

European Developments and SEM

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Wholesale Electricity Markets

Framework Guidelines

- FG Network Connection
- FG Capacity and Congestion Management
- FG System Operation
- FG Balancing

Published (ACER)

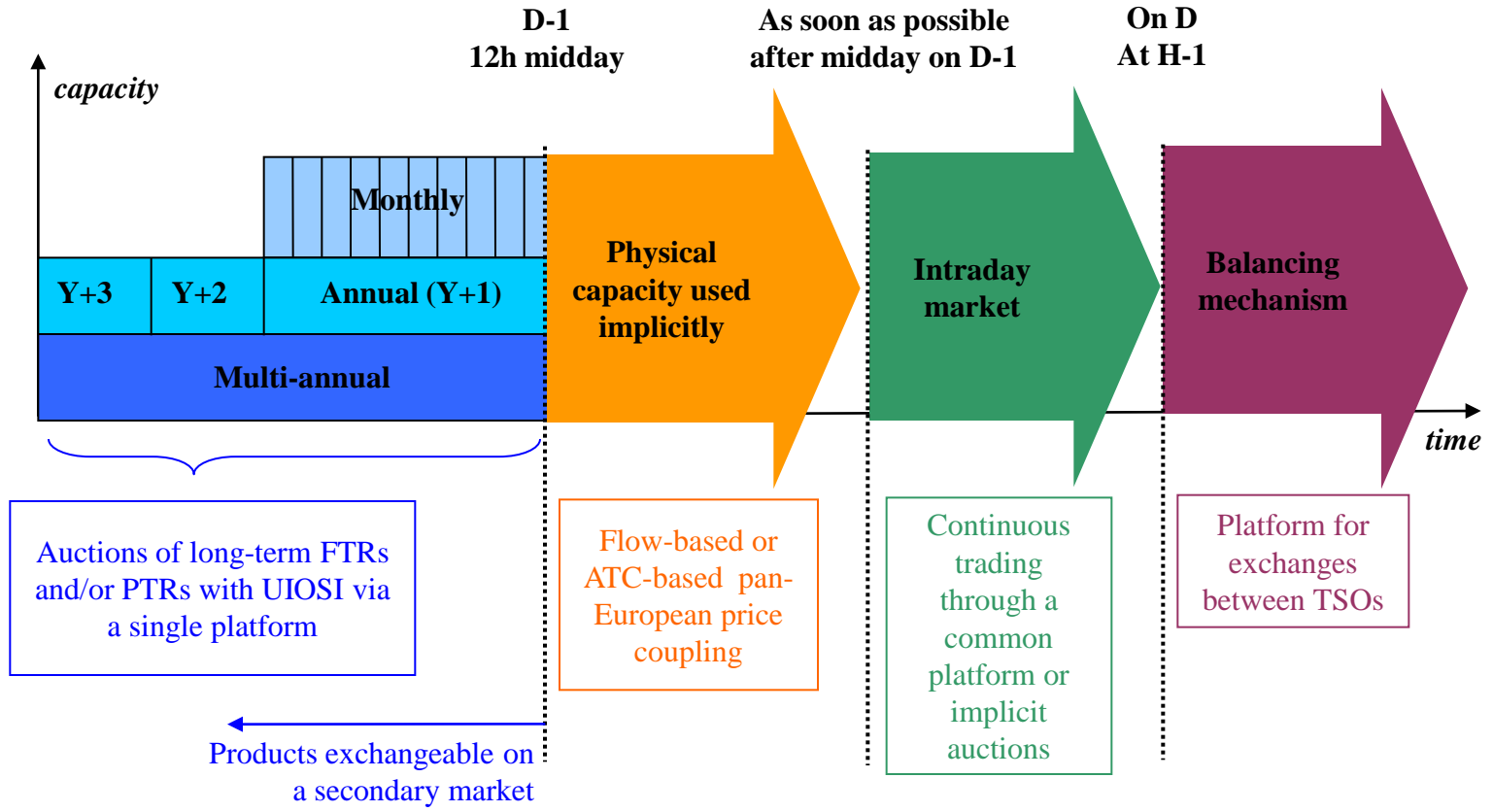
Under Development (ACER)

Network Codes to be developed by ENTSOE

- Guideline on Governance
- Guideline on Transparency

Under Development
(EU Commission)

European Target Models



SEM and the Target Model

- Integrating SEM in present form into EU target model is a significant challenge
- Target model based on predominant European market design of bilateral self commitment markets with voluntary, organised day ahead and intra day trading thorough power exchanges
- SEM is a gross mandatory pool with:
 - ex post pricing
 - centralised unit commitment and dispatch, based on complex bids from generators
 - explicit capacity payments

Market Characteristics

<i>Characteristic</i>	<i>SEM Design</i>	<i>European Target Model</i>
<i>Market Design</i>	Pool	Bi-lateral Contracts
<i>Trading Day</i>	06AM for 24 hours	23PM for 24 hours
<i>Trading Period</i>	30 minutes	1 hour (for Day Ahead and Intra-Day contracts)
<i>Gate Closure</i>	Trading Day – 20.5hrs (EA1)	Trading Day – 12hrs (Day- 1)
<i>Offers/Bids</i>	Generator Complex Offers (with Commercial and Technical components) Demand does not bid.	Simple Offers and Bids Sophisticated Offers (Block Bids, Linked Bids, Minimum Revenue, Energy Limited)
<i>Intra-Day</i>	2 Implicit Auctions	Continuous Implicit Trading
<i>Form of dispatch</i>	Central Dispatch	Less Centralised Dispatch
<i>Firm Pricing</i>	Ex-Post	Day Ahead and Intraday
<i>Financial Contracts</i>	Limited contracts market	Forwards financial and physical markets
<i>Cross Border Settlement</i>	Interconnector Units settle cross border trades.	Shipping agent settles cross border trades.
<i>Capacity Payment</i>	Explicit Capacity Payments	Not considered in the FG CACM

European Market Integration Project

- Industry Update on 3rd June
- Project plan published on 8th August
- 2 Workshops held in Dundalk
- Consultation Paper to be published in early 2012
 - Paper will look at options to evolve SEM and options that involve more fundamental changes
- Implementation by 2016