

EPRG Spring Seminar

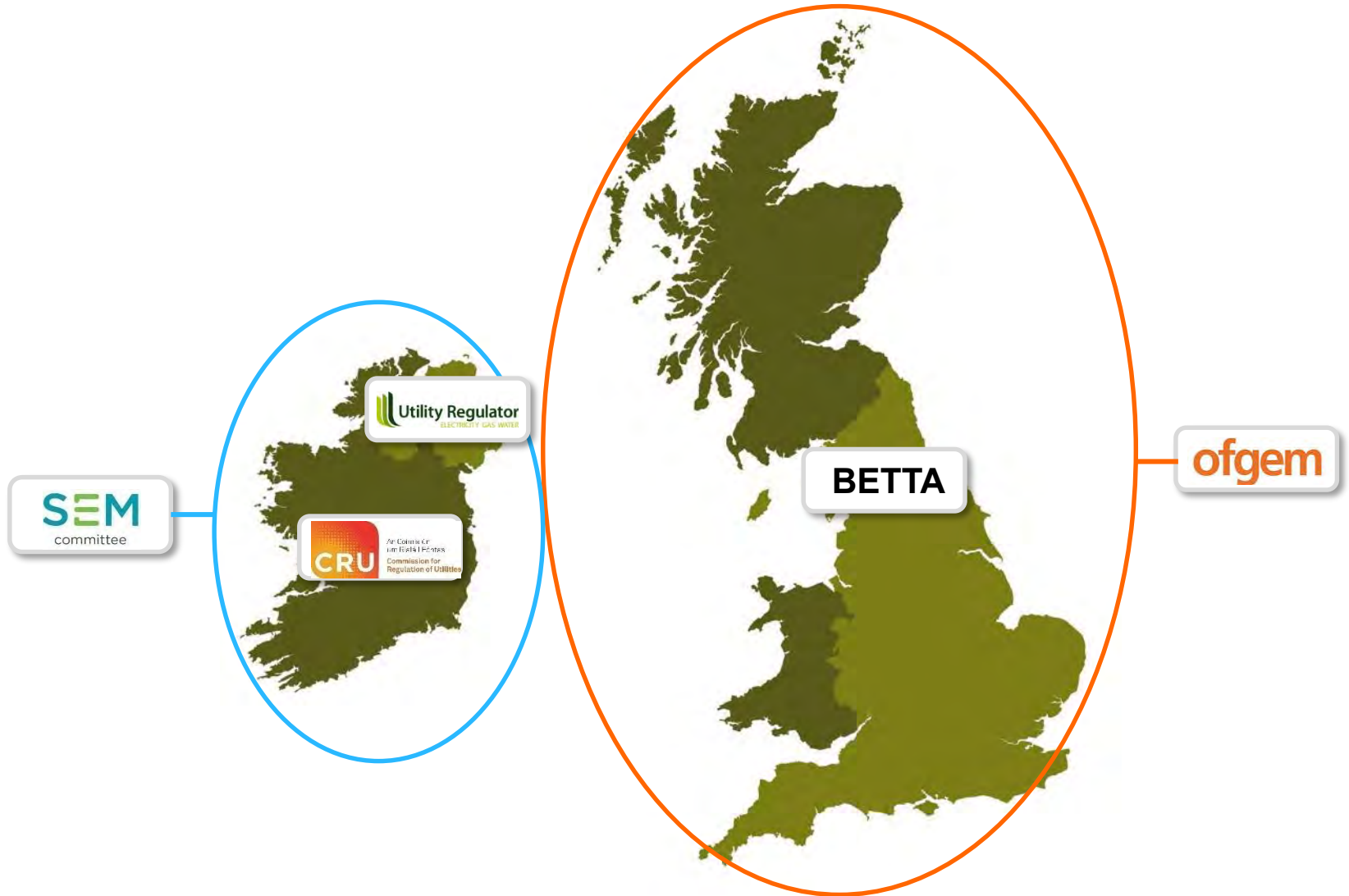
Jenny Pyper

Chief Executive
Utility Regulator

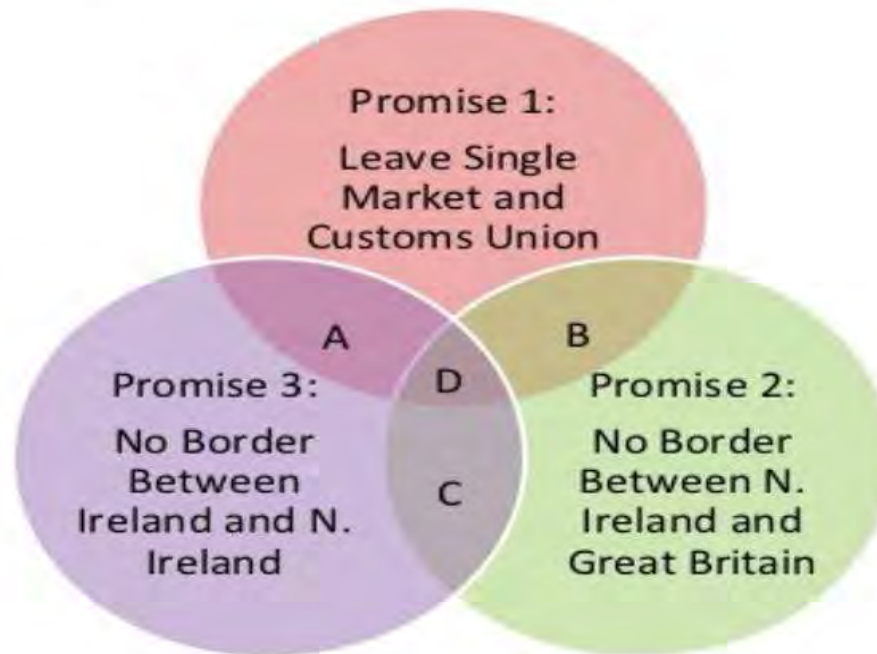
11 May 2018



UK and Ireland wholesale markets



May's Brexit Trilemma



Option A: Break promise to DUP. Border in Irish Sea. Irish reunification in long run.

