

All interested parties,  
Stakeholders in Northern Ireland and beyond,  
and other regulatory bodies

Ref: WM-018-11-484

Date: 9 January 2018

To whom it may concern,

**Request for amendment to the proposal for Day Ahead and Intraday Arrangements concerning more than one Nominated Electricity Market Operator (NEMO) in the SEM Bidding Zone.**

In accordance with Article 45 and Article 57 of Regulation (EC) 2015/1222 establishing a guideline on Capacity Allocation and Congestion Management (CACM), the Utility Regulator (UR) received a proposal on 5 July 2017 from the TSOs (SONI and EirGrid) regarding cross-zonal capacity allocation and other necessary arrangements in bidding zones where more than one NEMO is designated and/or offers trading services.

This letter sets out the UR decision to request amendment to the proposal in order to clarify and make comparable the key aspects of each model presented, as well as fulfilling CACM requirements by recommending an arrangement for implementation in revised SEM arrangements (I-SEM).

An equivalent letter requesting the same amendments has been published by the Commission for Regulation of Utilities (CRU).

## Background

Under CACM, both SONI and EirGrid were each designated<sup>1</sup> as NEMO for Northern Ireland and Ireland respectively and were tasked, through the contractual joint venture of SEMOpx, to deliver NEMO services across the all-island bidding zone.

On 17 January 2017, a second NEMO demonstrated its intentions to offer services for single day ahead and single intraday coupling in I-SEM.

In accordance with Article 45 and Article 57 of CACM, the UR and CRU received a proposal from the TSOs (SONI and EirGrid) regarding cross-zonal capacity allocation and other necessary arrangements in bidding zones where more than one NEMO is designated and/or offers trading services. The submission outlined the different models applied by some Member States across Europe for the implementation of a multi-NEMO approach and went out to consultation on 22 September 2017.<sup>2</sup>

## Responses

The consultation closed on 2 November 2017. Three responses were received, the majority of which are of the opinion that the proposal submitted should not be approved in its current form.

One respondent made a number of specific points relating to the structure of the proposal and commented on how the proposal does not fulfil CACM requirements as it didn't put forward a final model to be implemented in I-SEM but rather provided some high-level analysis of the arrangements adopted by other TSOs across Europe.

Another respondent noted in their reply that they were outlining their views on the Day Ahead Market, Intraday Market and Financial Arrangements on the assumption that this proposal is a first step in multi-step process in developing Multi-NEMO arrangements.

A third respondent stated that any multi-NEMO arrangement should meet a minimum set of fundamental requirements which they summarised. Based on the requirements outlined, they believed that the Nordic model most closely fulfilled them.

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<sup>1</sup> <https://www.semcommittee.com/publication/nemo-designation-ireland-and-northern-ireland-decision-papers>

<sup>2</sup> <https://www.semcommittee.com/publication/day-ahead-and-intraday-proposals-arrangements-concerning-more-one-nominated-electricity>

## Decision

The UR has reviewed the proposal in line with the requirements of CACM and its wider statutory duties and obligations. The UR does not consider this proposal in its current form to fully meet the requirements of CACM, as it comprises part of the development process towards a final proposal, rather than the definitive proposal for I-SEM. The UR considers the proposal to be not sufficiently detailed for market participants to engage constructively and for the regulatory authority to evaluate effectively the models and to recommend whatever technical and/or design option choice to be implemented for I-SEM.

The proposal therefore needs to be amended in order to include:

- a description of the general principles of the Multi-NEMO arrangements solution against which the proposed scenarios are to be compared and analysed;
- an evaluation of the potential impact to the I-SEM systems with the introduction of each of the proposed models;
- a cost assessment of each proposal;
- a recommendation for one of the models; and
- a proposed timeframe for the implementation of the recommended solution.

The UR is of the view that TSOs are better placed to assess the potential pros and cons of alternative approaches and the impacts of different models. Therefore, a recommendation for one model to be implemented in I-SEM as required under CACM is requested to be provided.

Non-confidential responses from the original consultation will be published on the RAs' websites.

The TSOs should take the consultation responses into consideration before re-submitting the proposal.

The requested amendments should be set out in the proposal itself or provided in a supporting document.

## Next Steps

In accordance with Article 9 of CACM, the UR have published this decision within six months of receipt of the original proposal. The TSOs should now re-submit to the RAs for approval, a revised proposal within two months of this publication date.

Please make the amendments necessary to address the points set out above and resubmit the proposal by 9 March 2018.

If you have any queries regarding the information contained within this letter please contact [JeanPierre.Miura@uregni.gov.uk](mailto:JeanPierre.Miura@uregni.gov.uk).

Yours sincerely



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cc: Jean Pierre Miura