



Demand Response Aggregators of Ireland

Mary O’Kane,

Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Thomas Quinn

Commission for Energy Regulation
The Exchange Belgard Square
North Tallaght
Dublin 24

21st December 2016

Dear Mary and Thomas,

Re: I-SEM CRM Consultation Paper – Parameters

The Demand Response Aggregators of Ireland (“DRAI”) is an association of eleven Demand Side Unit (DSU) and Aggregated Generating Unit (AGU) providers in the SEM. Our purpose is to provide a single voice on policy and regulatory matters of common interest and we very much look forward to working with you into the future. I hope that you will consider this response in your deliberations, as we believe there is a significant role for DSUs and demand-side participation in any future market arrangements in Ireland.

How Capacity charges will be charged to the customer

The DRAI believes that options 1 or 2 would be damaging to the electricity system in a number of ways.

- Due to the necessity of higher Capacity Charges per MW than Capacity Payments, these focused options would likely create a price incentive, which would encourage customers to move their energy demand in an unpredictable way. Considering the reluctance by Distribution System Operators to allow DSUs to move load in a managed way at times of high-energy price (and likely low wind demand), this seems unworkable. Options 1 and 2 would mean that on a windy winter (or summer) evening the system, where local nodes on the system could be heavily loaded with wind energy, there would be a price signal for customers to reduce demand on that node, representing an inefficiency and risk to the system.
- It would reduce the ability of DSUs to provide reliable capacity to the system as many of the customers who now provide dispatchable demand reduction would be incentivised to make themselves unavailable to perform during these periods, and remove their load in an unmanaged way.
- These options don’t match the capacity need as they would charge customers for capacity on windy evenings when capacity is plentiful.



- Option 1 would have a negative environmental affect as customers with back-up generators would be incentivised to run every winter evening to avoid Capacity Charges. We see this in markets such as the UK where Triad Charges encourage customers to run their generators every winter evening.

Due to the above reasons we encourage the implementation of Option 3

A 4th option whereby the Capacity cost is smeared ex post in line with the availability of capacity on the system. This would best match the actual need for capacity and so be the most even and fair solituon.

More information on “Unproven DSUs”

This consultation refers to Unproven DSUs. This format is something we are comfortable with in many jurisdictions and we believe it works well. It provides a price incentive from an auction for an Aggregator to go out and recruit a portfolio of Demand Response to provide the service. In many jurisdictions, it required the aggregator to provide high-level information on the technologies they will use and the business plan to recruit the customers. We urge the regulators to at this point to provide more information the TSO’s requirements to accept the provided capacity in a timely manner. The current system would not be suitable as the timeline from contract agreement with the customer to TSO “Ops Cert” (or customer acceptance) is in the region of 6 months.

Yours sincerely,



PATRICK LIDDY
DRAI Chairman