



**Energia response to SEMC
Consultation Paper
SEM-24-054**

*Trading and Settlement Code
SEM Scheduling and Dispatch Parameters Consultation 2025*

20 September 2024

1 Introduction

Energia welcomes the opportunity to respond to the SEM Committee Consultation Paper SEM-24-054 “Trading and Settlement Code SEM Scheduling and Dispatch Parameters 2025” (the “Consultation Paper”). We have outlined our comments in relation to the Consultation Paper below in General Comments and Conclusion sections respectively.

2 General Comments

The Consultation Paper outlines a position from the RAs for both the Long Notice Adjustment Factor (LNAF) and the System Imbalance Flattening Factor (SIFF) parameters to remain at zero. This position is based on the TSO analysis and recommendations.

- a) Energia **accepts the TSO analysis** in favour of maintaining LNAF and SIFF parameters at zero for the time being, recognizing that this approach addresses immediate system stability and supply concerns. However, we believe that these **values may need adjustment** at some stage in future, potentially before 2030, to reflect evolving market conditions and the changing needs of the electricity grid.
- b) At some stage the continued use of zero values may serve to insulate existing thermal units from competing with more flexible new entrants. While acknowledging that the current level of renewable and flexible capacity is insufficient to suggest that the thermal units are crowding out new entrants, this situation may change, especially if both the ongoing LCIS and LDES procurement processes bring forth new capacity .
- c) As alluded to in the above point, Energia sees the role of **synchronous condensers** as increasingly important to addressing the system stability needs traditionally met by thermal generation units. These technologies are designed to reduce reliance on conventional thermal units for system stability, suggesting that the TSO’s **concerns regarding the maintenance of Dynamic Stability may become less acute over time**. With the increasing deployment of synchronous condensers, the rationale for maintaining zero values for LNAF and SIFF may therefore become less relevant.
- d) Moreover, there is a risk that **delaying adjustments to these parameters** could lead to **higher costs** in the long run. As the grid transitions and thermal generation retires, there could come a point where a lack of market signals discourages investment in necessary technologies, leaving the system exposed to higher price spikes or reliability issues if thermal generators are not available when needed.

3 Conclusion

In summary, while we agree with the analysis to maintain LNAF and SIFF at zero for now, Energia urges the TSO to continuously **review these parameters leading up to 2030**. When assessment indicates that the time has come to make adjustments to these parameters, Energia’s assumption would be that only incremental increases in the scalars will be required initially. This would seem the most prudent means by which a smoother transition can occur, creating a space for new entrants, but not so abruptly as to send existing units premature exit signals.