



## **The Single Electricity Market (SEM)**

### **Interim Electricity Generation Licence**

### **Granted to Electricity Supply Board**

**Conditions to Apply from SEM Go-Live**

**Consultation Draft**

### **ESB Power Generation Response**

## **Introduction**

ESB Power Generation ( ESB PG) welcomes the recent publication of The Single Electricity Market, Interim Electricity Generation Licence Granted to Electricity Supply Board, Conditions to Apply from SEM Go-Live, Consultation Document by the Commission for Energy Regulation (CER) and the Northern Ireland Authority for Utility Regulation (NIAUR) (the RA's). ESB PG is pleased to have this opportunity to submit comments on this paper.

As the RA's will appreciate, the process to prepare for market go-active and go-live is a dynamic one and can result in changes to draft documentation already published. This is the case with the draft Interim licence published for ESB PG.

## **Condition 3: Directed Contracts**

Condition 3.6 of the licence states that ESB PG will publish on its web-site details of Directed Contracts subscriptions. This is no longer the position. It is now proposed that ESB PG will circulate this data to all registered suppliers and the Regulatory Authorities (RAs) by email.

## **Condition 17:Cost Reflective Bidding**

Condition 17.3 of the licence gives a formulaic representation of the bidding principles. Condition 18.5 states that a Bidding Code of Practice must be adhered to. In AIP/SEM/116/06 the RAs state "the Regulatory Authorities are not minded to prescribe a formula for SRMC". ESB PG is surprised that in light of their previous decision that the RAs are now minded to impose a formula for the determination on SRMC and further are imposing a Bidding Code of Practice that has yet to be consulted upon.

In AIP/SEM/116/06 the RAs state that "the investigation of adherence to bidding principles will be a relatively rare event" and "we fully expect that economic forces will cause most of those bids to be fairly close to SRMC without any need to verify them". The RAs further state that if a generator bids in the same manner

irrespective of circumstances that it is unlikely that the generator is attempting to exercise market power. At discussions in Rules Liaison Group meetings the RAs accepted that any formula for SRMC could not be valid in all circumstances and to impose one therefore, would be wrong. In light of these comments ESB PG concur with the RAs decision that a formula for SRMC is not required and request that the RAs remove it from all licences. If the RA's do not propose to remove the requirement, then a full explanation of the change of approach is required and confirmation that all generator licences in North & South will have exactly the same conditions included in them.