

**IWEA response to the SEM Committee consultation on Imperfections Charges for October 2016 to September 2017 and Incentive Outturn October 2014- September 2015**

**22 July 2015**

The Irish Wind Energy Association (IWEA) welcomes the opportunity to comment on the SEM Committee consultation on Imperfections Charges for October 2016 to September 2017 and Incentive Outturn October 2014- September 2015.

IWEA is Ireland's leading renewable energy representative body representing more than 200 members involved in wind and renewable energy development in Ireland and Northern Ireland (through the Northern Ireland Renewables Industry Group (NIRIG), set up in collaboration with Renewable UK). IWEA represents members with projects across the spectrum, in operation, under construction and awaiting connection.

**Imperfections Charge**

IWEA welcomes that the total imperfections revenue requirement for 2015/16 has reduced from the previous year. IWEA would like to take the opportunity of this consultation to highlight the need for timely grid build-out which will help to reduce the constraints costs. According to the Annual Constraint and Curtailment Report for 2015<sup>1</sup>, in 2015, the total wind energy generated in Ireland and Northern Ireland was 8,233 GWh, while an estimated 442 GWh of wind energy was dispatched-down (this includes both constraint and curtailment). This represents 5.1% of the total available wind energy in 2015, and is an increase of about 165 GWh on the 2014 figure. This is a very high level of dispatch down for wind generators and steps need to be taken to ensure this can be reduced. It is estimated that 36% of the dispatch down relates to constraints. In order to alleviate the level of constraints on the system it is necessary to ensure that the infrastructure is built in a timely manner.

The full implementation of DS3 should also help with certain constraints and it essential to ensure that this programme continues to be progressed. IWEA also believes that there is further scope for developing innovative solutions on the transmission and distribution networks (uprating to higher voltages, load flow controllers etc.) which can bring additional benefits to the system in terms of reduced constraint and curtailment.

IWEA welcomes the use of TSO countertrading which helps to alleviate wind curtailment as required under the RES Directive. There should be further incentives to reduce the level of wind curtailment on the system and further opportunities should be investigated, for example an incentive to minimise the

---

<sup>1</sup> <http://www.eirgridgroup.com/site-files/library/EirGrid/Annual-Renewable-Constraint-and-Curtailment-Report-2015-v1.0.pdf>

quantum of curtailment. The incentive to minimise dispatch balancing costs does not provide the correct signal in this instance.

### **Incentive Outturn**

IWEA believes that transparent and appropriate TSO incentives are an important principle of the market, and will become even more important under I-SEM. It is essential that the incentives do not distort the efficient functioning of the market and that the Balancing Market Principles Statement provides the required transparency into system security requirements and the situations where non-energy actions need to be taken.

IWEA welcomes the progress being made in relation to forecasting the imperfections charges and the improvements that have been made. The introduction of a number of initiatives appears to have had a considerable impact on the DBC which is to be commended. It is important to ensure that these initiatives continue to be incentivised. Therefore, we support the RAs minded to position to pay the incentive amount to EirGrid, however further explanation on how the savings were made would be useful to the industry.