



**PRESENTATION TO
I-SEM RULES LIAISON GROUP, NIAUR, BELFAST
18TH FEB 2015**

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AGENDA

- I-SEM and Curtailment
- I-SEM and REFIT
- Miscellaneous

- New technologies are not being accommodated:
 - priority of dispatch (PoD) compromised by interconnection
 - PoD status when bid in DAM, IDM, BM?
 - lack of transmission guarantee, ie: constraints (and so-called curtailment)
 - removal of compensation for curtailment
 - BTW: no priority or guaranteed access (15 year delay)

GUARANTEED TRANSMISSION

Renewables Directive 2009, Article 16

1. Member States shall take the appropriate steps to develop transmission and distribution grid infrastructure, intelligent networks, storage facilities and the electricity system, in order to allow the secure operation of the electricity system as it accommodates the further development of electricity production from renewable energy sources, including interconnection between Member States and between Member States and third countries.

Member States shall also take appropriate steps to accelerate authorisation procedures for grid infrastructure and to coordinate approval of grid infrastructure with administrative and planning procedures.

2.

Subject to requirements relating to the maintenance of the reliability and safety of the grid, based on transparent and non-discriminatory criteria defined by the competent national authorities:

(a) Member States shall ensure that transmission system operators and distribution system operators in their territory guarantee the transmission and distribution of electricity produced from renewable energy sources

...

- role of network is to accommodate demand & generators, incl. variable renewables; not to identify problems & add crude blocking rules like SNSP;
- for renewables, guarantee subject only to security/reliability, NOT COST or non-firm
- deviations from the guarantee caused by serious ATR and DS3 delays, lack of suitable inertia, storage and AC interconnection, not helped by inter-connector flows in wrong direction; wind NOT the problem & therefore not responsible
- if transmission not fully guaranteed, at least pay full compensation for losses?
- removal of compensation (also price makers?) is wrong because:
 - it is discriminatory; & therefore have to ask why that is being done....?
 - it removes economic incentive to develop grid appropriately
 - if not removed, no need for artificial distinction between constraint & curtailment

I-SEM AND REFIT

- Payments from market much more complex than in SEM
- Payments for parts of output at varying prices (DAM, IDM, BM)
- Tendency for later prices to be lower ($BM < DAM$)
- If payments tied to DAM price only, then REFIT undermined (less revenue BUT NO SECURITY)
- Ex-ante REFIT payments can relate to DAM or mix of prices
- But ex-post settlement must be based on actual revenue received (less any costs; e.g.: Aggregator)

