

**IWEA response to the Consultation on Offers in the I-SEM Balancing Market (SEM-16-059)**

**18 November 2016**

IWEA welcomes the opportunity to respond to the consultation paper on Offers in the I-SEM Balancing Market.

IWEA notes that the Bidding Code of Practice (BCOP) which is in use in the SEM has been effective in driving transparent pricing and facilitating new market entry. It was introduced into the market design for good reason and been an important aspect of the market design. Many of these reasons still remain, e.g. in relation to market power, and the constrained nature of the balancing market in I-SEM may add to locational market power concerns.

IWEA supports the continued use of a BCOP similar to that in place today, which is underpinned by the licence requirements. The BCOP proposed in the consultation paper moves away from the definitions in the current BCOP and we do not believe the proposed changes are appropriate, and result in increased uncertainty for market participants. Given the increased complexity in the new I-SEM design, there needs to be cognisance given to different parties trading in different market timeframes, and the impact of the BCOP on this.

We believe the BCOP which is in place in the current SEM has worked well and strikes a good balance between flexibility, transparency and certainty. We do not believe that the options proposed in the consultation will provide these same benefits.