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your kind of energy

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14th March 2012

Dear Paul and Rodney,

Re: Consultation on charging for interconnector capacity allocated intra-day

Power NI welcomes the opportunity to respond to EirGrid and Moyle's Consultation Paper on the relevant considerations in relation to the options for allocating and charging for interconnector capacity intra-day in SEM.

Power NI's view in relation to the implementation of UIOSI/UIOLI is that if the long term direction for the SEM interconnectors is to align with the other interconnectors in the FUI region, then it may be prudent to establish UIOLI for intra-day allocations at this stage. However, if this is not a firm requirement then UIOSI (b) would be preferable, given that a capacity holder may be compensated for any long term capacity that is reallocated.

In terms of determining when congestion has occurred, Power NI agrees with the recommendation of the paper; that is, if the sum of the interconnector offers at gate closure is greater than the available capacity at gate closure, then congestion has occurred. Given that submitting an intra-day offer into SEM is also effectively an offer for the implicitly allocated capacity, it is right to consider this as demand for capacity, and hence should be used to determine whether congestion has occurred.

Regarding the options for calculating congestion charges for implicitly allocated capacity, Power NI believes option 1 is the most appropriate. Adopting a marginal pricing approach should encourage cost-reflective offers into SEM, and should be a reflection of the price differential between SEM and BETTA, hence a congestion charge is calculated which reflects the value of the capacity.

Please do not hesitate to contact me should you wish to discuss this response further.

Yours sincerely,

Mark Liggett
Power NI