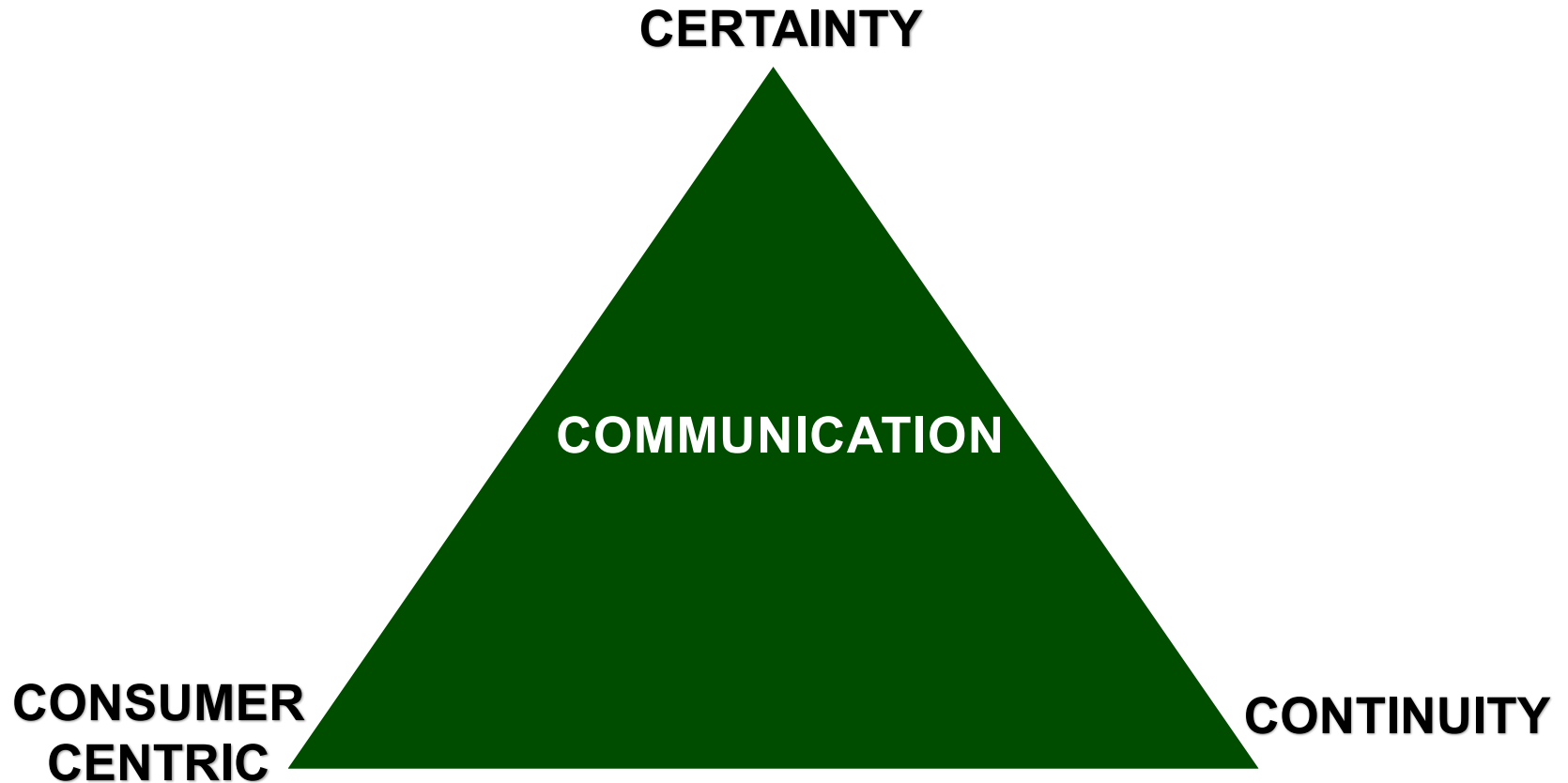
Option B: Break promise to Ireland/EU. Violate Good Friday Agreement w/ border on Ireland. Ireland vetoes Withdrawal Agreement, cliff edge Brexit disaster.

Option C: Break promises to Brexit ultras in cabinet. Soft Brexit. Tory Brexiteers revolt. May ousted.

Option D: Totally impossible. Magical Thinking, Unicorns, etc.

Source: R. Daniel Kelemen, Rutgers University

ISEM trilemma – what industry wants



Post Brexit options for Northern Ireland

Market Design Options for NI

1 Status Quo – UK in the IEM

2 Regional Coupling
(Implicit Capacity Allocation)

3 All Island Market (I-SEM)
(Explicit Capacity Allocation)

4 NI Stand Alone Market

1. Status Quo – UK in the IEM

- Most desirable outcome
- Minimal adjustments to industry codes and licences

2. Regional Coupling

- Preserve the bulk of the I-SEM benefits.
- Moderate effort to adjust market systems and transposition of codes.

3. All Island Market

- Loss of welfare in relation to option 2 (due to less efficient IC flows)
- Significant effort in assessing suitability of EUPHEMIA for a decoupled market of the size of the SEM.
- Market entities such as NEMOs (SEMOpX) will have a redefinition of their roles.

4. NI – Stand Alone Market

- The NI market would probably be too small to justify complex market arrangements.
- GUAs might be the best way forward