Information Note – Proposed Amendment to the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007¹

The European Union (EU) is developing an internal market for electricity and gas to ensure Europe has an energy market that supplies affordable, secure and sustainable energy to Europe’s citizens. The model to realise this internal market is set out in the EU Third Package legislation and the associated electricity network codes and guidelines under development as a body of harmonised rules for cross border trade in electricity and gas, commonly known as the EU Target Model.²

Compliance with this Target Model and closer integration with European electricity markets is the responsibility of the Governments of Ireland and Northern Ireland. As the rules that govern the Single Electricity Market (SEM) are not compatible with the EU Target Model, both Governments have tasked the SEM Committee with developing new market arrangements for the all-island wholesale electricity markets. The new set of trading arrangements will be called the Integrated Single Electricity Market (I-SEM). This project is underway and will be completed by the end of 2017.

The network codes/European Commission Regulations that emanate from the process described in Regulation (EC) 714/2009 set out the harmonised rules for the detailed operation of cross border electricity trading.³ The rules have direct effect, are binding on Member States and on market participants and do not require national transposition. In some cases domestic rules and arrangements may need to be adjusted to ensure compliance.

The Capacity Allocation and Congestion Management (CACM) Regulation was voted on in the formal EU comitology process and agreed at the Electricity Cross Border Committee meeting on 5 December 2014.⁴ The Regulation will come into


³ See articles 6 and 8 (1) (6) of Regulation (EU) 714/2009

⁴ See also the draft European Commission Regulation on Capacity Allocation and Congestion Management (CACM) and the network codes available through ENTSO-E.


While Ireland and Northern Ireland have been granted derogation from many of the requirements in the CACM Regulation until 31 December 2017, there is an immediate obligation on both jurisdictions to implement preparatory transitional arrangements that shall:

“facilitate the transition to full implementation of and full compliance with this Regulation, and include all necessary preparatory measures for full implementation of and full compliance with this Regulation, by 31 December 2017, and;

guarantee a reasonable degree of integration with the markets in adjacent jurisdictions.”

While Regulation (EC) 714/2009 and subsequent network codes have direct effect and do not require Member State transposition, it is proposed to amend existing legislation to clarify that the all-island electricity market operates under the EU and domestic legislative arrangements, reflecting the developments in European internal market legislation, such as the network codes that provide the rules for the Electricity Target Model, leading towards integrated European electricity markets via the implementation of the Target Model.

Therefore it is proposed to amend the definition of the Single Electricity Market in section 3 of the Electricity Regulation (Amendment) (Single Electricity Market) Act 2007 to reflect the evolution of the SEM from the arrangements initially established under the 2007 Act and the 2006 Memorandum of Understanding (MOU). The MOU explicitly intended that the SEM arrangements would promote the creation of a single, competitive, sustainable and reliable wholesale electricity market in


^ Article 80 (2) of the Draft Regulation on CACM.

Northern Ireland and Ireland within the context of the EU policy on the creation of an EU-wide internal market for electricity.

The amended definition will refer to the requirements of Regulation (EC) 714/2009 and the associated electricity network codes/European Commission Regulations.

The legislative proposal is being developed in parallel with the Northern Ireland Department of Enterprise, Trade and Investment (DETI). Both Departments are working together on the development process to an aligned timescale. It is anticipated that there will be a similar legislative amendment in Northern Ireland. Comments to isem@dcenr.gov.ie on this proposal by 29 June 2015 are welcome.

It is expected that the legislative change will be made via section 3 of the European Communities Act 1972 during Quarter 3 of 2015.