

Case study

LEADING IRISH RENEWABLES GENERATOR

A solution to trade in intraday and day ahead markets

Summary

The customer is one of the largest renewable generators in Ireland.

The Irish electricity market has evolved substantially over the last few years from an ex post to ex ante trading mechanism. Brady's physical energy trading software solution is deployed to help them to manage short term positions and trade on the EPEX Spot intraday continuous market, monitor cash flows and report revenue on trading transactions.

The customer chose the cloud-hosted deployment option for its Brady solution.

The business driver

The Integrated Single Electricity Market (I-SEM), a wholesale electricity market arrangement for Northern Ireland and the Republic of Ireland was launched in October 2018, to be aligned with the European electricity market and comply with EU regulations.

Previously, the customer sold the wind they generated on an ex post basis, requiring no trading. As a consequence of the market change, they now need to participate in ex ante day ahead and intraday markets, performing activities such as trading, hedging, scheduling and settlement, hence sought a software solution to help them achieve this.

The Challenges

The customer sought to implement an efficient process to access and analyse wind forecast information, as well as to prepare and submit bids to the market. The two internal options considered were to either manually bid their forecasts into the market or build a 'light' ETRM system themselves.

The bid submission process involved in the first option was deemed too time consuming when needing to submit multiple bids at the generation unit or supply unit level in auctions 4 times a day. More importantly, the business would have been exposed to significant financial risks from simple mistakes. Copying and pasting the wrong data in the wrong day or for the wrong unit, could mean that too much electricity was sold that couldn't be produced and hence needed to be purchased back, or that not enough was sold meaning it may have to be sold into the imbalance market at potentially poorer prices.

“ Brady's professionalism stood out in the selection process. We sought a trading solution that was easy to implement and support. Brady's team were highly knowledgeable and consistently demonstrated integrity and flexibility in their responses to how the software could deal with the particular nuances of renewables and our needs. ”

- Head of Trading

The Challenges cont.

Furthermore, trading opportunities could be easily missed by accidentally forgetting to submit a bid in a hectic intraday auction environment, or a gate closure time could be missed due to a technical problem. In such scenarios, if the bids are not rectified in time, the company would have to go to the balancing market and accept whatever price was on offer, which could be penal, and occasionally highly penal.

When dealing with the tens of millions of Euros of trading revenue per year, the impact of a few mistakes could be extremely costly for the business.

Building a basic in-house ETRM solution was ruled out as an option after factoring the costs of resources required to develop, maintain and support this over the long-term. The company also did not want to risk being overly reliant on one or two key individuals with all the understanding of how it worked. After consideration of all these factors, the customer went to the market with a formal software request for tender process and selected Brady.

Brady stood out in the selection process for its delivery of high quality responses to difficult questions confidently, demonstrating strong subject matter expertise. Knowing that Brady's support team was based in Europe gave peace of mind that responses to issues raised would be received in a timely and convenient manner. Furthermore, being a small and dynamic organisation, the customer felt Brady was a good cultural match as a vendor.

Key benefits of deploying Brady's solution

Since deploying the Brady's physical energy trading solution, the customer is able to take advantage of trading opportunities in intraday and day ahead markets in Ireland's Integrated Single Electricity Market. Key benefits include the ability to:



Closely monitor the ever-changing forecasts for wind generation units so they can make more informed business decisions.



Trade more smoothly on EPEX's continuous trading markets with automation of data transfer.



React faster to any unforeseen events continuously monitoring live open positions across their sizeable portfolio of wind farms.



Reduce financial risk by eliminating the need to perform manual processes in preparing and submitting bids.



Achieve cost savings from a solution that fits in their overall IT landscape with ease and does not require the overheads, risks or dependencies of an in-house developed solution.

“ Brady's solution is one we have grown to know and love that gives us great peace of mind. It is the centre of all our trading activities and does exactly what it's supposed to do reliably. We can understand instantly what's going on across our generation assets, spot any irregularities and inform our traders to take immediate action. ”

- Head of Trading

About BRADY

Brady PLC is the largest independent provider of energy trading and risk management software to the European markets.

We have over 30 years of expertise in energy markets with more than 10,000 users at over 200 companies worldwide, who depend on our software solutions to deliver mission critical business transactions across their operations.

For energy, we offer solutions for end-to-end trading lifecycle management together with hedging and risk management, logistics, accounting and finance.

We are committed to keeping our customers ahead of the curve by keeping abreast of the latest market developments to drive innovation in our software, coupled with the deep knowledge and expertise of our people.

Speak to a Brady Energy Expert today and discover how Brady's software suite can support your commodity trading activity.

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