

21st May 2010

Aisling O'Donnell
Modifications Committee Secretariat,
EirGrid
The Oval
160 Shelbourne Road,
Ballsbridge,
Dublin 4

RE: Request for Options on Intra-Day Trading

Dear Aisling

Many thanks for the opportunity to revert to you and the working group with Bord Gáis Energy's (BG Energy) suggestions regarding options for interconnector (IC) arrangements in the Single Electricity Market (SEM). BG Energy is conscious that a second work-stream to develop 'day ahead' market arrangements for the SEM will commence in due course and to some extent run parallel to this work-stream. Any option for 'intra-day trading' should be compatible with these developments on 'day-ahead' arrangements. That is to say, that any solution for 'intra-day trading' should not constrain developments of a 'day-ahead' product/arrangements. In reality these work-streams should be combined to optimise the outcome for the market.

BG Energy has reviewed a number of options since the last working group meeting but to avoid discrimination against all SEM generators and to ensure that further development on 'day-ahead market arrangements' and 'dispatch and market scheduling' are not prejudiced, BG Energy has identified one option for further analysis. Notwithstanding this, BG Energy would like to caveat that the option presented below does not represent a preferred approach or preferred arrangements, it is simply an option which BG Energy proposes for further analysis and assessment. The underlying principle in proposing this option is that it could potentially work towards improving liquidity in the SEM and facilitate 'day-ahead' arrangements, while also ensuring that the fundamental design of the market is not altered.

Proposed Option for Further Assessment:

Splitting of Bids for a Trading Day

This option proposes two gate closures for all market participants for each Trading Day. The first gate closure would be at 10 am on D-1 as per the current arrangements but the bids in this gate closure would only relate to the period 6am – 6pm on D. A second gate closure would then be set at 9am on D and would relate to the remainder of the Trading Day, 6pm to 6am.

Under this option the current 30 hour optimisation period would be retained. Also, the 24 hour Trading Day would remain in tact, but the bidding for the relevant Trading Day would be split to provide for changes in the market. The suggested split between 6am – 6pm and 6pm to 6am of the Trading Day could be moved to better reflect the operational peaks of the market and may be better informed through further analysis by the SOs.

Again, BG Energy would like to reiterate, that until such time as ‘intra-day’ is defined and the ‘day-ahead’ work-stream is progressed, the development of this work-stream and modification proposal is significantly constrained. To this end, BG Energy would urge the RAs to expedite work in these areas such that a holistic and timely approach can be taken to the development of the SEM.

Yours sincerely,

Jill Murray
Commerical Regulation
Bord Gáis Energy

{by email}