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Dear Jamie, Andrew,

RE: Consultation on Proposed Constraint Groups arising from SEM-11-105

SSE welcomes the opportunity to respond to the above referred consultation dealing with the TSOs' identification of constraint groups to which the tie-break dispatch rule-set for constraints would apply.

SSE supports the decision to implement grandfathering of constraints within constraint groups. Still we request that more information, in the form of worked examples, on how this will be implemented be published. Furthermore, while the consultation provides more clarity on the constraints groups, the treatment of projects outside of constraint groups requires clarification.

We wish to caution against the potential for rule-sets underpinning the application of constraints (as decided in SEM-11-105) to change over time. Developers need clear sets of rules to facilitate constraints studies, as well as enabling better understand and auditing of real-time wind dispatch.

Constraints Groups

The TSOs' report identifies two constraints groups – one in Donegal to be implemented as soon as possible, the other in the South West to apply from 2015/16 after completion of the 220KV substations and network. SSE fully supports these.

However for full transparency and avoidance of doubt, we request that the wind farms within these constraint groups be explicitly identified and listed. In addition we would call for some worked examples on how the constraint rules are to be applied within these two groups.

Ex- constraint Groups and Northern Ireland

For generators outside the two defined constraint groups, SSE requests clarification on how constraints will be managed. It is our understanding that all constraints will have a limited number of generators associated which can effectively contribute to constraints alleviation. We regard it as essential that there is a clear process as to how these generators will be treated. For example will the application of constraints be on pro-rata basis for projects that contribute to alleviating constraints or will they be grandfathered? Detailed information on this is vital to provide transparency to the market and to enable participants sufficiently carry out modelling and other analyses of projects.

The TSOs' report further states that there will be no constraints group in Northern Ireland. Given this situation, it is not clear how constraints will be applied in certain circumstances.

Take for example the Magherakeel cluster and wind farms connecting into the Omagh 110kV substation. If a constraint occurs along the Omagh-Dungannon 110kV line as a result of those wind farms how would SONI be expected to dispatch down the wind farms concerned? On a pro-rata basis? Or on grandfathering basis, related to firm capacity access?

It is SSE view that given the scenario described above, the intent of SEM-11-105 dictates that the wind farms within these 2 nodes be grandfathered, whereby the sites with the least amount of firm access are dispatched down first and in line with Figure 1 of the consultation paper. However it is not clear from the TSOs' report that this would be the case. It is our interpretation that such a constraint would be prorated, with the implication that future wind farms connecting into either of these nodes would push up the constraints of existing ones.

If indeed constraints are to be applied on a pro-rata basis outside of the constraints groups then this needs to be clearly stated within this policy. It is essential that, if this is the case, an explicit statement that constraints are to be grandfathered only within the Donegal and the South West constraint groups, with constraints applied on a pro-rata basis across the rest of the island. However we must point out that having constraints applied on pro-rata basis de-links any access rights to firm capacity.

Furthermore we recommend that there be a separate consultation to formalise arrangements for SPS and ensure than these are clear and aligned to SEM rules.

Reporting

In order to ensure consistency and transparency, SSE requests that a reporting mechanism be put in place to validate that correct procedures are being followed. It is essential that market participants can verify this, as well as be assured of equal treatment of participants. While it is incumbent of the TSOs to apply constraints in real-time to effectively manage networks issues that arise, generators must be given confidence that such treatments are fairly applied. This would apply as well to the treatment of non-controllable plants where they ought to be controllable. SSE would request the Regulator to independently verify that fair treatment of generators is taking place in the application of constraint where required.

An additional benefit of reporting of constraints will be the highlighting of the key constraints on the system to which directed investment would have the most immediate impact.

Under the RES-E Directive there is an obligation on Member States to report on curtailment of renewable energy. In satisfying that requirement, the report could be generated on both constraints and curtailments of renewable energy.

To be of most use it will be necessary for such a report to be published on a regular frequency, preferably monthly. In addition industry participation and involvement in designing the report will help ensure that the information content would be relevant.

PGOR Reports

On the PGOR reports it is vital that the modeling used, as closely as possible, reflects the proposed decision and that this is also followed through operationally. Of necessity projects outside the constraint groups should receive constraint reports that reflects the rule-set applied to them, which will be different to that applied within constraint groups. In the absence of reliable information for making projections the potential for financing issues and/or even project failures significantly increase. Hence it is essential that operational and modeling activities are in alignment. Anything other than that would make constraint management even more of a black box, with high volatility and knock-on uncertainty in the market.

Conclusion

SSE supports the decision to implement grandfathering of constraints within constraint groups. However it is our view that more information in the form of worked examples on how this will be implemented is required. Furthermore, while the consultation provides sufficient clarity on the constraints groups the treatment of projects outside the constraint groups requires more clarification.

Finally it will be damaging to the industry for rule-sets surrounding the application of constraints (as decided in SEM-11-105) to change over time. Developers need a clear set of rules so that constraints studies can be performed and real-time dispatching of wind can be clearly understood and auditable.

Best regards,

Jane McArdle
SSE