

ESB PG response to Harmonised Ancillary Services, Other System Payments & System Charges document (AIP-SEM-08-128).

ESB PG welcomes the opportunity to comment on this consultation.

General:

In the consultation document and the briefing sessions, the CER has stated that the Ancillary Services “Pot” is remaining largely unchanged. ESB PG is strongly of the view that the pot must increase. The number of products which are paid from the Ancillary Services pot are increasing and the number of generators providing them are increasing, thus diluting the value of the services. The size of the Ancillary Services Port should better reflect the value of the services provided and the fact that greater response from non-wind generators will be required with the increasing penetration of wind.

The incentive to provide ancillary services over and above the requirements in the Grid Code is low given the much higher capacity and market payments. And yet, some of the Ancillary Services payments are reducing/ penalties are increasing so the importance of Ancillary services is not reflected in the payments relative to the market. The penalties in some cases are so severe that one failure could potentially result in a nett loss for the generator for that service for the entire year.

ESB PG request further detail on the administration of the payments and penalties, the time lines and the dispute / fault resolution process. This must be timely to allow investigation of incidents to take place.

Proposal 3.3 Ancillary Services: Reserve

ESB PG welcomes the fact that the proposed rates are fixed (not dependant on actions of other generators) and thus revenue should have greater predictability. However the payment mechanism as it currently stands does not incentivise provision of reserve and should be reviewed.

The likely effect of the proposed penalties for underperformance is that generators will be conservative in the values contracted for reserve thus the system may lose out on potential for additional reserve. There are no payments for higher availability than contracted values. At the briefing on 1st October, the TSO advised that generators should contract to absolute maximum and then declare down on day by day basis. However translating this approach into payments means that if a unit declares down its availability on a day, it will receive a smaller payment than a generator who provides the same amount, but is contracted for the lower value (because of payment scaling factor). If a generator is able to provide higher levels of reserve at some times of year/under some circumstances there is no incentive to contract for the high values. Generators will actually be incentivised to contract for lower values.

Proposal 3.4 Ancillary Services: Reactive Power

ESB PG are of the view that a payment for availability as in the current scheme should also be applied to the proposed scheme. A payment based on percentage of time synchronised unfairly disadvantages plant which has been constrained off and also is unfairly biased towards base load plant.

ESB PG would also like further clarification on how the status of the AVR is to be determined.

Proposal 3.5 Ancillary Services: Black Start

ESB PG believe the proposals for payments and penalties for provision of black start capability are fair and reasonable.

Proposal 3.6.2 OffLoad Plant: Warming Contracts and Maintenance of Heat State

ESB PG is of the view that it is technically difficult and environmentally questionable for plant to remain in an extended warm state. It would require engineering studies to

determine the feasibility and likely plant modifications to water treatment and other systems.

ESBPG note there is no specific service indicated for fast acting plant such as OCGT which can come on/off load quickly. ESB PG suggest that with increasing penetration of wind, plants with these capabilities will be required for system stability and as such should be incentivised appropriately.

Proposal 3.6.3: CCGT MultiMode Operation

ESB PG are unlikely to provide this proposed Ancillary Service.

Proposal 3.6.4 Pre-emptive Response

In principle this appears to be reasonable. Further details on payments and charges are required.

Proposal 4.1: Alternative Fuel Payments

ESB PG does not agree that payments associated with secondary fuels should be covered under the Ancillary Services mechanism unless the Ancillary Services Pot increases appropriately.

ESB PG believe that payments for Alternative Fuel should also reflect the day to day cost of keeping the secondary fuel type available and not just the variable cost of fuel differential if they are dispatched on the secondary fuel by NCC.

Proposal 5.1 : Short Notice Declarations

ESB PG is of the view that the short notice declaration charge mechanism needs to be amended. Under the proposal, the charge would also apply to units which are not on load at time of re-declaration, however the cost to the system is not the same so the charge should be proportionate.

The early / late synch period which is allowed (5 mins) is totally disproportionate to the time to start for some units (~8 hours) and is too tight a window. The duration the plant has been declared down for should be reflected in the penalty.

This charge also needs to be looked at in conjunction with the Uninstructed Imbalance charge. When a unit synchronises either early or late, the SND charge applies. However, the Effective Time of the Synch needs to be reset to the actual

Synch Time, otherwise the plant is penalised a second time with a UI for the same event. It is also noted that there does not appear to be an incentive to give greater than 12 hours notice.

Proposal 5.2: Trips

ESB PG note that the charges for a trip appear to have increase by almost 50% for some plant. The TSO at the 1st October briefing committed to providing details of the Trip curve. Until this is provided, ESB PG are not in a position to comment fully on the proposal.

Proposal 5.3 : Generator Testing Charges

ESB PG need further detail on this proposed charge before being able to comment fully. Details are required on the level of charges proposed. Details are also required on the point when a unit officially becomes fully operational and is no longer testing. This is particularly important for new plant which may be operational in advance of deep network reinforcements being completed.

Proposal 6: Grid Code Penalties

ESB PG welcome the clarification in section 6.6 of the relationship between the proposed penalties and granted Grid Code Derogations and believe this should be extended to submitted requests for Grid Code Derogations which are under discussion between EirGrid, CER and the plant in question.

ESB PG will comment further on the detail of the proposed penalties when these are published.