

# Effects of Brexit on Ireland and the Future of I-SEM

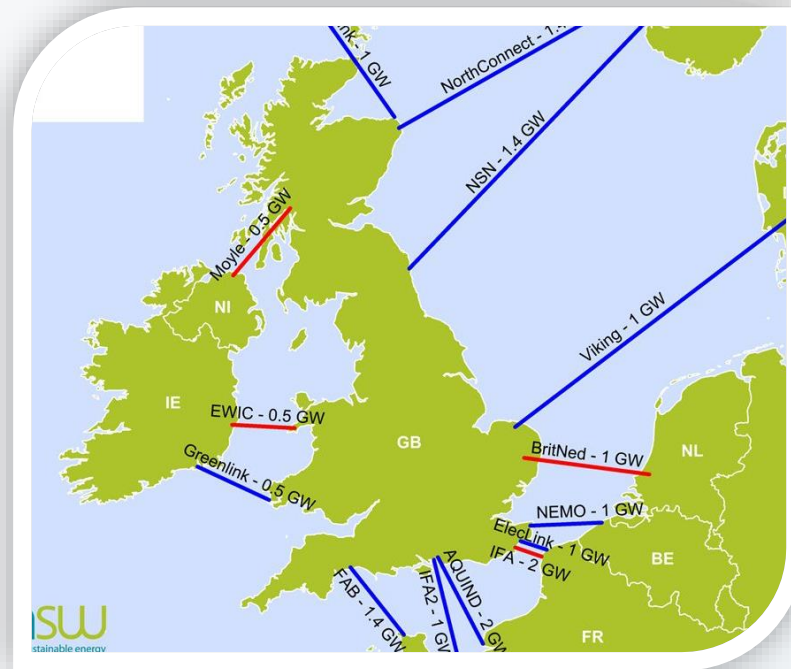
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# The Single Electricity Market

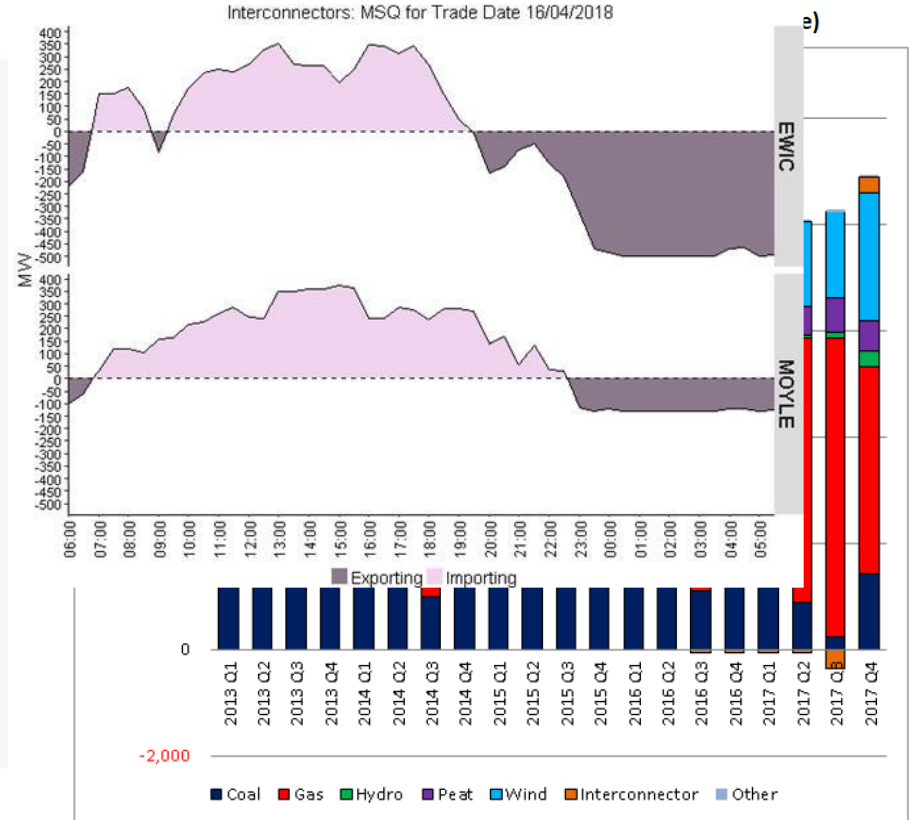
Initial SEM design operation (November 1 2007 – May 22 2018)

