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### **EDF Renewables Ireland Response to the SEM Committee Consultation on SEMO 2021-24 Price Control**

EDF Renewables is part of one of the world's largest electricity companies and our investment and innovation is bringing down costs for consumers and bringing significant benefits for communities. We operate in more than 20 countries around the world. We develop, construct and operate wind farms (onshore and offshore), solar and battery storage projects, and have more than 25 years' experience in delivering renewable energy generation.

We have recently opened an office in Dublin and are already in advanced discussions for an onshore wind development pipeline of around 800 MW, with aspirations for far greater growth in Ireland across all technologies, as can be seen by our recent acquisition of 50% of the Codling Offshore Wind Farm Development, off the East Coast of Ireland and the acquisition of a solar portfolio which now has projects under construction.

EDF Renewables would like to thank the SEM Committee for the opportunity to respond to the Consultation on SEMO 2021-24 Price Control.

We would like to highlight the following points:

- **Market Participant Engagement** - EDF Renewables welcomes the publication of the consultation, following on from the Price Control Participant Consultative Forum (PCF). We would like to thank the Market Operator (MO) SEMO and the Regulatory Authorities (RAs) for hosting the recent forum, which allowed market participants to provide insight and feedback on key priorities for the coming years and we hope that this market engagement will continue into the future.
- **Levels of Operational Stability** - While we acknowledge that progress has been made by SEMO in the current Price Control, we have some concerns that the market has not yet reached the expected levels of operational stability given that I-SEM Go-Live was almost 3 years ago. This has created unnecessary risks and costs for market participants. Operational stability should be a priority going forward and considered in determining the final Price Control outcome.
- **Market Operator Key Functions** - EDF Renewables believes that as part of the RA's decision, clarity would be welcome in relation to the expected maximum and minimum service levels of the key functions to be provided by the MO, for the requested opex and capex provisions. The 2021-2024 Price Control should include commercial signals (in the form of KPIs, minimum

expected services levels, etc) and controls (incentive rewards and penalties) to provide additional support where appropriate to overhaul underperforming SEMO functions as soon as possible.

### **Specific Comments on the Consultation**

Based on the information provided, EDF Renewables wishes to highlight the following:

- Incentivising performance via KPIs and prioritising BAU
- Approach to “known unknowns” (including Brexit, EGBL, CEP)
- Additional resources to support policy ambition

#### *Incentivising performance via KPIs and prioritising BAU*

Underperformance against KPIs is concerning, as is the MO’s expectation that many KPIs will continue to be a challenge to achieve. EDF Renewables believes that consideration should be given by the RAs to sharpening price signals, by considering minimum service levels and KPIs in the recoverable sums (i.e. a greater share of cost recovery is linked to the delivery of a minimum level of service against KPIs). Price signals on under- or over-performance of KPIs should be made sharper to improve their effectiveness on delivering outcomes by SEMO. Performance against KPIs should be reported on to market participants regularly.

We recommend that Business As Usual (BAU) projects should be clearly defined and handled separately to business improvement projects. As noted above, minimum service levels and sharpening price signals to ensure a stable environment as part of the BAU operation, are important and should be considered as part of the RA’s determination.

#### *Approach to “known unknowns” (including Brexit, EGBL, CEP)*

In relation to capex projects, and specifically “known issues”, we recommend that high priority projects, such as EGBL, and the implementation of the Clean Energy Package (CEP) are expedited as quickly as possible. These projects will require considerable market changes that should be handled as separate projects, with industry-wide co-ordination once the detailed market changes are agreed upon. This is required to ensure timely delivery. For example, the lack of progress in implementing the CEP to date is already having a significant impact on the investment signal for new renewable generation and increasing risk to the current pipeline of renewable projects which is likely to result in higher prices seen in renewable auctions.

#### *Additional resources to support policy ambition*

Finally, in relation to resources, we wish to highlight the step change that is taking place across industry, underpinned by government policy ambitions for 2030 and beyond. We would encourage the RA’s to consider the capability of SEMO in the delivery of these ambitions, considering the MO’s critical role within the overall system. In setting out resource allowances, we believe it is also important that the expected delivery for SEMO’s core functions should be clear. This will help identify areas where resource is needed most. Permitted resource levels should be clarified and how these will change from the current

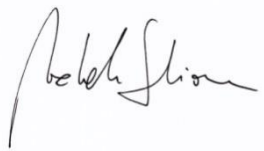
model (i.e. changes in headcount at different levels, and any transfers of personnel to various parts of the business).

#### **Conclusion**

In conclusion we would like to thank the SEM Committee for the opportunity to engage on this matter and look forward to continuing our work with you in future.

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Stella Burke on [stella.burke@edf-re.ie](mailto:stella.burke@edf-re.ie), or me. I confirm that this letter may be published on the SEM Committee website.

Yours sincerely

A handwritten signature in black ink, appearing to read "Michele Schiavone".

Michele Schiavone  
Director for Offshore Wind and Ireland