



Meitheal na Gaoithe,
8 Patricks Court,
Patrick Street,
Kilkenny,
Ireland
Tel: 056 7752111
Email: info@mnag.ie
Web: www.mnag.ie

20th April 2012/final

Submission to the SEM Committee on the Consultation

"Proposals for the Implementation of the European Target Model for the Single Electricity Market", SEM-12-004, 24th January 2012

May we firstly thank the various authorities involved for their most constructive engagement at our bilateral meeting on April 12th at the CER offices in Dublin.

Meitheal na Gaoithe, the Irish Windfarmers Cooperative Society Ltd, established in 2000, seeks to represent the interests of the smaller independent windfarm project developer in Ireland. We have approx 200 members, most of whom are in the process of developing wind projects from the smallest to the largest, and many of whom own operating projects.

In addressing the present preliminary consultation, rather than getting into a comprehensive response to the substantial consultation document issued by the SEM Committee, Meitheal na Gaoithe wishes to focus on simply putting our primary concerns on the record at this stage, as outlined at the bilateral meeting.

The main points of concern for Meitheal na Gaoithe would be that the market model to be implemented on the island under the EU target model should:

1. have significant regard to security of supply issues over the very short term (keeping the lights on), medium term (balancing the generation portfolio to minimise risks arising from volatile pricing and availability of fuel supplies) and the longer term (moving us away from any significant dependence on fossil fuels and imported energy of any kind);
2. fully respect the EU's Renewables Directive (2009/28/EC), and facilitate its implementation to the maximum extent possible, in particular taking measures to develop the grid and the market, in order to respect the three principles enshrined in Article 16, without compromising the safety and reliability of the grid:

- priority of dispatch,
- priority access,
- guaranteed transmission.

3. for as long as they continue to be required to compensate for market failures (external costs and subsidies to other energy forms), allow the renewable support mechanisms to be largely independent of the form of the market, so that they are not undermined by such issues as constraint and curtailment, or balancing costs, and are able to continue to operate through the market transition without being derailed, in order to allow renewable projects to be successfully developed and EU targets and other legal obligations to be met;

4. incorporate specific market measures to mitigate constraint and curtailment, in particular:

- effective operation of interconnectors and storage,
- the market incentivization of a more flexible back-up fossil plant portfolio, and,
- the development of an advanced Demand Side Management (DSM) policy, preferably relying on a single ex-ante wholesale market price to drive DSM via smart metering;

5. develop the system of capacity and ancillary service payments to reward provision of services by renewable generation plant which would reduce the exposure to the Public Service Obligation (PSO) of constraint and curtailment costs;

6. provide for near real time trading that doesn't penalize renewables against their day ahead output prediction (short gate closure);

7. facilitate the export of green energy, to both assist the economy and also enable market access for electricity generated from renewables surplus to our own needs;

8. allow the trading of 'green' (GOOs or certificates) throughout the EU and beyond, both onto and off the island;

9. remove barriers to market entry, such as charging projects for connection assets they are not allowed to own (which is also economically inefficient);

10. allow greater flexibility in the provision of private lines where the network is too slow or too expensive.

To assist future comments, Meitheal na Gaoithe would like to know to what extent the existing SEM can comply with the Target Model and to what extent it must change. Indeed, we see a need for a legal analysis as part of the next steps, beyond that presented in the consultation document, which seeks to fully clarify the relationships between the Third Package¹, the Renewables Directive already mentioned, the existing Congestion Management Regulations² and the Target Model's Network Codes and Framework Guidelines. That analysis should in particular carefully examine any possible conflicts, for example between interconnector and renewable priority.

On the process, Meitheal na Gaoithe believes it is essential that the package of changes to be proposed for the SEM be subject to a full Regulatory Impact Analysis (RIA).



Thomas Cooke, Chairman

¹ Directive 2009/72/EC

² Regulation (EC) 714/2009