- ▶ Single market for buyers and sellers of electricity in Ireland and Northern Ireland
- ▶ No implicit capacity allocation or congestion management at the border
- ▶ Dual-currency arrangements
- ▶ Single, synchronised electricity system



# Interconnection

- Historically SEM a net importer of electricity from GB
- In 2016-17 the trend flipped from export to import
- Higher levels of exporting expected under the revised market design which will integrate the SEM with EU more closely



# Benefits of the SEM

Initial SEM design operation (November 1 2007 – Oct 2018)

- ▶ Larger market provided efficiencies of single market and system operation
- ▶ Greater competition and transparency for generators and suppliers provide benefits to consumers
- ▶ Security of supply in both jurisdictions ensured through stable capacity mechanism
- ▶ Integration of 2000MW of additional renewable generation
- ▶ Increased effectiveness of regulatory institutions

# Two key issues to focus on

- ▶ Continuation of the SEM
- ▶ Future trading relations with GB

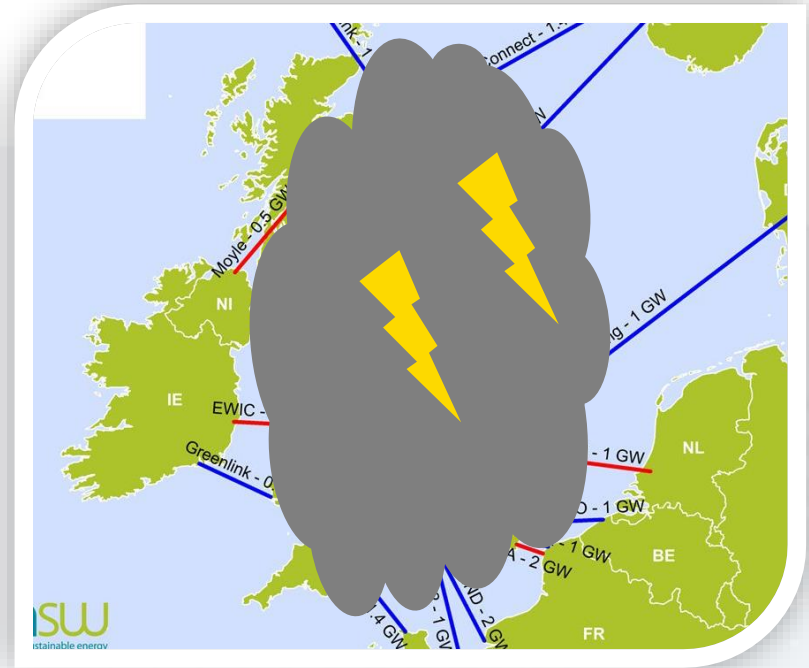
# Continuation of the SEM

- ▶ Best answer is for the UK to remain in IEM
- ▶ Withdrawal Agreement text is positive
- ▶ Key Features for SEM to work going forward
- ▶ Electricity network codes and guidelines must apply across both Ireland and Northern Ireland;
- ▶ Level playing field
- ▶ Financial regulation, REMIT, data sharing and reporting;
- ▶ Continued role of ACER in oversight of all-island regulatory functions, where appropriate;
- ▶ Common approach to complaints and legal dispute resolution –the ECJ, or other option that is specified in the Withdrawal Agreement

# Only half the issue...

## Alignment is key

- ▶ No clarity on SEM-GB cross-border flows
- ▶ Based on recent Notice to Industry on IEM, SEM becomes isolated from the rest of the European market
- ▶ Important to have a set of trading rules that facilitates electricity continuing to flow in a way that ideally differs as little as possible from the IEM model, set out in CACM, GLEB etc.



# What do these rules need to contain?

- ▶ What are the rules?
- ▶ What institutions implement the rules?
- ▶ Who oversees or regulates those institutions?
- ▶ How are the arrangements updated over time?
- ▶ How do we agree those new arrangements? when?
  
- ▶ All takes time to identify and implement!



# Wider context

## Not simply a Brexit issue

- ▶ Consistency across all connected countries is vitally important
- ▶ Common issues arising for all, efficient solution is to identify solutions on a common basis
- ▶ Currently no common basis for Third Country trading; Time is needed to do this however, need to start now!



# Thank You