



Energy for
generations

**ESB GT response to SEMC
Operational Parameters Consultation
Paper 2025 (SEM-24-053)**

20/09/2024





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1. INTRODUCTION

ESB Generation and Trading (ESB GT) welcomes the opportunity to respond to the SEM Committee (SEMC) *Operational Parameters Consultation Paper 2025*.

The current consultation on proposals for Required Credit Cover and Uninstructed Imbalance parameters provide market participants with an important degree of clarity and certainty as to their potential exposures in 2025.

2. ESB GT RESPONSE

A. Required Credit Cover

We have no objections to the proposed values for Required Credit Cover, which we understand are unchanged from the previous year.

B. Engineering Tolerance (TOLENG)

Trading and Settlement Code Modification Mod_13_23 SDP_01 – Treatment of Non-Priority Dispatch Renewables provided for the redefinition of the Engineering Tolerance (TOLENG) Uninstructed Imbalance parameter as a per-unit parameter to allow for a suitable value to be applied to controllable, non-dispatchable (Category 2) generators with non-priority dispatch status (NPDRs) following SEM-21-027 Proposed Decision on Treatment of New Renewable Units in the SEM.

We believe that setting TOLENG at 8.4% of Dispatch Quantity for wind and solar units, versus 1% for other units, acknowledges the unique challenges that operators of these units face when following Dispatch Instructions issues by the TSOs, while providing sufficient incentive (via exposure to uninstructed imbalance charges) to operate efficiently. As noted in the consultation, the difference between actual ramp and assumed instantaneous ramp is greater for variable renewable generators. A distinct TOLENG will also allow for variations from Dispatch Quantity for these units caused by fluctuations in their underlying variable renewable resource.

More information on the results of the TSO's modelling of ramping and Uninstructed Imbalances for assets of different sizes and technology would allow for greater clarity as to the appropriateness of the proposed 8.4% TOLENG value.



We understand that the new TOLENG parameter will apply to all wind and solar units (not just NPDRs) *“if a separate TOLENG value applicable only to wind and solar units is introduced under the TSC in future”*.

We agree that retaining a uniform absolute MW Tolerance value (TOLMW) of 1 MW for all technologies avoids giving rise to unnecessarily wide tolerance bands where the Dispatch Quantity is relatively small.

C. Discount for Over Generation (FDOG)

The intention of the uninstructed imbalance charge is to incentivise units to match their Dispatch Instructions as close as possible through their actual generation. Discount for Over Generation and Premium for Under Generation can, in principle, be based on the typical cost of replacement generation (in the case of under-generation) and the typical cost saving of displaced generation (in the event of over-generation).

ESB GT understands that a clear economic signal to incentivise balance responsibility is needed to minimise overall cost to the system. Based on the TSO modelling, we agree that the proposed increase in FDOG to 0.25 would provide sufficient incentive for generators to reduce instances of over generation.

3. CONCLUSION

Ensuring continuity in the Operational Parameters as far as possible is necessary to make sure that they are well understood in the market. However, we understand that developments in the market require a review of certain parameters.

We would welcome more information as to the inputs which have produced a proposed TOLENG of 8.4% for wind and solar units.

We would further welcome an update from the SEMC on the work underway to resolve the system issue requiring Northern Ireland to be exempt from Uninstructed Imbalance charges, including any reasons for the delay in finding a resolution to the issue.

We are available for a discussion on any of the issues raised in further detail, if necessary.