

Submission by Bord na Móna PowerGen

on

DS3 System Services Consultation Paper
SEM-13-060

October 2013

Introduction

Bord na Móna (BnM) welcomes the opportunity to make a submission on the ‘*DS3 System Services Consultation Paper*’. The system services review is an important work-stream within the DS3 program and is of critical importance for the future development of the power system on the island of Ireland which is transitioning from demand being met by large conventional plants to a system capable of safely and securely supporting upwards of 75% non-synchronous intermittent generation.

General Comments

BnM has actively participated in the DS3 program to date; commenting on the three previous consultations published by the TSO’s as well as attending and engaging in all DS3 related workshops. Notwithstanding the fact that the SEM Committee have acknowledged that they are aware of the issues raised by participants over the course of the review by the TSO’s, please find below an outline of BnM’s view on the issues as presented in their our responses to the TSO-led consultations as well as a brief comment on the RoCoF (Rate of Change of Frequency) modification.

BnM fully endorses and supports the DS3 program and is committed to continuing to engage with the SEM committee as necessary to ensure the timely delivery of DS3. BnM broadly is accepting of the services proposed by the TSO’s and welcomes the decision of the SEM committee to approve them.

BnM welcomes the decision of the SEM-C to conduct thorough analysis of the economic rationale and commercial arrangements put forward in the TSO’s paper and requests the SEM-C endeavour to publish as early as possible the details of their cost benefit analysis on system services. Repeatedly in our submissions on DS3 to date BnM has stressed that payments from systems services must be viewed in the round and most importantly through the lens of revenue adequacy. The comments¹ of the SEM-C implying that revenues for system services will originate from a re-balancing of existing SEM income streams is concerning for generators. BnM believe it is imperative that any financial arrangements are decoupled from the existing capacity remuneration scheme. BnM believes that a functioning, technology neutral CPM is necessary to ensure generation adequacy and that the provision of system flexibility must be incentivised through system services payments ring-fenced from other revenue streams.

BnM believes that all system services deemed to be mandatory and covered by minimum grid code requirements should be remunerated. All service providers should be treated equally and in a transparent manner. BnM would question the idea of a ‘phased’ approach to the implementation of these system services. We do not believe that this is an optimal approach from an investment point of view. BnM suggest that a

¹ System Services Second Consultation – SEM Cover Note – SEM-12-035

revised timeline for completion of the DS3 project be published. It would be preferable for all services to be introduced at the same time.

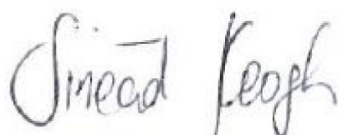
The potential penalties the taxpayers of both jurisdictions will incur should the RES-E targets not be achieved by 2020 is a reality that can be best avoided by ensuring that the necessary system services are delivered.

RoCoF (Rate of Change of Frequency) is another critical element of the DS3 program. As previously indicated in our response to the RoCoF Modification consultation paper² BnM fundamentally disagree with the CER preferred option of “No Cost Recovery”. BnM believe that all costs associated with this modification to grid code should be recoverable given that all users of the system will ultimately benefit from the review of RoCoF. BnM believe that an 18 month timeline for completion of studies for this project is ambitious, most likely unrealistic and that no penalties should be introduced until sufficient time has been given for all testing/studies and any required plant modifications to be completed. PPA Energy, in their report issued in tandem with the RoCoF consultation paper, have made a number of recommendations to the CER. BnM is concerned that many of these recommendations have not been taken on board by the CER or TSO to date.

BnM welcomes the work done to date by the TSO’s, and hope that both the TSO’s and the SEM committee adhere to an unfettered timetable which ensures the delivery of the system services required under the DS3 program.

I trust that the above comments (and attached question responses) will be helpful at the current stage of the DS3 program. If you have any queries or require clarification on any point, please do not hesitate to contact me.

For and on behalf of Bord na Móna PowerGen,



October 2013

Sinead Keogh
Market Analyst
Bord na Móna, PowerGen

² Rate of Change of Frequency (ROCOF) Modification to the Grid Code CER/13/143(June 2013)

Questions from Consultation Paper

Do you agree that enhanced system services are required?

Yes, as stated above Ireland is transitioning from demand being met by large conventional plants to a system capable of safely and securely supporting upwards of 75% non-synchronous intermittent generation. BnM acknowledges that these enhanced system services are required to meet this level of generation.

Do you agree with the proposed definition of the services?

Yes, notwithstanding comments below regarding Synchronous Inertial Response.

Synchronous Inertial Response

- ***Do you agree with the proposed service definition?***

No. As previously indicated, BnM contend that once a generator provides a service (assuming compliance with grid code), then that service should be eligible for remuneration. In the case of the 15 sec SIRQ, the imposition of this subjective threshold below which payments are withheld is inequitable; in such instances sub-threshold generators are legitimately contributing to overall system inertia and should receive payment. BnM would respectfully request that the proposed threshold be removed.

- ***Do you agree with the proposed method of calculating the SIR volume?***

No, as described above

- ***Do you agree with the proposed service definition of the additional variant of SIR?***

BnM would request further clarity on this additional variant. Has the product scalar of 2 as recommended in the TSO paper³ been removed and effectively to be replaced with an as yet undermined variable?

Fast Frequency Response

- ***Do you agree with the proposed service definition?***

Yes, however BnM would request clarity on whether this product is limited to low frequency transients? Is it worth considering a reciprocal high frequency product?

De-Synchronised Replacement Reserve

- ***Do you agree with the proposed modification to this service?***

Yes

Synchronised Replacement Reserve

- ***Do you agree with the proposed modification to this service?***

Yes

Dynamic Reactive Power

- ***Do you agree with the proposed definition?***

Yes

- ***Do you agree with the proposed method of determining the volume?***

Yes

³ DS3: System Services Review TSO Recommendations (May 2013)