



**Response by Energia to the Regulatory
Authorities Consultation Paper SEM-14-022**

Determination of Uplift Parameters Consultation Paper

6 May 2014

1. Introduction

Energia welcomes this opportunity to respond to the Regulatory Authorities (RAs) Consultation Paper SEM-14-022 on the determination of Uplift Parameters in the Trading and Settlement Code. Energia is an active member of the Irish Wind Energy Association (IWEA) and the Electricity Association of Ireland (EAI) and we fully endorse their respective submissions to this consultation paper.

2. Comments

Energia would echo the concerns raised by IWEA and particularly EAI regarding the questionable changes proposed to the Uplift Parameters which is not supported by the required analysis. At this time of unprecedented uncertainty, given the need for market reform by 2016 driven by Target Model requirements, market stability and confidence in regulatory decisions is needed more than ever. It is both disappointing and concerning that the consultation paper is not supported by more robust analysis. We therefore advocate further analysis before the RAs consider any change to the Uplift Parameters.

The consequences of potentially changing the Uplift parameters need to be very carefully considered, recognising that the damaging effect of increasing the volatility of SMP (increasing supplier risk, reducing liquidity and reducing the efficiency of interconnector trades) could more than outweigh any potential benefits of reducing the overall cost of Uplift.

With reference to above, as further detailed in the IWEA and EAI submissions, Energia recommends the following:

1. The completion of further detailed and rigorous analysis by the RAs and SEMO covering at least a 12 month dataset, which should be forward looking as well as historical.
2. Further consultation on the Uplift parameters for 2015 following publication of the required analysis.

We would reference the IWEA and EAI responses as supplementary to this submission and we would of course welcome further discussion on any of the points raised herein if that would be helpful.