



Gaelectric Holdings Plc.

Response Paper to:

Consultation on CRM Locational Capacity Constraint Methodology

Gaelectric Holdings Ltd. Response

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Public

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1 GAELECTRIC COMMENTS

Gaelectric Holding plc (“Gaelectric”) welcome this opportunity to engage with the regulators on the methodology for formulating locational constraint areas in the Reliability Option (RO) Auctions. We believe that the Reliability Option auctions should be designed in such a way to ensure security of supply across the island at least cost to the consumer. In this context, we are offering the following feedback.

Auctions

Gaelectric agree that the indicative results of a Northern Ireland L1 Locational Constraint and a Dublin L2 Locational Constraint reflect system conditions and should be considered when procuring capacity through the RO Auction. There has not yet been a decision on whether these locational constraints will apply to the T-4 auctions and long term contracts. Gaelectric believe that the capacity mechanism should be viewed as a method of providing a long-term solution to the identified capacity constraints rather than simply rolling the capacity constraint over to the next year. Efficient entry and exit signals are fundamental to a functioning capacity mechanism and alleviating locational constraints. In this context, we believe consideration of locational constraints should be included in all auctions over all contract durations to facilitate competitive long-term security of supply solutions

Loss of Load Expectation

Once the relevant locations have been decided in advance of the auction, we believe that the jurisdictional Loss of Load Expectation should be used when calculating the de-rated capacity requirement. The Loss of Load Expectation in Northern Ireland is currently 4.9 hours¹ and a change to this has not been proposed. We therefore believe that for the Northern Ireland L1 Locational constraint, a LOLE of 4.9 hours should be used rather than the 8 as proposed in the south. We also believe that the decision around implementing a 8 hour LOLE in ROI should be re-visited and revised down to a reflect the Northern Ireland LOLE requirement.

Forecast Assumptions

Gaelectric agree that use of the Ten Year Transmission Forecast is a good place to start when considering network infrastructure that should be included when formulating locational constraint areas in the future. *However*, delivering the network upgrades detailed in these forecasts can be often subject to unanticipated difficulties and delays. We therefore believe that contingencies should be ensured and additional capacity procured in cases where there is real delivery risk that the forecasted network infrastructure may not be delivered in time for the capacity year.

2 CONCLUSION

In summary, at a high level Gaelectric agree with the approach for establishing capacity constraints on the system. However we believe that these constraints should be considered in all auctions across all timelines to encourage the participation of competitive long-term security of supply solutions. The delivery risk of anticipated network upgrades should also be considered when procuring capacity on

¹ http://www.eirgridgroup.com/site-files/library/EirGrid/4289_EirGrid_GenCapStatement_v9_web.pdf

a locational basis. We would like to thank the regulators for consulting with industry on these issues and should there be any further question please do not hesitate to contact us.