

Response from Viridian Power and Energy

To

SEM

Second Consultation Paper on

Proposed Conditions of System Operator Licences

5th April 2007



Introduction

VP&E note the second consultation on the proposed conditions of System Operator Licences.

We remain concerned at the lack of conditions in the proposed licences in relation to conditions of service delivery by System Operators to Market Participants. The consequences of the actions of the system operator can have significant commercial implications for market participants. This should be reflected in appropriate performance criteria in the licences in relation to the quality of and timeliness of information provision to Market Participants.

We note that Condition 13 of the proposed SONI licence restricts SONI from purchasing electricity without the Authority's approval. We consider that this should be extended such that SONI would be prevented from owning generating assets in the same manner as Eirgrid in Condition 20 of their licence.

Provision of information by System Operators to Market Participants

Performance criteria should be required in relation to System Operator provision of information to Market Participants. There should therefore be explicit requirements in both licences for the reporting of provision of information to market participants to ensure information provision to Market Participants:

- is provided in a timely manner
- is correct
- is in an appropriate form of delivery (whether by E-mail, text message etc.)
- is handled appropriately when deemed confidential

In the interests of accountability and transparency in the provision of services to Market Participants by the System Operator there should be a licence condition requiring an appropriate level of responsibility for this kind of service delivery underpinned by an audit process. This should be included in Condition 26 of the Eirgrid licence and a separate, additional Condition in the SONI licence.

SONI Licence Condition 13 - Prohibited Activities

VP&E re-iterate that we consider that SONI should not be permitted to purchase electricity under any circumstances, and we note that under Condition 13 they cannot do this unless they have "the prior written consent of the Authority". Allowing a System Operator to purchase electricity could distort the price in the All Island market and undermine opportunities for Market Participants to perform this task. We therefore consider that the SONI Condition 13 should be worded more like Condition 20 Section 1 of the Eirgrid licence. In any event SONI should explicitly prohibited from owning generating assets.