



## **IWEA response to the consultation on Capacity Payment Mechanism Parameters for 2014**

**23 October 2013**

The Irish Wind Energy Association (IWEA) welcomes the opportunity to comment on the SEM consultation on the Capacity Payment Mechanism Parameters for 2014.

IWEA welcomes the request from the RAs for EirGrid to produce a concise report on the effectiveness of the current payment proportions in the Capacity Payment Mechanism (CPM), in particular the proportions allocated to the Ex-post and Ex-ante elements, and to assess if these current proportions are a potential barrier to trade on the interconnectors. IWEA is concerned that the correct signals are not in place to ensure that the interconnector is exporting at times of high wind, and that wind energy is being curtailed while the interconnector is importing. A more in depth analysis than that based on 2 months of data would need to be carried out to ensure an appropriate assessment and we acknowledge that there may be additional factors which merit further consideration.

IWEA supports the EirGrid/SONI recommendation that the appropriate way of rewarding capacity that is provided by interconnection should be a consideration in the design of the new market arrangements for implementing the Target Model. IWEA supports that proposal that no changes should be made to the parameters at this time without more detailed assessments being carried out and published for consultation, however IWEA requests that a more robust analysis be carried out on the impact of the Capacity Payment Mechanism Parameters on the interconnector flows which can be taken into consideration for future market changes.