

## **Information Note on the Operation of the East West Interconnector**

The flow of energy on the East West Interconnector (EWIC) is determined in the following priority order:

- 1. Market Trading**
- 2. System Operator (SO) Counter Trading**

Since trading on the EWIC has begun, the economic flows dictated by market participants have been largely in the import direction; and a significant number of SO initiated counter trades have taken place. Other options to facilitate greater SO counter trading, for example, registration in a UK Power Exchange facility, are currently being pursued. A detailed summary of each of the above trading mechanisms is provided below.

### **1. Market Trading**

Interconnector flows for EWIC and Moyle are based on the combination of offers submitted by interconnector users and the merit order for the SEM's economic dispatch. The Available Transfer Capacity of the Interconnector is considered and flows are determined by the market scheduling software based on economic dispatch under unconstrained unit commitment. During this scheduling, consideration is not given to security of supply or transmission constraint requirements. For clarity, these interconnector schedules are not re-optimised by the TSOs as under EU legislation the market determined interconnector schedules should be facilitated as far as possible.

In accordance with EU legislation the full transmission capacity of the interconnector is made available to market participants so that energy can be imported or exported as market prices dictate, for the benefit of customers in Ireland and Great Britain.

### **2. SO Counter Trading**

Once the market has closed the SOs may initiate changes to the interconnector schedules via SO counter trading for reasons of system security or to facilitate priority dispatch generation (as directed in SEM Committee Decision paper SEM-11-062).

The ability to counter trade is carried out in accordance with commercial parameters approved by the Regulatory Authorities (RAs); any relevant system limitations; and the availability of a counter party to give effect to any potential trade.

In the past counter-trading on Moyle has been successfully used to alleviate curtailment of priority dispatch generation. EirGrid is already engaged in System Operator to System Operator (SO-SO) trading on EWIC with National Grid UK to alleviate curtailment.

In addition to this, EirGrid is pursuing options which will allow a greater level of SO counter trading.

Discussions with National Grid UK and the RAs have taken place. Three potential enhanced SO counter trading models are being explored at present:

- EirGrid and SONI trading directly on a UK Power Exchange;
- An agent trading on EirGrid and SONI's behalf;
- EirGrid and SONI trading bilaterally with market participants.

The model outlined above or any other potential trading model, is subject to approval by the RAs; and the timelines for implementation will depend, among other things, on the model chosen however it is expected any such project will take at least six months.

For example, participation in a Power Exchange will bring with it a number of practical issues to be addressed not least of which are liaison with National Grid UK, regulatory approval, new IT systems and changes to NCC operations. Power Exchange trading will be a new business for the SOs and all systems, financial and legal implications will need to be addressed.

Ultimately all SO trades are subject to Regulatory oversight.

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### **Additional Information**

Additional Information on the commercial operation of EWIC is available on the EirGrid website: [www.eirgrid.com/eastwest](http://www.eirgrid.com/eastwest)

Additional information on auctions is available on the auction management platform website: <https://amp.eirgrid.com/Cfrmset.asp>

Please select the 'Public Data Access' (bottom of home page) for links to additional information on daily and long term auctions and reporting on interconnector activity.