



**IWEA Response to the Joint Regulatory Authority Consultation on Imperfections Charges for October 2011 to September 2012**

**July 25, 2011**

IWEA welcomes the opportunity to respond to this consultation on Imperfections Charges for the forthcoming tariff year.

IWEA notes the significant increase in constraint costs and the resulting increase in imperfections charges in the coming tariff year. We believe that the SEM committee should allow recovery of the costs outlined in the paper to enable the continued smooth operation of the SEM market. However, we are concerned at the increasing trends in these costs and believe that it is essential that measures to mitigate these increases are taken.

In the first instance we believe that it is essential that a robust incentivisation programme is introduced to promote more aggressive management of dispatch balancing costs. We also believe that there should be increased focus on measures that would systemically reduce these costs, in particular, the encouragement of increased flexibility from generators, faster development of grid infrastructure and increased usage of demand side measures. As progress in these areas has the potential to substantially reduce balancing costs we believe that this should be recognized in the regulatory assessment of proposed developments. We also believe that appropriate incentives to accelerate the delivery of transmission infrastructure, demand side programmes and improved generator flexibility should be introduced.