

Karen Shiels
The Utility Regulator
Queens House
14 Queens Street
Belfast
BT1 6ED

25th October 2019

Dear Karen,

RE: Capacity Remuneration Mechanism 2023/24 T-4 Locational Capacity Constraint Areas

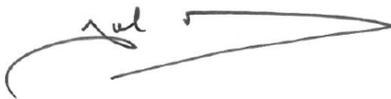
I am writing in response to the SEM Committee Consultation on Capacity Remuneration Mechanism 2023/24 T-4 Locational Capacity Constraint Areas issued on the 13th September 2019 (SEM-19-048).

At a high level, Bord Gáis Energy (BGE) understands the practical constraints on the system and the suggestion to reflect this into the capacity market and ultimately the auction outcome. We do not see the proposed approach being contrary to the methodology set out in SEM-17-040a and given that one of the outputs for the methodology is to provide for minimum MW calculation, it could be seen as being consistent with the 2017 methodology.

Notwithstanding that, BGE is concerned of the continued “tweaking” of the capacity markets each year to reflect system constraints. From a participants’ perspective this uncertainty is not helpful and is contrary to the stability that a capacity market aims to provide. Coupled with the letters the Commission for Regulation of Utilities issued to EirGrid and ESBN on the 3rd October¹ authorising them to “facilitate additional generation capacity seeking to connect in the Dublin region” outside of the normal connection process, the signals to the market are very disjointed. In this area of constraints there have been a number of piecemeal and fragmented decisions since the I-SEM High Level Design was agreed that have resulted in further changes to accommodate the impact of the initial and subsequent decisions. This consultation being a case in point. At this stage, and to provide a level of comfort and certainty going forward, it would be optimal if we could step back to look at the market and the market outcomes since ISEM go-live, marry that to what is optimal from a systems perspective and assess holistically how the system and/or market needs to change to facilitate an overall preferable outcome. We cannot continue to respond or expect participants to respond to repeated readjustments or reassessments of the system operators.

I hope the comments above are helpful and trust that you will consider a more holistic review of the issues highlighted.

Yours sincerely,



Jill Murray
{by email}

¹ <https://www.cru.ie/wp-content/uploads/2019/10/CRU19124a-CRU-letter-to-EirGrid-of-3-October-2019-re-Dublin-Region-Level-2-Locational-Capacity-Constraints.pdf>
<https://www.cru.ie/wp-content/uploads/2019/10/CRU19124b-CRU-Letter-to-ESBN-of-3-October-2019-re-Dublin-Region-Level-2-Locational-Capacity-Constraints.pdf>