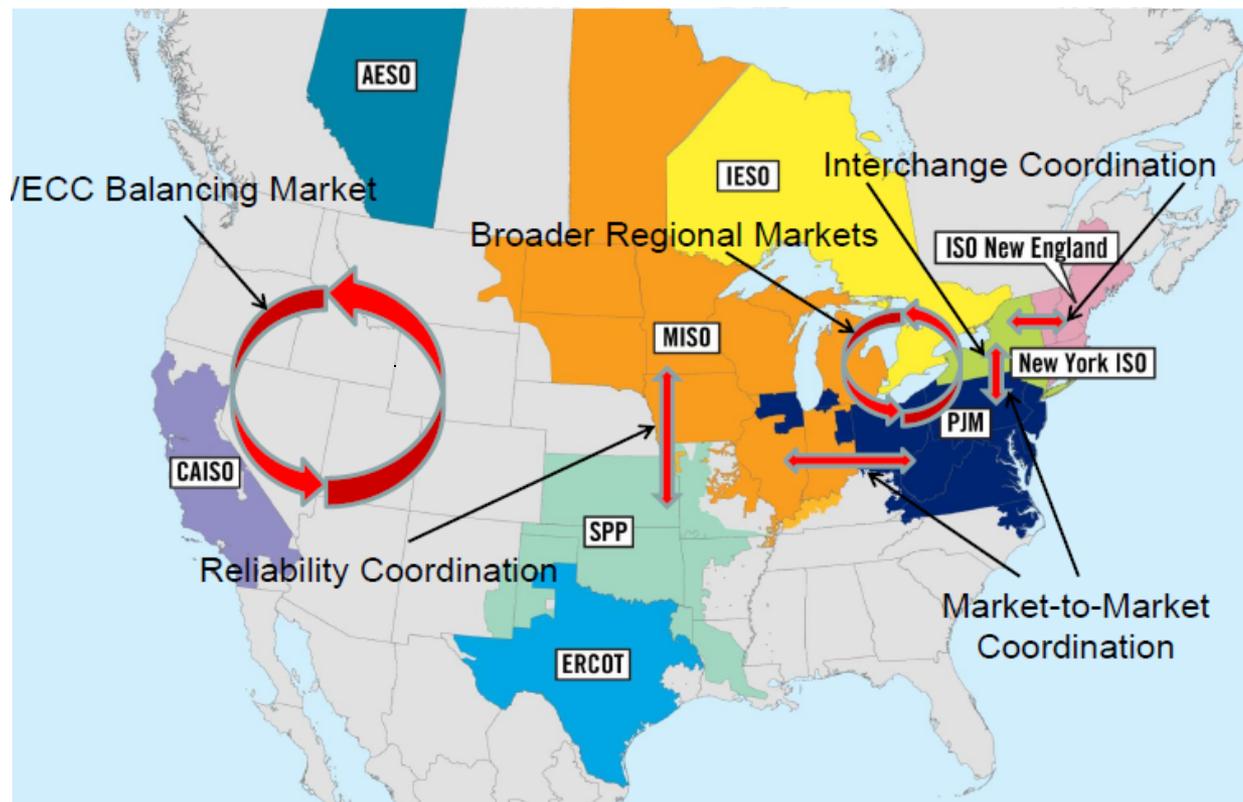
Towards Single European Market: Next Steps

-  Markets initially included in PCR - 2860 TWh
-  Markets in the process of joining PCR
-  Markets associate members of PCR
-  Markets that could join next as part of an agreed European roadmap



Through our involvement with ENTSO-E and Europex, we continue to be active in the development of the Network Codes and the Target Model systems

Europe is not the only place trying to integrate markets



We are part of wider network of operators globally and benefit from the collective experience and knowledge



Conclusion

- *SEMO has been at the centre of the development of the electricity trading arrangements in Ireland and Northern Ireland.*
- *In Europe, with EirGrid and SONI, we are at the centre of the development of the Network Codes and development the systems to deliver them.*
- *We also are part of a wider network of operators across the globe and benefit from the collective experience of this network.*

Conclusion

- ***SEM has and will continue to be an enabler of competition, efficiency, transparency and innovation in the wholesale supply of electricity. It was, however, designed in a different context.***
- ***The implementation of the Internal Market for Electricity across Europe is of the highest priority as the benefits are significant.***
- ***We need to look beyond compliance. Ireland and Northern Ireland are leading the world in integration of renewables. Our trading arrangements need to reflect this.***

A final thought

- *The success of SEM has been based on the strength of the working relationships between the Market Participants, Regulatory Authorities, Meter Data Providers, System Operators, the Market Operator and the broader industry in Ireland and Northern Ireland.*
- *We look forward to engaging in the constructive process of developing the new arrangements that will take us through to 2020 and beyond.*

