

# Chapter 6: The Interim Secondary Trading Arrangements

# Interim Secondary Trading Arrangement – (1/3)

- The Capacity Auction determines Awarded Capacity.
- Participants holding Awarded Capacity will have obligations linked to that capacity.
- Secondary Trading exists to allow Qualified Participants to buy Awarded Capacity from others when, for Legitimate Reasons, they cannot otherwise cover their obligations.
- The full Secondary Trading arrangement will not be ready for market commencement, with an interim arrangement used in its place.
- This section describes that interim arrangement.

## Interim Secondary Trading Arrangement – (2/3)

- The Interim Secondary Trading Arrangement (ISTA) applies until the First Secondary Trading Day (set by the RAs). Secondary Trading will apply after that.
- During the period of the ISTA, Participants have the option to seek protection from difference charges for Planned Outages.
- To do this, a Participant provides the System Operators with an “Interim Secondary Trade Notification” (ISTN) indicating for a given CMU:
  - Whether the ISTN is to activate or deactivate the interim secondary trade arrangements (ISTA) (effectively an On or Off switch). By default the ISTA is inactive for a CMU.
  - The month from which the ISTN is to apply - it will actually take effect from the later of the stated month or the next month starting after 10 Working Days in the future.
  - The change in Net Capacity Quantity desired by the Participant in respect of existing capacity for its CMU.

## Interim Secondary Trading Arrangement – (3/3)

- Planned Outages include reductions in availability of CMUs due to:
  - An outage in the Committed Outage Program (Ireland) or the Final Outage Program (Northern Ireland).
  - Planned outages of part of the transmission system under the Grid Code.
  - For a generator, the result of an outage of the plant that it is the sole source of fuel for the plant (e.g. in case of a Combined Heat and Power plant).
- The change is implemented by the System Operators creating an offsetting Secondary Trade for the duration of the Planned Outage with:
  - The participant as the buyer of the capacity.
  - a price equal to the volume weighted average price of capacity awarded in the Capacity Auction to that CMU.
  - a Capacity Duration Exchange Rate as specified in the Final Auction Information Pack for the Capacity Auction.
- The effect is to lower the net Awarded Capacity held by the CMU, lowering its exposure to Difference Charges in settlement, but also lowering its net revenue from capacity. Because of this trade off, Participants have the choice over how much capacity they want to buy (if any).

# Impact of an Interim Secondary Trade Notification

SOs receive/accept an Interim Secondary Trade Notification (ISTN) to apply from Month 2, specifying a reduction of Awarded Capacity by X MW for the CMU.