Day Ahead Price - Jan 2015

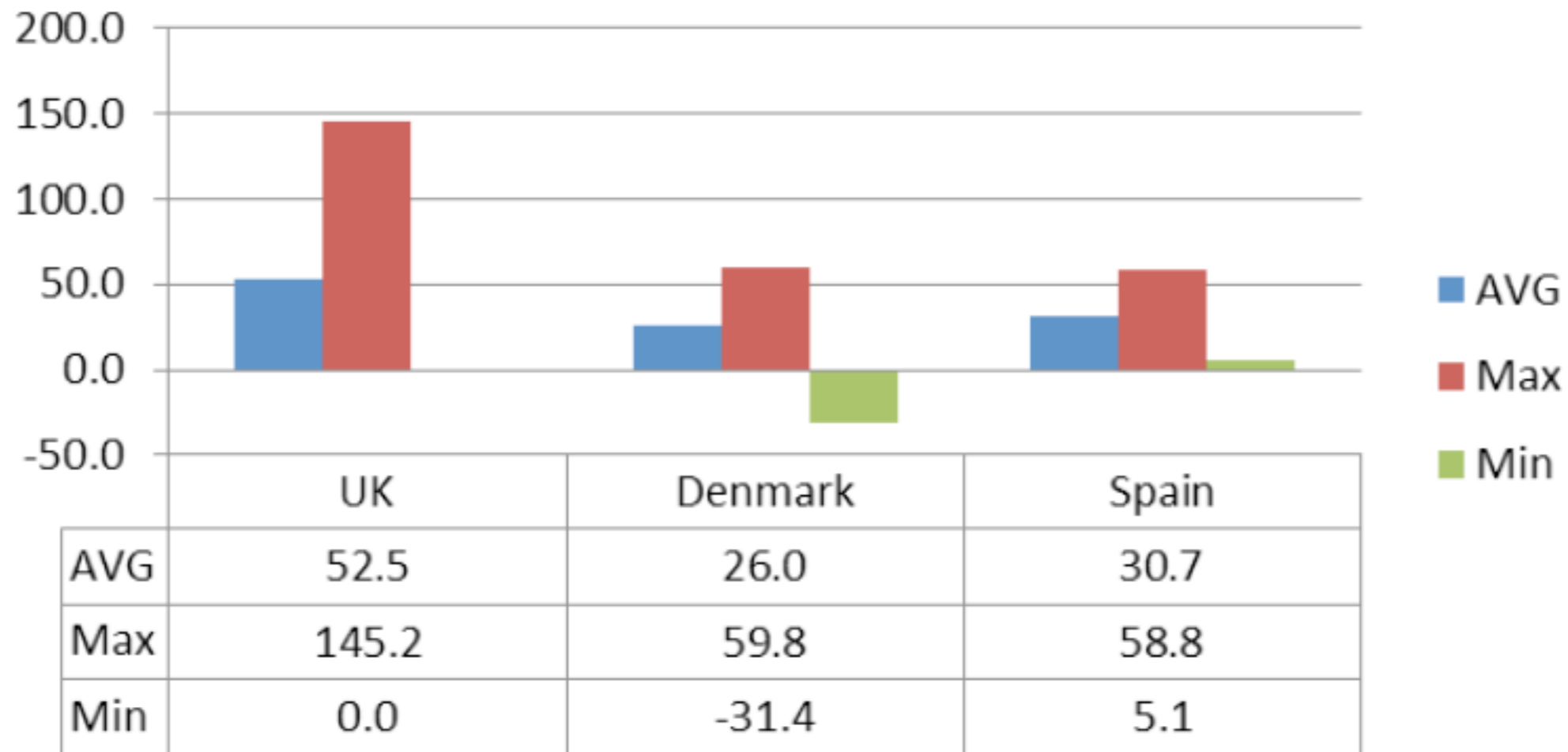


Figure 1 - Day Ahead Price - Jan 2015

SOURCE: ENERGY PRO (FROM ENTOSE TRANSPARENCY PLATFORM)

