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Submission on:

Integrated Single Electricity Market (I-SEM)
High Level Design for Ireland and Northern Ireland from 2016
Draft Decision Paper
SEM-14-045
9 June 2014

Deadline: 25th July 2014

24th July 2014

Dear Mr Newsome, Dear Mr Miura,

We welcome the opportunity to respond to the recent consultation on the draft decision paper for the High Level Design of the I-SEM.

May we first outline some details about ourselves:

1. We are: **(tick as appropriate)**

project owners	X	project developers	__	land owners	__
service providers	__	consultants	__	other	__

2. We have: **(insert MW and locations)**

4.25 MW of projects in operation at Lahanaght Hill, Drimoleague, Co. Cork

___ MW of projects in development at _____

3. We have: **(tick as appropriate)**

Pre-Gate project(s)	X	Gate 1 project(s)	__
Gate 2 project(s)	__	Gate 3 project(s)	__
AER contract(s)	__	REFIT contracts	__
Out-of-support project(s)	__	Intermediaries	__
De minimis project(s)	__	Supplier lite	__

Firstly, we wish to broadly support the approach to this matter taken by the Irish Wind Farmers Association (IWFA). While we are relying on the IWFA's efforts to guide and inform us, the views expressed in this submission are in effect our own, and we would ask that they be considered as such.

We very much hope that the responses to this consultation by the broader wind industry will form the basis for much closer engagement with the sector on the final design and implementation of the new trading arrangements, and that its concerns and interests will be taken much more fully into account than has been the case to date.

Independent wind generation is fundamental to the future development of the power system on the island of Ireland. It will be central both to the de-carbonization of the sector and to ensuring that there is a genuine and thriving competitive element in the market. Wind is also the island's best source of security of supply, at a point in time when we have been reminded of the vulnerability of gas supplies due to the on-going and escalating conflicts in Eastern Europe.

We reiterate that the design of the I-SEM will determine whether wind generators, will be able to participate, even survive. We are even more alarmed than before about several very discriminatory aspects of the High Level Design put forward in your proposed decision paper.

1. We fully agree with SEMC's proposal to make the Day Ahead Market (DAM) and Intra-Day Market (IDM) exclusive, and strongly advise SEMC to adhere to that position.

2. The imbalance market proposed is discriminatory against wind, and must be reviewed without delay. There is no obvious reason why a SEM-like pool could

not be used instead, and it would benefit the overall operation of the market.

3. In proposing the DAM price as a reference for the support schemes, SEMC is entering into a policy area it is neither responsible for nor competent in. A blended reference price could be considered for the estimation and payment of supports ex-ante, while the settlement of supports ex-post must continue to be based on actual revenue received.

4. We continue to support the inclusion of a Capacity Remuneration Mechanism (CRM), and still believe that the only option that solves the 'missing money' problem, and in which wind generators can participate, is a long-term price-based mechanism. While the proposed Reliability Option (RO) may provide some signals for the exit of redundant conventional plant and the entry of new flexible plant, suitable for complementing wind, it is one of the most discriminatory aspects of the SEMC's proposed decision as far as wind is concerned. It must not be taken any further and the approach needs to be reviewed without delay.

5. Given that by virtue of its inherent design, the I-SEM is inevitably less suitable for small renewable generators, an 'aggregator of last resort' is proposed by SEMC, and this is to be welcomed. Such a service needs to be enduring, provided at a cost to small generators that doesn't affect their viability, and ideally that cost should be allowed for in calculating the support top-ups.

6. Features of the SEM such as intermediaries, de minimis, negative demand and 'supplier lite' need to continue without interruption into the I-SEM, in such a way that existing projects and support schemes are unaffected. They are particularly vital to the survival of the growing number of out-of-support projects. If wind is to operate in the open market long-term, the test will be to see whether these out-of-support projects are viable in the I-SEM.

7. We would wish to see all other SEM/CER directions (e.g. Tie Break arrangements) to remain unchanged, with one exception. We reject SEMC's proposed removal of compensation for curtailment. Also, SEMC should now give full effect to the legal obligation of 'guaranteed transmission' enshrined in the Renewables Directive and Irish law, in addition to the welcome respect of priority dispatch. To really address the curtailment issue, there is a need for the TSO to be subject to at least some of the constraint and curtailment costs to incentivise increasingly essential grid development.

We thank you for your attention and consideration of this submission,

Yours sincerely,

James O'Regan

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Director, Lahanaght Hill Windfarm Limited