



Response to SEM Consultation Paper SEM-12-082

***Trading & Settlement Code
Annual Parameters for 2013***

on behalf of

AES Kilroot Power Ltd and AES Ballylumford Ltd

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Queries to

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Introduction

AES Kilroot Power Limited and AES Ballylumford Limited (collectively 'AES') has been asked to comment specifically on Section 3. (Annual Capacity Exchange Rate) in the Trading & Settlement Code – Annual Parameters for 2013 Consultation Paper ('the Consultation Paper').

Comments

AES has previously commented on the 2013 Annual Capacity Payment Sum Consultation (SEM-12-029), including the proposed approach to the Exchange Rate. The comments below provide an update to the AES position regarding the Exchange Rate application.

It is noted that the exchange rate risk is attributable to Northern Ireland Generators.

Annual Capacity Exchange Rate

Since the SEMC intends to fix the exchange rates embedded in the ACPS calculation, generators could be exposed to exchange rate risk if the Annual Capacity Exchange Rate continues to be set on an annual basis. AES would however suggest that such risk can be addressed via the use of certain financial instruments. AES currently utilises a financial instrument for exchange rate. AES therefore believes that this mechanism is better placed to alleviate concern over any exchange risk, rather than setting the exchange rate for three years.

AES do not therefore believe that the exchange rate should be set for three years