+ Imbalance Price-Jan 2015

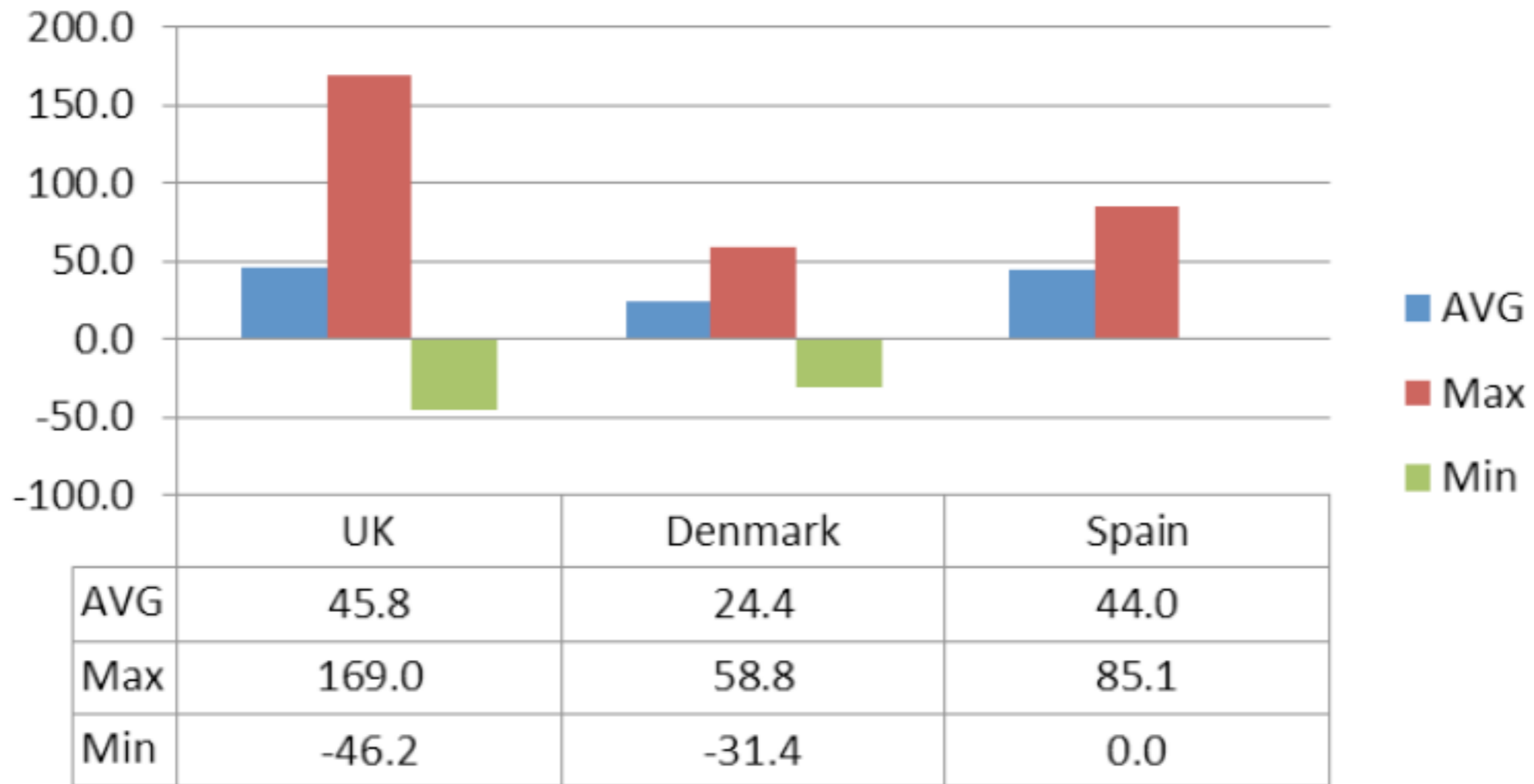
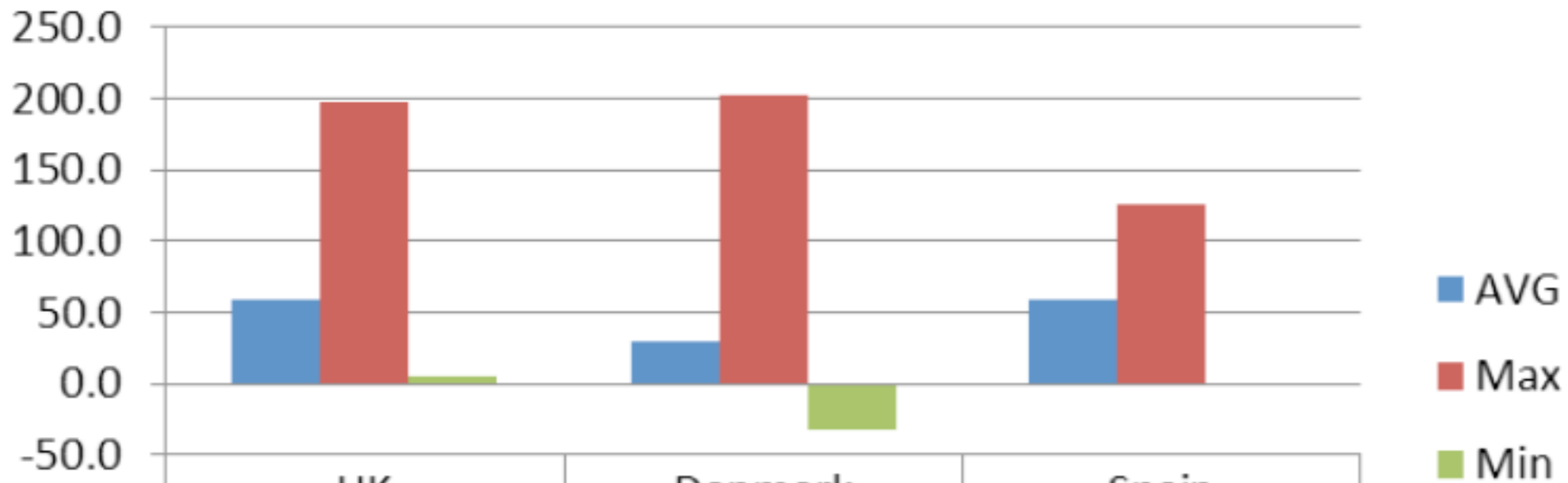


Figure 2 - Positive Imbalance Price - Jan 2015

SOURCE: ENERGY PRO (FROM ENTOSE TRANSPARENCY PLATFORM)

