



Market System Development Plan Consultation Report

1st January 2024 – 31st December 2025

Abstract

This document is the MSDP consultation report developed by SEMO following the consultation regarding the MSDP for the period between 1 January 2024 and 31 December 2025.

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1. Introduction

SONI and EirGrid, in their respective capacity as licenced Market Operator in Northern Ireland and Ireland respectively (together the Single Electricity Market Operator '**SEMO**'), are required to produce a Market System Development Plan (**MSDP**) for approval by the Utility Regulator (**UR**) and the Commission for Regulation of Utilities (**CRU**) for the development of the Single Electricity Market (**SEM**) Trading and Settlement System. This plan is produced in accordance with Condition 16 of the SONI SEM Operator Licence and in accordance with Condition 4 of the EirGrid Market Operator License.

This document is the MSDP consultation report developed by the SEMO following the MSDP Consultation (which was published for consultation on the SEMO website (the '[Consultation Paper](#)'). The MSDP consulted upon covers the period from 1 January 2024 to 31 December 2025.

The MSDP identifies predominantly the market facing changes that SEMO believes will facilitate the effective operation, administration, and development of the SEM, that impact on the SEMO systems, and proposes what investment projects are essential to support the needs of the market. It does not include works required to the underpinning systems and assets such as financial systems, data storage and retrieval systems, IT infrastructure, cyber security requirements etc which are an inherent part of any business. SEMOs requirements in this regard are considered as part of the multiannual Price Controls.

There are a number of factors that will influence where SEMO's expenditure is focused in the coming years in order to facilitate the efficient, economic, and coordinated operation, administration, and development of the SEM in a financially secure manner. SEMO need to accommodate and adhere to directions received from the Regulatory Authorities (the CRU and the UR, hereafter the **RAs**) and obligations under European Commission directives/legislation, and in addition to such legal obligations seek to address feedback SEMO receives from participants on areas for improvement. This in the context of ensuring SEMO can facilitate the longer-term goal of and meet the challenges of high renewable energy share in electricity (RES-E) required to achieve the 2030 decarbonisation targets.

SEMO received one response from industry to the MSDP consultation, from Energia. SEMO would like to thank Energia for their response to this consultation.

Section 2 of this consultation report will address the feedback received regarding the Capacity Market, the Scheduling and Dispatch Programme, the Strategic Markets Programme and Biennial Market Releases.

2. Consultation Responses

Capacity Market

Energia outlined concerns that key changes to the Capacity Market requiring amendments to market systems are not captured within the MSDP and are contributing to lengthy delays in respect of implementing approved modifications.

SEMO is the settlement agent for the Capacity Market, however, the Capacity Market arrangements, core Capacity Market Systems and the Capacity Market Code and associated Capacity Market Modifications are functions of EirGrid and SONI as Transmission System Operator (**TSO**) under their respective TSO licences. As such these elements are not part of the Trading and Settlement Code and thus are outside of the scope of the MSDP.

Scheduling and Dispatch Programme and Strategic Markets Programme

In relation to the Scheduling and Dispatch Programme (SDP), Energia expressed concern about the delays that may come due to delays in funding for the programme. Similarly, regarding this Strategic Markets Programme, Energia also has concerns about delays due to funding and recommend that processes are put in place to ensure sufficient time is allowed for review and approval of funding requests for all Future Projects within the MSDP so that unnecessary delays are avoided.

SONI and EirGrid have been collectively engaging with RAs on a governance and revenue recovery framework for all-island projects. This framework will support a coordinated approach to approvals of project funding, including the allocation of costs across the relevant licences, for revenue recovery. It is intended that the framework will support the efficient delivery of all-island projects.

Biannual Market Releases

Regarding the Biannual Market Releases, Energia is concerned that as changes to markets systems increase in both scope and complexity one set of changes has the potential to delay the release of others at a cost ultimately borne by the end consumer. Energia suggested that a more flexible release process capable of delivering iterative change seems preferable in light of the quantum of necessary system change to come.

SEMO recognises that changes to the market systems need to be implemented in a timely, predictable and accurate manner. An ad-hoc or overly frequent approach to the delivery of system releases is not appropriate given the critical nature of the systems to the smooth operation of the electricity markets. For some time, SEMO has operated a biannual release strategy through which new functionality can be introduced, as well as identified issues being resolved on a regular and predictable basis. This is a proven, balanced, and prudent approach to the introduction of process and systems changes which is the standard in similar electricity markets elsewhere and in other complex transactional systems more generally.

SEMO does not develop the software, it is designed and delivered by a third party vendor and SMEs based on SEMO requirements. The core drivers of the level of cost and timescales is the complexity of the market design, as rigorous analysis and design activity must be completed for all changes to fully understand the impact of the changes. In advancing market system changes to the central market management system (MMS) under Market System Release Capital SEMO recognises that the vendor has highly specialised resources but these are limited, and thus there is a limited volume of change that SEMO can process with the vendor at any point in time.

In addition, the security and resilience requirements of the Market Systems means comprehensive testing processes must be completed for every release. Moving to more regular releases would ultimately cost significantly more as further investment in IT infrastructure, test environments, and resourcing would be needed.

3. Conclusions

SEMO acknowledges the feedback from the respondent and thanks them for their helpful input. As described above, some of the feedback was deemed outside of the scope of the MSDP or did not require changes to be made to the consultation version of the MSDP.