



ELECTRICITY
ASSOCIATION
OF IRELAND

Electricity Association of Ireland
6 Merrion Square North
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Response sent via email to: tsc@cru.ie & caroline.winder@uregni.gov.uk

RE: SEM-24-046 Consultation on Demand Side Units: A Revised Phase 1 Solution for Energy Payments and Other Issues

To whom it may concern,

The Electricity Association of Ireland (EAI) welcomes the opportunity to respond to this consultation on Demand Side Units. EAI thanks SEMC for facilitating a workshop to discuss the contents of the consultation document. Proposed changes to the market to ensure that additional forms of flexibility, including DSUs, can fully participate in a non-discriminatory manner are welcome.

In the context of increasing penetration of renewable energy sources, demand side flexibility is of significant importance. Any proposed financial arrangement for DSUs must facilitate effective demand flexibility particularly in line with the recently published National Energy Demand Strategy (NEDS) by CRU.

Having considered the consultation document, in this response, the EAI will focus on the areas of:

- The proposed Phase 1 Solution
- Impacts on customers and market
- NEDS

Proposed Phase 1 Solution

EAI believes that any performance criteria surrounding energy payments for DSUs must be consistent with other market participants. EAI would welcome additional confirmation / analysis that the proposed payments would not lead to diverging performance standards amongst market participants.

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Electricity Association of Ireland

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Regarding the Supplier Compensation payments, EAI's view is that a further consultation must be held as to decide the formula for calculating these payments. Equally, such a consultation would be welcome to outline how the payments would be implemented.

EAI believes that appropriate solutions for metering, baselining and availability are critical to the success of the proposed solution. We acknowledge that the consultation document refers to these aspects of DSU payments however, EAI notes that appropriate arrangements should be put in place in tandem with the implementation of any solution regarding energy payments.

Impacts on customers and market

In considering the proposed solution, EAI members raised concerns surrounding the impacts on both end customers and the market. On the customer impacts, members raised that the proposed solution is another charge for customers that they cannot avoid. Suppliers view that the charges would fall on customers to their disadvantage. Following from that, this is a charge being added to the constraints (imperfections) charge which has very little to do with constraints or imperfections as far as Suppliers can see.

Regarding the implications on the market, SEMC must ensure that any proposed energy payments for DSUs do not create a false market. EAI would welcome further analysis from SEMC as to how the proposed solution prevents over-compensation of DSUs especially long-run DSUs.

NEDS and Timelines

As reflected in the introduction, any proposed solution must be aligned with national demand flexibility objectives namely the targets set out in the National Energy Demand Strategy (NEDS). While DSUs do have a role to play in supporting demand flexibility this must be in line with CRU ambitions. EAI would welcome any further analysis / information which illustrates that the minded to solution would further progress these demand flexibility targets.

Additionally, EAI notes that ACER is currently consulting on a draft network code on demand response. EAI believes that any final solution should be aligned with this code.



Yours Faithfully,

David Flanagan

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Electricity Association of Ireland**