

NIRIG response to the consultation DS3 System Services Procurement Design SEM-14-059

5th September 2014

The Northern Ireland Renewables Industry Group (NIRIG) is a joint collaboration between the Irish Wind Energy Association and RenewableUK. NIRIG represents the views of the large and small scale renewable electricity industry in Northern Ireland, providing a conduit for knowledge exchange, policy development support and consensus on best practice between all stakeholders in renewable energy.

NIRIG welcomes the opportunity to comment on the SEM Committee consultation on DS3 System Services Procurement Design Options. The procurement option chosen will be of critical importance to ensure the appropriate investment in the right technologies so that there can be further integration of renewable energy into the electricity system.

NIRIG believes that the DS3 arrangements must deliver the necessary system services and any required investment for services to facilitate the achievement of the Northern Ireland 2020 Strategic Energy Framework renewable targets and minimise curtailment. The delays that have been seen to date in increasing the System Non-Synchronous Penetration (SNSP) on the electricity system are of serious concern to the wind industry, and wind generators are likely to see increasing levels of curtailment if these system services are not introduced in a timely manner, thereby putting the 2020 renewable energy targets at risk. It should also be recognised that the market re-design currently underway, along with changes to the capacity remuneration mechanism, bring a lot of uncertainty for generators in relation to forecasting revenues in the coming years. From this viewpoint, we believe that the most appropriate procurement option for system services at this time is one which provides certainty and transparency for service providers.

Therefore NIRIG supports the IWEA proposal that the following procurement option be implemented, which constitutes a variation of Option 1: Regulated Tariff:

- Individual regulated tariff set for each service, paid to all providers of that service.
- The tariff should be set on a value-based approach as put forward in the TSO recommendations paper.
- Tariffs fixed for five years and revised every five year period.
- For new entrants there should be the facility to provide longer term contract if required.
- Further consideration to be given to the use of scalars and performance incentives.

However we believe that the main focus needs to be on the enduring solution of increasing the SNSP levels above 50% to 75% as outlined in the DS3 programme. This needs to be done in a timely manner to ensure the most efficient use of renewable generation on this system which can contribute to our renewable energy targets. Significant progress on both these factors, and other curtailment mitigants, are vital to the wind industry and therefore we strongly support the introduction of these new services. It is vital to reflect the investments needed to facilitate this in the payments made to the industry and the investment community.

NIRIG has noted in previous submissions to the SEM Committee and with other stakeholders that there is an urgent need to advance progress on mitigation measures to minimise and reduce curtailment. Mitigation measures are crucial in realising the full costs and social benefits of the investment in renewable energy. In the years up to 2020 there are a number of key initiatives that are all underway which are required and indeed expected to deliver significant results in curtailment mitigation, including:

- Increasing SNSP limit to 75%
- Decreasing levels of must-run generation
- Flexibility of conventional generation
- Effective operation of interconnectors to export at times of high wind

There are also a number of other key areas also which will also contribute positively to curtailment mitigation. These include:

- Further efficient interconnection
- Storage and other flexible solutions
- Demand side management including electric transport and heating.

It should be noted that there is a requirement on Member States to minimise curtailment of electricity from renewables. The fact that this can be done while providing benefits to the consumer means that there should be no question as to pushing for an SNSP of 75%,

which has been identified as being technically feasible with the relevant changes made to existing thermal plant and investment in new generation/technologies.

RES-E Directive obligations

The principles of minimising curtailment are set out in Directive 2009/28/EC of 23 April 2009 (the “Directive”, as transposed in Ireland by S.I. No. 147 of 2011). Article 16.2 states:

- b) Member States shall also provide for either priority access or guaranteed access to the grid-system of electricity produced from renewable energy sources;*
- c) Member States shall ensure that when dispatching electricity generating installations, transmission system operators shall give priority to generating installations using renewable energy sources in so far as the secure operation of the national electricity system permits and based on transparent and non-discriminatory criteria. Member States shall ensure that appropriate grid and market-related operational measures are taken in order **to minimise the curtailment** of electricity produced from renewable energy sources. If significant measures are taken to curtail the renewable energy sources in order to guarantee the security of the national electricity system and security of energy supply, Member States shall ensure that the responsible system operators report to the competent regulatory authority on those measures and indicate **which corrective measures they intend to take in order to prevent inappropriate curtailments.***

For any further queries on the above please do not hesitate to get in touch.

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