

Intra Day Trading Options Response

Introduction

NIE Energy (PPB) welcomes the opportunity to participate in the working groups relating to Intra Day Trading. Our major concern relates to the extremely short timelines which have been allocated to discuss and agree a preferred solution prior to a proposal being presented to the Modifications Committee. The four months allocated to specifying changes to the Trading and Settlement Code (TS&C), for a major market development to allow Intra Day trading is inadequate. The potential implications of introducing Intra Day could introduce unfair financial risk to some existing market participants as well as introducing risk to system security. It is therefore important that the design of the Intra Day Trading solution has been carefully scenario tested to fully appreciate the potential impact on the market and its participants and the security of the system.

PPB are therefore very strongly of the opinion that due to the limited amount of time available to develop a solution a minimum change option, which meets the legislative requirements for congestion management, is the only option which should be considered over the next four months. In addition it is important that significant costs are not incurred in developing the TSC in the short term if these changes will then become obsolete when the TS&C is modified for an enduring solution.

It would therefore be extremely helpful in considering the options for Intra Day Trading if the RAs obtained a legal opinion on the definition of Intra Day as soon as possible to ensure the option developed for the short term meets legislative requirements. The only legal advice which has been received to date is that which has been reported by BGE limits the definition of Intra Day to the TS&C Trading Day. We have therefore considered the BGE definition in our response.

Whilst we have been asked to look at Intra Day Trading in isolation from the other work streams that are running in parallel PPB believe that its is important that cognisance is given to developments in areas such as: Capacity Price Mechanism Review, Market Coupling, Scheduling/Dispatch, Ancillary Services, SO SO Trades and the Fuel Security Code in order to ensure a workable and cost effective solution is implemented which is not adversely affected by other developments in the market / industry. A review of Grid Code should also be completed to ensure any proposed Intra Day Trading can be accommodated in the existing version of Grid Code.

We also believe that the proposed solution must be fair for all participants operating in the SEM and a generator/s should not be discriminated against.

PPB Short term preferred solution

One option for consideration is that an implicit auction is held on D -1 at gate closure for Interconnector users with a UIOLI preference. All generation will then be allocated on the merit of generator/interconnector user bids. As this does not satisfy the legal definition of Intra Day obtained by BGE, Interconnector Users could bid in by 10:00am on D which if required the TSOs could avail of additional energy. MIUNs and MSQs for generators set after the first gate closure would be protected thereby not discriminating against any participant.

Enduring Solution

The enduring solution should be designed and developed over an appropriate length of time commensurate with the major impact it could have on the SEM and system security. The IT systems associated with the enduring solution should be designed for maximum flexibility to allow cost effective development of these systems and allowing for the development of the market unconstrained by IT limitations.

The enduring solution should enable all generators to refresh their bids Intra Day to respond to fuel price movement thereby removing artificial arbitrage between BETTA and SEM. It must non discriminatory between all participants and must take cognisance of the developments from the other work streams.