

Submission by Bord na Móna PowerGen

on

Capacity Payment Mechanism FCPP_y and ECPP_y for
Trading Period Year 2014

SEM-13-064

23rd October 2013

Introduction

Bord na Móna welcomes the opportunity to make a submission in response to the consultation on the “*Capacity Payment Mechanism FCPP_y and ECPP_y for Trading Period Year 2014*” (SEM-13-064). The paper details the current value of these parameters, as follows:

Fixed Capacity Payments Proportion, FCPP _y	= 0.3
Ex-Post Capacity Payments Proportion, ECPP _y	= 0.3
Variable Capacity Payment Proportion, VCPP _y	= 0.4

The Regulatory Authorities (RAs) propose the values of Capacity Payment Parameters for year 2014 to remain unchanged from the 2013 values.

The capacity payment weighting factors have been consulted on every year since the SEM has come into operation and Bord na Móna believes that it is appropriate to continue to monitor the efficacy of these weighting factors on a regular basis to ensure that they are continuing to meet their intended objectives. In this regard, Bord na Móna sees no objective evidence at this moment in time to change the weighting of these factors.

General Comments

Bord na Móna believes that the values of the Fixed and Ex-Post Payment proportions for year 2014 should remain unchanged from the 2013 values. The current component weighting ensures an appropriate balance between the short term signal to provide the required capacity during periods of tight capacity margin, and the longer term stability of capacity revenues necessary for generators to recover fixed costs.

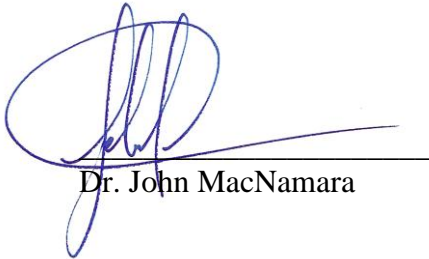
Additional Factors Impacting on the CPM

Bord na Móna appreciates the Regulatory Authorities’ efforts in continuing to monitor the appropriateness of the current CPM parameters and to appraise the potential impact of changes to these proportions in light of increased cross border trading. Bord na Móna welcomes the initial studies carried out in this regard but recognises the limitations of the dataset (two months) and supports the TSO’s recommendation’s to carry out a more extensive investigation.

The future publication of this extended analysis (12 months), covering cross border trading during both the low and high demand seasons, will provide some additional information on the possible impact of redistributing the capacity payments portions.

These studies should provide empirical data which should assist the RAs in re-assessing if there is merit in changing the Ex-Post Capacity Payments Portions, and form the basis of any future consultation on the values of the Fixed and Ex-Post Payment proportions of the Capacity Payment Pot.

For and on Behalf of
Bord na Móna,



Dr. John MacNamara

23rd October 2013