

Comment by the Irish Solar Energy Association on Draft Decision Paper (SEM-14-045)

21st July 2014

To date large scale solar PV generation has not been a feature in the single electricity market. However, the ISEA and other industry players are in the process of making submissions to the Irish Government in response to the Green Paper on Energy Policy in Ireland in support of solar PV and making the case for solar PV to benefit from a similar incentive as other renewable energy technologies. The ISEA believes that there is a strong case for the deployment of solar PV in Ireland and that solar PV may be a feature in the electricity mix within the next few years. Within Northern Ireland there is a mechanism for supporting large scale solar generation to the grid similar to that employed in GB. However, to date only two projects have been permitted in the North, by BNRG Renewables and more recently by Lightsource Renewable Energy.

With the background that solar PV may make a real contribution to the energy mix in the near future, The ISEA is concerned about the draft decisions of the Single Electricity Market Committee (SEMC). The draft decision paper (page 5) states that the proposed design has been developed to "... promote renewable energy sources [and] establish a level playing field in which competition can flourish..." However in a number of key areas, the SEMC's draft decisions discriminate against solar and other renewable generation technologies. The ISEA are in broad support of the submission made by the Irish Wind Farm Association (IWFA). The ISEA has the following particular concerns:

- The SEMC proposes that the primary market should be the Day Ahead market, despite the fact solar generators cannot possibly know with a high degree of certainty or accuracy (albeit significantly more accurate than wind), 24 hours ahead of real time, whether they will be able to generate sufficiently – unlike thermal generators.
- The SEMC proposes an uncertain and volatile imbalance settlement pricing mechanisms, despite the fact that solar generators will inevitably be exposed to this imbalance price every hour of the day for a portion of their output – unlike thermal generators.
- The SEMC proposes a capacity remuneration mechanism in which the risks of participation by solar generators are significantly greater than for thermal generators.

The SEMC justify these proposals on grounds that it will reduce curtailment of intermittent generation. The proposals may well have the opposite effect and result in more unnecessary curtailment of intermittent power such as wind and potentially solar. The SEMC analysis appears to be founded on the view that equalising day-ahead prices between the I-SEM and BETA markets will ensure efficient interconnector flows. This is a flawed assumption where the system is likely to have circa of 40% of intermittent generation. As the potential of over-selling is high, intermittent or un-firm power generators may well under-sell in the day-ahead market, then interconnector decisions based on equalising day-ahead prices are likely to result in increased curtailment of renewable generators.

While solar generation is likely to be small in the overall electricity mix, it could form a valuable contribution to the mix of technologies contributing to energy security on the Island of Ireland.