

**Billy Walker**  
**Utility Regulator**  
**Queens House**  
**14 Queen Street**  
**Belfast**  
**BT1 6ED**

**Jamie Burke**  
**Commission for Energy Regulation,**  
**The Exchange,**  
**Belgard Square North**  
**Dublin 24**

27 July 2011

Dear Billy and Jamie,

**Re: Incentivisation of All-island Dispatch Balancing Costs Consultation Paper (SEM-11-048)**

Power NI welcomes the opportunity to respond to the above consultation.

Following the recent announcement of a 79% increase in imperfections charges, the potential incentivisation of dispatch balancing costs (DBC), which account for the vast majority of imperfection charges, is particularly timely and should be a regulatory priority.

Power NI appreciates that all of the factors which influence DBC are not within the direct control of the Transmission System Operators (TSOs). Power NI however, does not accept that this renders potential DBC incentivisation as inappropriate or ineffective. Tailored, focussed and reasonable measures can and should be developed to give tangible incentive to reduce DBC. Targeting a reduction in DBC is consistent with the objectives of the Trading and Settlement Code and in the best interests of consumers.

Within the paper the Regulatory Authorities (RAs) have identified various DBC influencing factors and noted any existing incentives. While it is encouraging that there are some incentives in place, an assessment of their effectiveness is absent.

With regard to the speed of network development and transmission network availability the RAs have noted that a potential incentive could be included in PR3 Electricity Transmission in ROI. Power NI would welcome such inclusion by the RAs in both PR3 in ROI and RP5 in NI. As with all the TSO focussed incentives, to be effective they must be consistent across both TSOs.

Although no specific licence requirements exist to minimise the cost impact of planned outages, there is inherently a lost income motivation to minimise the duration of outages. Additionally, the recent Eirgrid proposals on Testing Charges will focus commercial pressure on the timing of outages and testing.

Consideration of high-impact low-probability events is an appropriate aspect of any incentive. The proposal put forward by the RAs seems to be a reasonable mechanism. Power NI however, expects that it will take the data from the first year of operation to facilitate refinement. To that extent the RAs should retain discretion to amend the incentive each year following appropriate consultation.

Should you wish to discuss this matter further please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'William Steele', written in a cursive style.

William Steele  
Power NI