

# Supplier & Generator Suspension Delay Period

## A response by Synergen

### 1 Introduction

This note is Synergen's formal response to the consultation paper AIP/SEM/07/427 "Supplier Suspension Delay Period and Generator Suspension Delay Period" published by the AIP on 26<sup>th</sup> July 2006.

The paper sets out the provisions in respect of the suspension of participants' generator or supplier units from the SEM, explains the legal framework for the provision of a Supplier of Last Resort in Northern Ireland and in the Republic of Ireland and explains the RAs reasoning behind the proposed Supplier and Generator Suspension Delay Periods.

### 2 Synergen's Comments

- Synergen believes that the RA's intention of a Supplier Suspension Delay Period of 14 days is sound.
- Synergen understands the legal constraints present in Northern Ireland which complicate the matter.
- Synergen agrees with the RAs in principle that "the Pool is not and cannot be a fully collateralised market since, under some circumstances it may be impossible to stop a Participant trading within a predetermined period of time and given that Pool prices cannot be known with certainty;" however the risk to participants posed by difference in forecast and actual SMP has no relation to the risk introduced by a defaulting supplier operating within the market from 25 to 51 trading days without credit cover.
- A common statement is that the un-collateralised period will be either 25 days – 14 or 51 days – 14. This ignores the fact that the supplier is suspended as its credit cover was called and did not meet the requirements hence the full 14 days were not collateralised.
- Having effectively different Supplier Suspension Delay Periods in the two jurisdictions runs contrary to the principle of the All Island Market.
- Allowing a defaulting un-collateralised supplier to operate in the market for a period of up to potentially 51 days is completely unacceptable and the RAs must take whatever steps necessary to reduce this period to the shortest time possible before market go-live.
- Knowingly allowing a defaulting un-collateralised supplier to operate in the market for any period is unacceptable. Any Modification to the T&SC to improve the current situation before market go-live should be added to

Section 7 Interim Arrangement section of the T&SC. The RAs need to align the legal provisions relating to SoLR on an All Island Basis within 1 year of market go-live.

- Can the RAs confirm that to their knowledge no legal provisions exist in Northern Ireland that extend the period of time taken to remove a defaulting generator from the market?