

NORTHERN IRELAND ELECTRICITY PLC

NIE's Response to the Trading and Settlement Code Modifications Committee Working Group Consultation on Modification_34_09 – Global Aggregation

July 2010

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Introduction

Northern Ireland Electricity (NIE) is the licensed entity that, in addition to providing transmission and distribution services in Northern Ireland, also provides market data services for retail and wholesale settlement. It is one of four meter data providers (MDPs) to the Single Electricity Market.

This paper sets out NIE's comments on the Global Aggregation options as developed by a working group as a result of proposed modification 34_09 to the Trading and Settlement Code (T&SC). As NIE has representation on the T&SC Modifications Committee and has been active in all of the working groups relating to Global Aggregation, we are particularly familiar with the contents of the consultation document.

General Comments

NIE acknowledges from the outset that Global Aggregation is essential for the fair and equitable treatment of all energy suppliers. Our comments therefore assume that the requirement to introduce Global Aggregation is accepted and focus on the mechanisms behind its delivery, particularly as they relate to MDP responsibilities.

A move away from energy differencing towards Global Aggregation necessitates the establishment of Error Supplier Units (ESUs). It is assumed for the purposes of this response that these will be applied on a jurisdictional basis.

The options raised in the consultation suggest different ways by which the ESU energy quantities might be smeared or apportioned to other Supplier Units within the wholesale market and our comments on these are provided as follows.

Option A – Balancing Cost

This option places the responsibility on SEMO to recover the ESU value via the Imperfections Charge made to Participants throughout the year. This option does not distinguish between interval and non-interval consumption for smearing purposes and would be detrimental to those Supplier Units which contain high volumes of interval energy as the ESU value will arise largely from non-interval measurements. However, in terms of its practical implementation, NIE can accommodate this option if chosen and the potential impact is low.

Option B – Single Factor Smear

The use of a single annual smearing factor for each Supplier Unit used in settlement is acceptable in principle and could be accommodated by NIE. The majority of the effort to deliver this option however is in the development of the mechanism for calculating the smearing factor and the frequency of application is of a lesser impact. Therefore as the use of a single annual smearing factor would provide a less robust solution, NIE's view is that annual smearing should be rejected in favour of one of the more dynamic smearing options proposed in the consultation paper.

Option C – Dual Factor Smear

Similar to option B above, the use (this time weekly) of a smearing factor for each supplier unit split by half hourly or non-half hourly metering systems could be accommodated by NIE. The majority of the effort required to deliver this option is in the development of the mechanism for calculating the smearing factor and the frequency of application is of a lower impact. NIE's view therefore is that weekly smearing should be rejected on the basis of the more dynamic options.

Option D – Detailed Smearing, Discreet Interval and Non-interval Units

This is the ideal solution for Global Aggregation whereby the ESU is apportioned across interval and non-interval Supplier Units. However the existing unit registration process does not differentiate Supplier Units in this way and a new registration process would be required from SEMO. In addition to this, it would be necessary for all MDPs to identify and migrate their interval and non-interval MPRNs to new Supplier Units prior to Global Aggregation go-live. This would have a high impact on MDPs both in terms of cost and effort. NIE could adopt this method if chosen and following the initial migration exercise could proceed within the bounds of existing business processes.

Option E – Detailed Smearing, Interval and Non-interval Factors

Existing SMO reports i.e. the daily data files sent to the market, contain Supplier Units and their energy values per half hour. This option requires an additional field for each half hour period providing a value for the percentage of non interval energy per Supplier Unit. The redevelopment of the SMO report to achieve this is complex but can be achieved.

Conclusion

NIE agrees with the working group decision to discard options B, C and D on the basis that smearing in options B and C is applied over too great a time interval, and that option D involves a complex cut over and migration process.

Option A has the lowest impact on NIE but does not appear to meet the requirement that Global Aggregation should apply smearing to all Supplier Units equitably.

Option E is therefore NIE's preference although the redevelopment of the SMO report to achieve this is complex and would add associated costs.

NIE would require clarity by September 2010 on which smearing option is chosen in order to finalise the design of NIE's Enduring Solution Project.

All of the suggested options are achievable with an associated level of time, cost and effort and NIE is therefore happy to explore these further with the T&SC Modifications Committee working group if required.