

Single Electricity Market

PRINCIPLES OF DISPATCH AND THE DESIGN OF THE MARKET SCHEDULE IN THE TRADING AND SETTLEMENT CODE

SEM Committee Proposed Position
Paper and Request for Further Comment

NIE Energy Supply's Response

12 November 2010



Introduction

NIE Energy Supply (NIEES) welcomes the opportunity to respond to the Regulatory Authorities' (RAs) paper on the Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code.

General Comments

The principle objective of the Single Electricity Market (SEM) is the protection of the interest of consumers of electricity on the island of Ireland via promotion of effective competition where appropriate, having due regard to security of supply, sustainability and consistency.

NIEES would ask the RAs to be mindful of the above objective when implementing changes relating to the principles of dispatch and the design of the market schedule and welcomes the 5 general comments which the RAs note by way of guidance.

NIEES recognises the difficulties in achieving challenging and binding EU renewables targets and as such the SEM should not be seen as a barrier to entry to renewable generation. However, in facilitating renewables targets the core structure of the SEM should not be changed to the detriment of other market participants and without fully understanding the potential implications to end customers. As stated in the proposed position paper other legitimate policy objectives of efficiency, cost minimisation to end customers, fairness to all market participants, stability, and long term security of supply have to be borne in mind.

NIEES also believe that any decisions in respect of this area should not be taken without consideration of other RA work-streams. This should include, but is not limited to, reviews of the capacity payments mechanism, ancillary services and any future revisions to TLAfs and the methodology by which they are calculated.

In relation to the specific issues which the RAs seek to address through the proposed position paper NIEES welcomes the inclusion of a materiality or "sustained harm" test and the continuation of the least cost dispatch principle. NIEES believes further clarification on the interpretation of priority dispatch is warranted and agrees with the RA view that cost consideration should form some part of the dispatch decision making process.

NIEES further supports the information provision requirements placed on the System Operators and the continued application of PFLOOR.

Conclusion

NIEES believes that the numerous outcomes of this workstream should not deviate from the key objectives of the SEM. The treatment of dispatch and the design of the market schedule in the Trading and Settlement Code should facilitate a market that is stable, efficient and predictable but which can also be flexible and adaptable while mindful of the end consumer.