

**Power NI Energy Limited  
Power Procurement Business (PPB)**

**Trading and Settlement Code  
Policy Parameters 2013**

**Consultation Paper**

**SEM-12-042**

**Response by Power NI Energy (PPB)**



11 July 2012.

## **Introduction**

Power NI Energy – Power Procurement Business (“PPB”) welcomes the opportunity to respond to the consultation paper which seeks views on the Policy Parameters for 2013.

## **Comments**

PPB has no reason to dispute the Regulatory Authority’s analysis and therefore agrees that the existing values should be retained for PFLOOR and the Uplift Parameters.

One of the reasons stated for setting PCAP at the conservative level of €1000/MWh was to ensure that the MSP software did not frequently drive prices to PCAP at times when load is actually being served. It is clear from the Regulatory Authority’s analysis that this is not occurring as there have been no occasions in which SMP has exceeded €700/MWh (max €675.58/MWh). It is acknowledged in the consultation document that a lower PCAP would be equally effective in achieving the objectives of a price cap in the SEM and PPB would be in favour of reducing the PCAP at this time. We would suggest €750/MWh as the level for PCAP as this gives a reasonable margin above the highest SMP recorded during the analysis period.

PCAP is used in the Infra Marginal Rent calculation which is deducted from the Best New Entrant (BNE) cost. As this impacts on the calculation of the Capacity Pot, it is therefore imperative that when PCAP is changed for a calendar year, the Capacity Pot for that same calendar year is calculated using this new value.