

# **Integrated Single Electricity Market (I-SEM)**

## **Balancing Market Principles Code of Practice Consultation Paper SEM-17-026**

### **Aughinish Alumina Ltd Response**

**12 May 2017**

*This response is non-confidential*

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

Brian Mulhern  
Utility Regulator,  
Queens House,  
14 Queen Street,  
Belfast,  
BT1 6ED

12<sup>th</sup> May 2017

**RE: Balancing Market Principles Code of Practice Consultation Paper**

Dear Mr. Curtin and Mr. Mulhern,

Thank you for the opportunity to provide feedback on the I-SEM Balancing Market Principles Code of Practice (BMPCoP).

**Background**

Aughinish Alumina Ltd (Aughinish) is an alumina plant in West Limerick. Aughinish own and operate a contiguous 160MW Combined Heat and Power (CHP) plant which satisfies both the 45MW baseload electrical demand of the alumina plant and also provides a large proportion of the continuous high temperature, high pressure steam demand of the alumina plant. The CHP operates at an efficiency of 80% with the excess electricity generated by the CHP, approximately 115MW, exported to the market.

**Response**

Aughinish support the SEM Committee in their objective to replicate competitive complex bid offer submissions in situations where sufficient competitive pressure is not always expected to be present. Aughinish also support the recognition within the BMPCoP that Co-generation plant needs to reflect the opportunity cost of generating heat from alternative sources and the value of lost production within their complex bid offer data.

While in broad agreement with the changes that have been made to the BMPCoP, Aughinish asks the SEM Committee to address and provide further clarity on the following items:

**1) Allocation of Opportunity Costs to Eligible Cost Items**

It is Aughinish's understanding that, pursuant to paragraph [6] and [7], the SRMC is calculated as the change in Eligible Cost Items outlined in section IV adjusted to reflect the Opportunity Costs (OC) outlined in section V. It is not, however, clear as to which category or sub-category of Eligible Cost Item is most suitable for adjustment to reflect the relevant OCs e.g. System Services.

**2) Accounting for transmission losses**

Aughinish are of the belief that the losses incurred by a generator in the delivery of power to the notional balancing point (the Trading Boundary) should be explicitly accounted for within the calculation of the SRMC.

**3) Co-generation opportunity costs**

For the avoidance of doubt, Aughinish ask that a minor amendment be made to paragraph [40] to reflect potential restrictions in the availability of heat from alternative sources resulting in both additional heat production costs and associated lost production.

*In accordance with paragraph [39], the Eligible Cost Items that a co-generation unit may include in the calculation of its Commercial Offer Data shall reflect, as relevant, the cost of generating heat using alternative processes ~~or~~ and the value of lost production.*

Aughinish believe that clarity on such items is important given the recent SEM Committee decision (SEM-17-020 Complex Bid Offer Controls in the I-SEM Balancing Market) to establish a generic generator licence condition requiring generators to comply with the BMPCoP.

As always, Aughinish is at your disposal if further clarification is needed.

Best Regards,

Rachel O'Dwyer  
Business Analyst  
Aughinish Alumina Ltd.