

**TYNAGH ENERGY  
L I M I T E D**

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Ref: TEL/CJD/17/086

11<sup>th</sup> May 2017

**RE: Proposed Balancing Market Principles Code of Practice Consultation (SEM-17-026)**

Dear Sirs,

Tynagh Energy Limited (TEL) welcomes the opportunity to respond to the Proposed Balancing Market Principles Code of Practice Consultation (SEM-17-026). TEL would like to take this opportunity to comment on decisions from the T&SC paper (SEM-17-024) that have ramifications on the Proposed Balancing Market Principles Code of Practice Consultation (SEM-17-026).

The purpose of the Balancing Market Principles Code of Practice is to implement the market power decisions. Therefore, TEL welcome the changes on fixed cost recovery in F.11 of the T&SC. This amendment has assisted in reducing market power for units behind a constraint. However, TEL are concerned with the SEM Committee (SEMC) disagreeing with the view that "...NIV-tagging may deem actions as non-energy when they were in fact energy actions..."<sup>1</sup>. All the data published to date points to energy actions opposite the QNIV as being NIV-tagged and therefore being flagged as non-energy. TEL agree with the application of SO-flagging, Non Marginal flagging, NIV-tagging and PAR-tagging to produce the Imbalance Price. However, TEL believe that SO-flagging and Non-Marginal flagging should be the only flags that have complex offer data applied to them. The continued decision to apply bidding controls to NIV tagged actions is excessive considering point 3.5.4 of SEM-17-020<sup>2</sup> states "*the level of non-energy actions may correspond on a value basis to 10% or less of total system revenue*". TEL would urge the SEMC to review the application of complex bid offer data to NIV tagged actions. If the SO-flagging is not capable of correctly identifying each non-energy action it should be the role of the TSOs to improve the process rather than the RAs imposing a non-targeted bidding codes of practice on market participants.

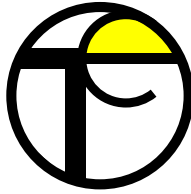
The view (3.5.2)<sup>2</sup> that "[a] necessary incident of competition is that inefficient market participants do not recover their inefficient costs" is simplistic. TEL agree that an inefficient market participant should receive exit signals. However, imposing regulations on an efficient plant that result in the plant appearing inefficient should only be a last resort. TEL believe that current I-SEM rules will make some inefficient plant appear more efficient i.e. locational capacity constraints, potential contracting flexibility, TLAFs and a non-targeted bidding code of practice.

<sup>1</sup> Energy trading Arrangements Trading and Settlement Code Amendments Decision Paper (SEM-17-024)

<sup>2</sup> Complex Bid Offer Controls in the I-SEM Balancing Market Decision Paper (SEM-17-020)

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I trust that these comments will prove helpful and should you have any queries, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink that reads "Paraic Higgins". The signature is written in a cursive style and is positioned above a horizontal line.

**Paraic Higgins**  
**I-SEM Analyst**