

Submission by Bord na Móna PowerGen

on

**Treatment of Price Taking Generation in Tie Break in
Dispatch in the SEM and Associated Issues**

Response to Consultation Paper

(SEM-11-063)

October 2011

Treatment of Price Taking Generation– Tie Breaks in Dispatch Consultation (SEM-11-063)

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Introduction

Bord na Móna welcomes the opportunity to make a submission on the “*Treatment of Price Taking Generation in Tie Breaks in Dispatch in the Single Electricity Market and Associated Issues*”. Bord na Móna, is cognisant of the fact that as the penetration of ‘renewables’ increase on the system, transparent, equitable and non-discriminatory procedures will be required for instances when either constraining and/or curtailing of such units is required for the secure operation of the power system.

Traditionally, when responding to ‘Consultations’ Bord na Móna PowerGen has endeavoured to limit its comments exclusively to the terms of reference of the paper under discussion. However, in this instance such a strict demarcation is somewhat more difficult given how this consultation is inextricably linked to specific decisions and ‘approach[es] favoured by the SEM Committee’ in SEM-11-062.

First and foremost Bord na Móna PowerGen welcomes the SEM Committee’s Decision to adhere to “an ‘absolute’ interpretation of priority dispatch whereby economic factors are only taken into account of in exceptional circumstances”. This is in order to progress the realisation of renewable targets, namely a 16% target for the share of energy from renewable sources in gross final consumption of energy in 2020¹ or more specifically a target of 40% electricity consumption from renewable sources by 2020².

¹ Table A, Annex 1, 2009/28/EC

² National Renewable Energy Action Plan – Submitted by Ireland under Article 4 of Directive 2009/28/EC

It is important that these quantifiable targets and specific obligations be kept ‘front and centre’ during this and future consultations which could impact actual generation from renewable sources.

Tie Breaks in Dispatch

Hierarchy

The SEM Committee’s ‘hierarchy’ set out in section 4.4 of SEM-11-062, mirrors that contained in Appendix A of that same paper. This hierarchy is a reproduction of the advice furnished by the TSOs to the RAs. This proposed hierarchy therefore represents the structure favoured by the TSOs, and it appears that no consultation with stakeholders contributed to its formulation. As noted earlier in this submission, the SEM Committee have adapted an ‘absolute’ approach to implementing priority dispatch for energy from renewable sources. In light of this fact, it is difficult to reconcile the inclusion of ICs (price makers) in a hierarchy designed for price taking units. In their submission to SEM-11-062, it is acknowledged by the TSOs that there is no clear policy directive on the relative priority of renewable and interconnection. Bord na Móna PowerGen would suggest that the hierarchical structure as proposed be re-evaluated, taking due regard to obligations under Directive 2009/28/EC and re-rank energy from renewable sources ahead of energy imported over the ICs.

Dispatching down as opposed to De-Committing Plant

It is worth noting that the point contained in the final paragraph of Appendix A to SEM-11-062 limiting the proposed ‘hierarchy’ to dispatching and not re-scheduling or de-committing plant is both sensible and material and perhaps should have been expressly re-iterated in SEM-11-063.

Additional Sub-Division of Hierarchical Classes based on RES-E performance

Bord na Móna PowerGen endorses the general principle that those units afforded ‘mandatory’ dispatch in legislation be given priority over those afforded ‘discretionary’ priority dispatch. SEM-11-62 notes that the SEM Committee are minded to act in accordance with the spirit and intent of Directive 2009/28/EC and have posited a favoured approach for a hybrid plant’s entitlement to priority dispatch, but as yet no information (or timeline for such information) on the process for applying for priority dispatch under hybrid status has been published.

In the interim and for the purposes of this consultation, it would appear perfectly reasonable and consistent with existing legislation and current obligations to distinguish and effectively sub-divide, during constraint and curtailment events, the ‘discretionary’ PD plants based on their relative performance in terms of generating energy from renewable sources. Independent information and performance data, which would allow such distinctions to be made, is readily available from the EPA, currently on a year in arrears basis.

In essence ‘discretionary’ PD plants with a proven record of renewable generation would be elevated to the top of their respective hierarchical subgroup.

TSO system upgrade

It is noted that the ‘overview of what has been advised as implementable’ by the TSOs is predicated on no additional investment or upgrades to their existing dispatch system. This benefit-only approach may be myopic and a more robust ‘cost benefit’ analysis could ultimately be in the best interest of the final consumer.

Constraints

Notwithstanding the comments contained in the preceding paragraph, Bord na Móna PowerGen is broadly supportive of the notion of ‘constraint lists’ as outlined in the consultation paper. However, two questions remain unanswered. Firstly, it is stated in SEM-11-063 that the hierarchy contained in A.b.i –iii apply only to the constraint groups in the constraint list, begging the question - for individual farms outside the constraint list, what will be the criteria employed for such farms during periods of constraints? Secondly, the supplemental clarification published on October 12th suggests that the constituency of the constraint groups is fluid and subject to change. Such changes will be communicated in advance to industry by the TSOs – this approach has the potential to result in uncertainty, increase risk and ultimately add to costs for asset owners and project developers. Bord na Móna PowerGen would suggest, at the very least, that an agreed criteria for modifying such constraint groups be offered for consultation.

Curtailement

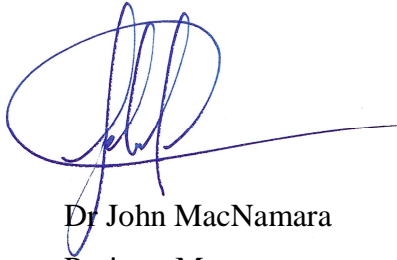
Bord na Móna PowerGen is in broad agreement with the proposal to relieve curtailment issues by dispatching down units on a pro rata basis on the island of Ireland.

PFloor in Excess Generation Events

Bord na Móna PowerGen is in broad agreement with the SEM Committee’s proposal that the quantity of generation charged PFloor in an EGE from an excess of VPT generation be pro-rated down so that the total quantity is equal to system demand.

I trust that the above comments will be helpful in the consultation process. If you have any queries or comments, please do not hesitate to contact me.

For and on behalf of
Bord na Móna PowerGen



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