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RE: Consultation Response on SEM Committee papers SEM-21-026 and SEM-21-027

ERG welcomes the opportunity to engage with the SEM Committee and respond to the Consultations on SEM-21-026 Dispatch, Redispatch and Compensation Pursuant to Regulation (EU) 2019/943 and SEM-21-027 Proposed Decision on Treatment of New Renewable Units in the SEM.

ERG is the leading wind energy business in Italy and among the top ten onshore wind operators in Europe. We have been operating in the energy sector for more than 80 years but in recent years we have transformed ourselves from one of Italy's leading oil and refining companies to one that is wholly focussed on renewable energy.

We are active in nine countries across Europe and we own and operate wind farms with a total installed capacity of around 2GW. We have four projects under construction in the UK for a total installed capacity of 250MW, of which two in Northern Ireland which will come into operation within the end of this year.

Like the SEMC and Regulatory Authorities (RAs), ERG are committed to playing our part in delivering future targets on emissions reduction and renewable energy at the lowest cost to the end consumer. However, we are concerned that the proposals in these Consultation Papers, if implemented, will significantly adversely impact on the ability of the sector to deliver the required investment to enable society to achieve decarbonisation targets.

Having reviewed the consultation papers, we would like to provide an endorsement for the Wind Energy Ireland and Renewable NI submission to the consultation relating to the following key principles:

1. That compensation for dispatch down is compensated as required by law under the Clean Energy Package (CEP). We strongly argue that the legal requirements of the CEP need to be implemented in full, specifically the right of all qualifying generation to compensation at the level of financial support for downwards redispatch.
2. That when the provisions of Article 13(3) are considered, constraints (in addition to curtailment) should be considered as non-market based redispatch. To ensure fair and even burden sharing, constraints should continue to be applied on a pro-rata basis.

3. That the existing BCOP is amended to allow non-priority dispatch plant to bid into the market. The BMPCoP was developed in a scenario that did not anticipate dispatchable wind, and in our view, it is not suitable for wind generation in its current form.
4. That risks and incentives, primarily around network constraints, curtailment, and firm access to the grid, need to be allocated to the parties best able to manage them.

We believe that a decision underpinning these core principles would facilitate investment in new renewables at an efficient cost for the end consumer, maintain the viability of RESS-1 and corporate power purchase agreement (CPPA) projects in ROI and the equivalent pipeline of projects in NI, and provide for a sustainable investment environment for existing renewable generators in the SEM.

Regulation (EU) 2019/943 creates the binding legislative framework for facilitating the necessary levels of investment at least cost to consumers. The proposals set out in this consultation, which would only serve to increase cost for consumers and threaten national climate ambitions are, in our view, a direct consequence of a proposed departure by the RAs from the express legal requirements of Regulation (EU) 2019/943. We would urge the SEM Committee to reconsider the proposed interpretation of Regulation (EU) 2019/943 as currently set out in the Consultation Papers.

Finally, we believe that it is imperative no further time is lost and a clear roadmap to implementation of Article 12 and 13 is provided by the RAs as quickly as possible. This is needed to give clarity to SEMO, the SOs and market participants on the RAs position and subsequent market tools and code changes needed, as well as for consideration in upcoming RESS auctions and commercial decision making of market participants across the island. Any further uncertainty on a live Regulation in a live market creates material commercial uncertainty and risk for all parties involved and presents significant challenges to governments in both Ireland and Northern Ireland in achieving decarbonisation targets.

We strongly endorse the Wind Energy Ireland and Renewable NI submission and recommend that the SEMC considers implementing these positions in the next stage of the process.

We would like to thank the SEM Committee for the opportunity to engage on this matter and look forward to continuing our work with you in future.

Yours sincerely,

Simon Steen Moeller

Head of International Affairs

ERG