

**Power NI Energy Limited
Power Procurement Business (PPB)**

I-SEM

Framework for NEMO Regulation

From October 2019

Response by Power NI Energy (PPB)

11 March 2019.



Introduction

PPB welcomes the opportunity to respond to the RAs consultation on the Framework for NEMO regulation from October 2019.

General Comments

Following the September 2017 consultation and subsequent decision letters dated 9 January 2018 that sought revised proposals from the TSOs, it was disappointing that the revised TSO proposals dated 13 March 2018 were not published along with the RA approval letters published in May 2018. This would have provided greater clarity on the proposals to facilitate multiple NEMOs.

Similarly, publication of the TSOs plan that was to be submitted by 1 September 2018 would have aided transparency and it would also have been helpful to report (in this current consultation) on the completion of the various changes that were to be implemented to enable multiple NEMOs to participate, e.g. whether the PCR technical constraint was removed in December 2018, whether the IDM has been modified to enable multiple NEMOs, etc. or if the tasks have not been completed, what the latest timetable is.

Our responses to the specific questions posed are set out below.

Responses to the Specific Questions

Q1: Term of regulation

PPB considers option 2 to be appropriate and agree that alignment with the price control period would be a sensible approach. One issue that would need to be addressed is to establish a process to ensure that there is sufficient notice provided if the designated NEMO is not going to re-apply such that there is time for an alternative designation to be completed.

Q2: Application of a price control

We agree that option 1 should be the default option. If sufficient competition were to emerge then there is no reason why the designated NEMO could not seek early termination of the price control and the RAs could consult on that request should it materialise.

Q3: Timing

We agree that the price control period should align with the time-limited designation period.

Q4: *Revenue Model*

We consider that the existing “allowed revenue” approach should be retained for at least the next 3 year period. With respect to the business being asset-light, a margin based approach seems likely to be the most appropriate approach to provide remuneration for the provision of the necessary services.

Q5: *Impact of Multiple NEMOs*

We agree that the proposed approach is pragmatic and provides a stable framework for the regulation of the designated NEMO while no competition exists and the approach sets a baseline for the regulation and an associated price control that will provide a level of certainty for the NEMO and market participants over the three year fixed term period. Should sufficient competition emerge within the period then there is no reason why the matter could not be re-considered and consulted upon, based on the facts at that time, rather than seeking to establish arrangements now to address a complete spectrum of possible options that might emerge.