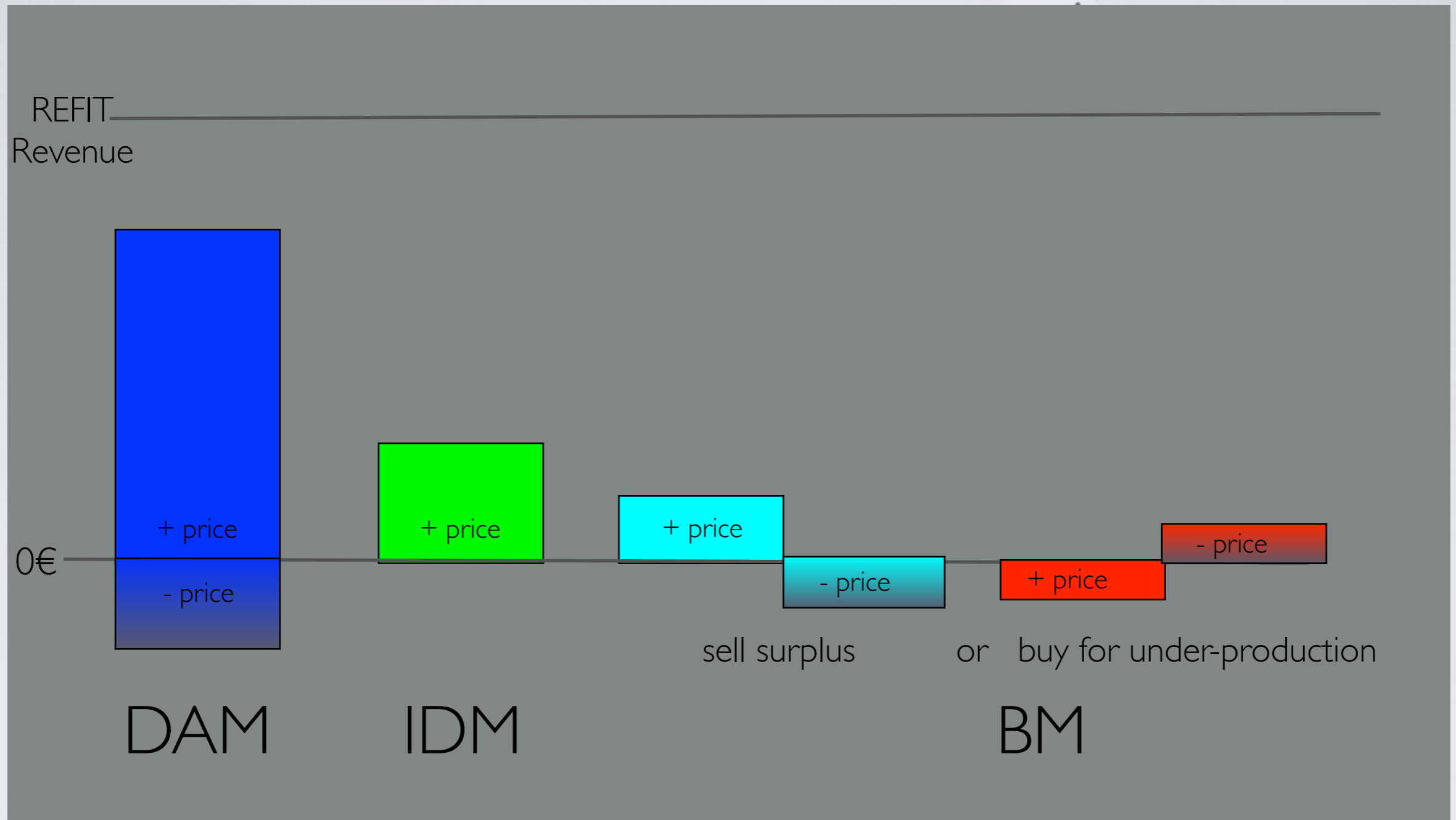
- Imbalance Price - Jan 2015



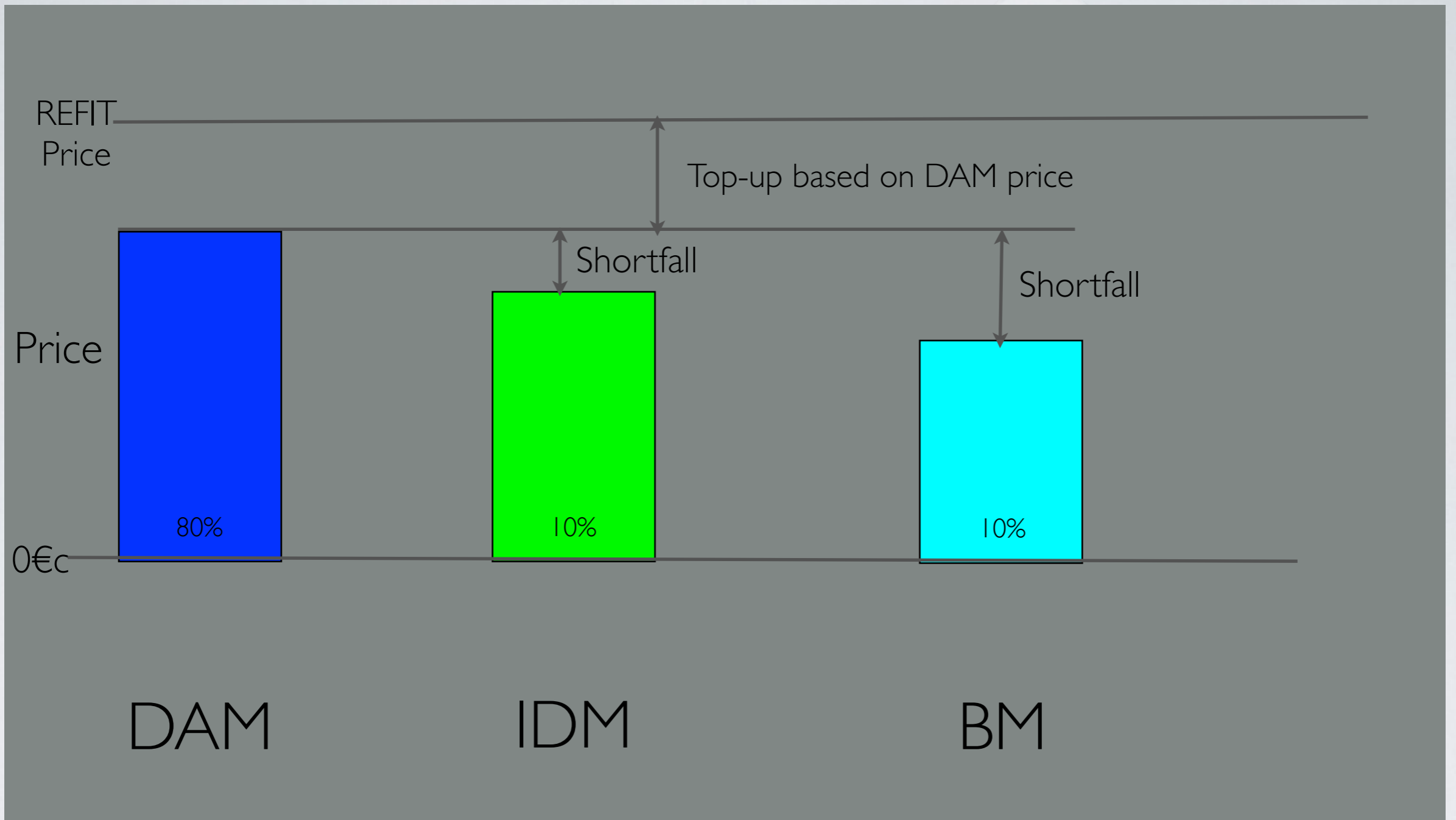
	UK	Denmark	Spain
AVG	59.7	30.1	59.4
Max	198.0	201.8	125.4
Min	5.3	-31.4	0.0

Figure 3 – Negative Imbalance Price – Jan 2015

SOURCE: ENERGY PRO (FROM ENTOSE TRANSPARENCY PLATFORM)



REFIT Revenue offer versus actual I-SEM market revenue



REFIT Price versus actual I-SEM market prices

MISCELLANEOUS

- SEMC 'revised approach' to PoD seems to conflict with removal of compensation - needs clarification
- AOLR - aggregation benefit should cover costs, so no fees, certainly not for 'out of support' projects
- Too many roles for Eirgrid, which is failing in overall grid development; blaming (and damaging) wind
- Raise de minimis level given extra market risk
- Review treatment of losses, as location signal can't work; smear instead

KEY POINTS ON I-SEM

- Wind needs less volatile Balancing Market
- Risks of negative pricing in DAM and BM very bad for PSO,
- And potentially fatal for projects out of support
- Active removal of market compensation for curtailment will highlight this as a discrimination and the wrong signal
- REFIT - settle ex-post against revenue actually received

THANK YOU