



Friday, 26 August 2011

EirGrid Group Response to the Paper

SEM-11-058 'Fuel-Mix Disclosure in the Single Electricity Market: Calculation Methodology Consultation Paper'

Introduction

SEMO welcomes the opportunity to respond to the CER's consultation on the Supervisory Framework for Guarantee of Origin (CER/11/139). This response has been prepared by SEMO in its capacity as the holder of a licence under Section 14(1)(j) of the Electricity Regulation Act, 1999, as amended (the Act) and as a person exempted to hold such a licence. SEMO is part of the EirGrid Group and this response has been prepared in consultation with other licensees within the Group.

Our comments have been grouped according to the relevant sections of the consultation document.

Comments

Proposed Methodology –

SEMO note the requirement to accept certificates relating to non-renewable generation from other Member States, once these are "accurate, verifiable and reliable"; however, as noted elsewhere, there is no EU law governing this assessment process, and any arrangements that another Member State may have is not enforceable. While SEMO will co-ordinate the transfers as part of the Fuel Mix Disclosure process, absent the relevant provisions in European law, we are concerned with regard to how these submissions can be assessed and considered "accurate, verifiable and reliable".

We note that the new proposals include options for assignment of generation attributes at regular intervals through the year. While we would agree with these proposals, the implementation represents additional work beyond the scope of the original Fuel Mix Disclosure calculation may impact on SEMO's costs. This would be because this additional work was not considered during the Price Control process.

Assignment of Generation Attributes -

We note that dual fuel generators who are not required to make submissions to the EPA and DOE are obligated to submit independent verification as to their total fuel usage. We would like clarification as to which body will be responsible for the verification of this data.

We think that when referring to 'unused and expired' certificates, it would be clearer to distinguish between unused and/or expired certificates, as both conditions do not need to be met. Further clarification is required regarding the treatment of exported GOs, where the paper refers to "any generation attributes not assigned to, and submitted by, a supplier", it should be clarified that this includes exported certificates.

Information to be Provided to the Calculating Body

In terms of data submissions, in recent years Meter Data Providers have submitted loss adjusted data; however, this will change as part of the new arrangements. SEMO would like the decision to include explicit reference to this requirement for non loss adjusted Metered Data from the Meter Data Providers. SEMO would also request that timelines for submission are included in the final decision paper.

The consultation suggests that Suppliers should be required to provide “the total amount of energy relating to a particular fuel type...”. This data does not figure in the calculation of the Fuel Mix Disclosure for Participants and the use of this information is not set out in the consultation paper. We do not consider that this data is required for the calculation.

Reconciliation

When reconciling data, SEMO believes it may be unnecessarily onerous to complete a quarterly reconciliation on attributes that have been assigned and that this could be completed on an annual basis when the Fuel Mix Calculation is being completed.

The Calculating Body

SEMO note that the consultation expects that the “costs of conducting the calculating will be covered through the SEMO Price Control as approved by SEM Committee”. We would note that the existing Price Control was based on the interim arrangements for Fuel Mix Disclosure calculation as set out in SEM-09-061. SEMO would like to note that the workload for the Fuel Mix Disclosure calculation proposed in this calculation is increasing significantly compared to the interim arrangements. This increase in duties includes the management of assignments of attributes at regular intervals throughout the year, reconciliation of metered generation figures throughout the year, preparation of reports to suppliers before their submissions, informing suppliers of their fuel mix and all island average, and management of subsequent queries prior to publication. Additional resources will be required to work on this all year round. Any costs that may be incurred in the relevant period should be allowed for in the K factor adjustments and in subsequent Price Controls.

Lifetime of GOs

We have concerns regarding the lifespan of GOs that are issued in the UK. Irish GOs have potentially two disclosure periods that they could submit GOs for. Depending on the time of year they are issued, UK GOs cannot be used in certain disclosure periods. We are concerned that the non allowance of UK GOs in certain disclosure periods will prohibit participants in how they can submit UK GOs to the All Island Fuel Mix Disclosure. This is linked to the fact that UK GOs, once retired are cancelled three months after the 16 month lifespan. Whereas Irish GOs have no ‘retiring’ function, they are valid until cancelled or expired but unused.

We note the proposal included in the Example in the Appendix section that GOs expire at the end of the month and that this is intended to allow a standardisation and simplicity in the system; however, we are concerned with respect to this proposal as it would appear to run counter to the Statutory Instrument and the original EU Directive both of which require that the lifespan of a GO is twelve months from the date of production of the energy. As such, per the Regulation and SI, a GO issued in respect of a MWh of electricity produced on July 15th 2012 should expire on July 14th 2013 and not July 31st 2013. The proposal included would appear to extend the lifespan of a GO beyond that set out in the legislation even if only by a number of weeks or days.

We also note and seek clarity with regard to the use of GOs issued by Ofgem in subsequent years. Noting that Ofgem allow a sixteen month lifespan for their GOs, we are concerned that accepting GOs for NI generation which are older than twelve months, but within the sixteen months, would be contrary to the EU Directive which requires that GOs have a twelve month lifespan only.

We hope that these comments are given due consideration, please contact us if clarification is required.

