



## **SEM Intraday Trading Endesa Ireland proposals**

Endesa Ireland has significant concerns with the efforts to develop intraday trading in a short time-frame. We consider this to be a significant change to the market that needs to be fully considered. As the time constraints are related to meeting EU Requirements, Endesa Ireland strongly urges the RAs to develop an interim product to meet legal requirements, while allowing sufficient time to develop an appropriate solution for the SEM.

In addition, Endesa Ireland would suggest that the development of a long-term solution is concurrent with the development of options for day-ahead arrangements. Furthermore, this work should be informed by the decision on Dispatch and Scheduling and the development of a roadmap toward regional integration. Endesa Ireland considers that these issues are inter-related and a solution to intraday trading should be informed by the outcome of these workstreams.

### **UIOLI vs UIOSI**

Endesa Ireland considers that annual or monthly interconnector capacity should be sold on a use it or sell it (UIOSI) basis. This will help maximise the interconnector owners' revenues as generators will not need to discount their offers for capacity based on the expected risk that they may lose the capacity. The principle for determining the price at which unused capacity is sold can be agreed in advance, i.e. the capacity payment price, to ensure capacity is not hoarded.

Endesa Ireland does not consider that there has been any justification for use it or lose it (UIOLI) and cannot understand why this approach would be considered in the SEM, where there are no historic long-term contracts and there is no evidence of hoarding.

As requested at the Intraday Trading Working Group meeting on 11 May, please find below Endesa Ireland's proposals for short, medium and long-term solutions to facilitate interconnector trading.

### **Option 1: Compliance with EU regulations**

Endesa Ireland considers that an intraday product should be developed that meets EU requirements at the least cost. This product does not need to actually facilitate intraday trading. It should simply meet minimum EU requirements. Endesa Ireland believes it is possible to develop such a product without having to make substantial changes to IT systems and market rules.

### **Option 2: Near-term solution**

Endesa Ireland considers that in the near-term, intraday trading should be integrated into the SEM design. This would not result in a fundamental change to the SEM, simply a bisection of the trading day into two trading periods, with the additional of a second gate closure within-day.



Trading Period	Applicable MSQs	Gate Closure
TP I	6am to 6pm	10 am D-1
TP II	6pm to 6am	2pm on D

Such a solution would ensure that all parties are treated equally with no preference given to interconnector users.

The TSOs have raised concerns that gate closure less than 12 hours prior to dispatch would cause difficulties. Endesa Ireland considers that the software can be modified to ensure that the MSP software returns a technically feasible solution for dispatch.

Endesa Ireland accepts that this would require a number of modifications to the SEMO market systems and RCUC and the costs of doing this should be investigated.

**Option 3:** Long-term solution

Endesa Ireland considers that the long-term solution should reflect where we expect the market to be in the next 5-10 years. Currently, there is no clarity on the regional market design; whether the SEM will still be in existence or whether we will revert to a bilateral market with a balancing mechanism. Endesa Ireland does not see the benefit of developing a long-term solution until a roadmap for regional integration is developed.