Please find, below, our responses to your Call for Comments on the EY Review of the Performance of the CRM. We appreciate that this is a little late - but we have a small team covering an unprecedented number of consultations to respond to together with rapidly evolving marketplace (with potentially existential DS3 tariff reductions, de-rating of [our] conventional capacity, and wholesale revenue capping !) - so would appreciate your consideration of our comments, below.

1.1 A move to tighter reliability of the Irish market would be beneficial, but does not appear to be as urgent as some other actions, so a reduction to 4 hours LOLE should be phased in over the next 5 years;

1.2 The forecasts of capacity requirements have, clearly, underestimated the requirement for supply – although mostly through the poor monitoring of the delivery of new supply. There needs to be greater clarity of demand articulated at the start of each auction and greater consistency in the GCS from year-to-year, avoiding big movements, such as in 2018 and 2020, where possible. This is particularly the case for the purpose of planning new generation.

1.3 The RAs should not intervene significantly – if at all – in adjusting annual TSO auction targets, particularly if it impacts – or might be seen to impact – highly-sensitive new capacity bids.

1.4 As observed, there needs to be greater contingency – especially around inherently less reliable new project delivery.

2. Although we know there is a need for additional capacity, the route to delivering this is too difficult – we don't know where/how to get a grid connection; otherwise, we would be rolling out significant new DSU, AGU and small-scale dispatchable generation (so, we disagree with the report's findings here – especially as we are based primarily in NI where CRU is not mandating connections for our new capacity – and, while we agree the report's suggestion that better North South connectivity would allow us to assist in inadequate southern capacity, we still don't have a route to grid connections). The TSOs need to consider market fairness principles – e.g. the mooted 450MW emergency procurement being another scenario that could disrupt the capacity and DS3 market mechanisms.

Also, as with the issues identified with CCGTs, we are also nervous about continuous legislative changes – particularly environmental tightening – which might force additional retrofit/scrapping of our investments/run hour limits – which disproportionately de-rate our capacity income (even 'though a 500 hour run cap would still have allowed us to meet all of last year's scarcity events), as well as capping wholesale (& maybe, in future, DS3) revenue. This is particularly acute in tandem with a collapsing DS3 system (with continuous market reform delays) and market distortions from emergency procurements of capacity – plus a proposed restructuring of the CRM (and wholesale energy price capping !).

In summary, new capacity is very, very risky !

3.1 Notwithstanding the above, a 3.5 years' delivery timetable is adequate – it is hard to project out supply and demand and technology/regulation, etc. any further. Complex projects that require a long lead time should start the planning process earlier and only go in to the auction with planning approval, or with a simple planning process ahead of them.

3.2 The current non-delivery penalties are suitable. Any higher and they will discourage new projects. But, a project which terminates from one auction should pay a high penalty [equal to half of its gain?] by switching auction.

3.3 It is a win for consumers and market functioning for the TSOs and RAs to improve their project delivery monitoring capability. The TSOs and RAs should be somewhat flexible about project extensions, but they need to ensure other market participants are not being significantly prejudiced.

4.1 Any mechanisms for incentivising (& penalising) assets' reliability are to be welcomed, but generators must not suffer RO calls/penalties where they are available for disptach, but not called for system reasons – this is manifestly wrong.

4.2 Demand Management/DSUs have a significant cost-effective, low carbon role to play in the capacity market and should be paid energy/negative generation, as is already being considered. There are a number of work-arounds on metering. As above, DSUs and equivalent clearly can't be penalised for non-dispatch, where available and not called [due to the SO's desire for reserve]. De-rating for a large DSU made up of multiple smaller units is illogical, as the portfolio effect delivers a lower risk than for a single, small unit. The pricing mechanisms for incentivising DSUs, as opposed to some of the pricing on 10 year contracts has not demonstrably delivered value for the consumer – and the RAs and SOs need to be careful not to be awarding 10 year new capacity prices for "re-build" projects which have the inherent advantage of a legacy grid connections/offers – including through deferring auction awards – over genuinely new projects. While CRU has recently realised the need to put new projects on an equal footing to legacy/rebuild projects through its directions to EirGrid & ESB to award grid connections for new capacity projects in Ireland, where is the equivalence for new projects in Northern Ireland, especially where EY identifies that "greater investment in infrastructure to enable more competitive all-island market and reducing pressure for new build to be situated in particular locations" is deliverable and would have a high positive impact on the market ?

4.3 15 years' duration may breach state aid rules, but would an increase in [10 years'] annual payments based on CONE breach these ? And, if there was greater transparency on what new generation supply was going to be enabled, with better grid connection information and easier processes, could these [higher annual, 10 year] contracts be more competitively procured ?

Thank you for your consideration of the above, and please feel free to revert to me if you would like to discuss any of our points.

Rgds

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