



11th October 2011

Your Ref: SEM-11-063

Electronic submission to:

Mr. Paul Brandon (pbrandon@cer.ie)
Commission for Energy Regulation,

Re: DW Consultancy Ltd's response to 'Tie Breaks in Dispatch in the Single Electricity Market and Associated Issues, SEM/11/063'

Dear Mr Brandon,

DW Consultancy Ltd. (DWC) welcomes the SEM committee's publication of this current consultation paper titled '*Principles Tie Breaks in Dispatch in the Single Electricity Market and Associated Issues, (SEM/11/063)*'.

In the first instance, we support the positions outlined by the Irish Wind Energy Association (IWEA) in their response to this consultation.

In addition to our support of the IWEA position on this consultation we would also like to note the followings:

- Although providing fair and transparent rules for the treatment of renewables in dispatch is hugely important it should in no way take away from the focus to remove the reasons for constraint and curtailment.
- To try to do dispatch large levels of renewables without investing in systems and resources appears to be very short-sighted. This decision also appears to be outside of the requirements in the 2009 RES-E directive for member states to minimise constraint and curtailment. This is a complex problem and implementing a crude solution could result in windfarms being constrained off more than is actually required.
- Whatever approach is taken for the allocation of constraints it must provide the level of certainty required to bank finance projects. The proposals in the paper suggest that constraints groups will be regularly reviewed so it will never be certain to any reasonable level if

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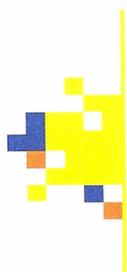


windfarms will be allocated constraints based on the “grandfather” or “pro-rata” approach. It does not appear unreasonable or unfeasible for the System Operators to use their constraint modelling to clearly define the nodes within the constraints groups.

- In the absence of information around firm access in Northern Ireland it is difficult to comment in a meaningful way on the categories as proposed. There is a serious risk of unforeseen consequences with this decision in a vacuum on information on how firm access will be allocated in Northern Ireland and indicative levels of constraint and curtailment. There is no indication as to the amount of MWs that would fall into each of the proposed categories, however it is likely that in the near future projects will either be 100% firm or 0% firm. The third category (0-33%) is open-ended and the constraints are completely uncapped. There could be a significant number of projects in the 3rd category at any given time.
- We propose the following categories for Northern Ireland:
 - connected and any other windfarms that gain firm access
 - the non-firm generators currently out of planning
 - windfarms that come out of planning

After SONI complete constraint analysis it may be necessary to limit the size of the middle category further to ensure that the constraint levels in this category are bankable. Constraints in this group should not exceed approx 3-5%, subject to further consultation with industry. As deep reinforcements are complete projects will move between categories. There may be the requirement to introduce a fourth category to cap the risk of projects out of planning but not in the second category.

- Curtailment should be allocated on a pro-rata basis. To grandfather curtailment would be a de-facto decision that earlier connected windfarms have priority access to the baseload of demand customers. This appears to be anti-competitive.
- All windfarms, regardless of firm status, should be compensated for curtailment. It is discriminatory for one group of generators to be compensated and another not to be compensated when the reasons differentiating the groups are not material to the reason for compensation. Not wanting to change market system would not be sufficient justification to removing this discrimination.
- The hierarchy listed in the decision document proposes that interconnectors should have a higher dispatch priority than renewables. There does not seem to be any policy or legal justification for this decision.



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- In the decision document it is proposed that when conventional generators are being re-dispatched it will only be to the minimum generation limit and not decommitted. This again is a decision that was not consulted on and does not appear to have a policy or legal justification.

Should you have any queries, or should you wish to discuss this matter further, then please do not hesitate in contacting us.

Yours Sincerely,

**Barry O'Kane, B.Eng, C.Eng, MIEI,
Chartered Engineer
For: DW Consultancy Ltd.**

cc Ms. Doreen Walker DW Consultancy Ltd.