



B9 Energy Offshore Developments Ltd

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Jamie Burke
SEM Committee,
c/o Commission for Energy Regulation,
The Exchange,
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Dear Jamie

CONFIDENTIAL

Treatment of Curtailment in Tie-Break Situations (SEM-12-028) – Consultation Response

Thank you for the opportunity to comment on the above consultation. Please find below a response that is from both B9 Energy Offshore Developments Ltd and THETIS Energy Ltd. THETIS Energy Ltd was formed in 2008 to develop the marine tidal resource around the coast of Northern Ireland and is currently a wholly-owned subsidiary of B9 Energy Offshore Developments Ltd, which itself develops offshore wind energy in Northern Ireland.

We appreciate the inevitability of curtailment within a system with very high wind energy penetration levels and therefore agree that the delivery of the DS3 programme is of fundamental importance to increase the level of system security of non-synchronous penetration (typically wind) from 50% (currently) to 75% in the coming years.

The facilitation of Ireland and Northern Ireland 2020 renewable targets is of major importance for ensuring a secure, stable and diverse electricity industry capable of responding to fossil-based market volatility in the future and helping Northern Ireland to meet its climate change mitigation objectives. In relation to Northern Ireland, between 1250 and 1600MW of wind generation is required to meet the 40% target depending on other available renewable generation. Current wind generation levels are approaching 500MW. Whilst the curtailment arrangements must be introduced so as not to prevent achievement of these targets, they need not be designed to encourage an excessive early overshoot of the targets. This requires a balancing of the arrangements between the available proposed capacity for onshore and offshore and, at the same time, an understanding of their respective timings. For marine and offshore wind, the likely timings at which capacity will come on stream will be at the end of the current decade, from 2017 to 2020 with the bulk towards the end of this period. For the strategic objectives set out in the Executive's Offshore Renewable Energy Strategic Action Plan to be achieved, arrangements should be adopted that can ensure that offshore renewable energy can play its part in meeting the targets. There is no strategic logic to establishing arrangements for curtailment that prevent offshore generation coming on stream in the period 2017-2020 purely on the basis that such projects have a long-lead time and will therefore fail to be delivered before applications for onshore projects can be made. If there is policy objective to deliver offshore renewables, inter alia to support diversity and the achievement of 2020 targets, establishing curtailment arrangements that frustrate this is counter-productive.

Firstly, in relation to marine tidal energy, we believe that marine tidal projects, whose output is entirely predictable, should be seen to represent a different category of project than intermittent and unpredictable wind plant and therefore afford a different position in the merit order arrangements. We agree, as noted in the consultation, that if particular generators are allowed in the market schedule, which subsequently cannot be dispatched in real time by the TSOs, whilst others which can be dispatched (and are needed) are excluded from the market schedule, this could

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ultimately affect security of supply on the island in the long-term. Were this to happen, it would have the effect of reducing the attractiveness of entry for those generators whose contribution to the system, though intermittent, would be entirely predictable and therefore of a different nature. We do not therefore consider that this consultation should not be relevant for tidal energy projects.

Secondly, in relation to offshore wind energy, we do not agree that grandfathering as proposed would necessarily be as damaging for new offshore wind energy projects as some have warned as it would clearly depend upon the allocated FAQ for each project. Were an offshore project to hold 100% FAQ, it would be curtailed against a different set of criteria to a non-firm project and this will obviously depend upon a number of factors including the timing, location and nature of its connection. Were a generator to connect with 100% FAQ, for example, by virtue of its location, it would be reasonable to recognise that the project could impose a different level of obligation on the network and therefore the consumers as a result of potentially minimal system connection reinforcement costs. A merit order arrangement for curtailment based upon FAQs would then, ceteris paribus, encourage development of new renewable assets in areas that could achieve firm access easily. This is the correct locational signal that should be established so that capacity is incentivised to locate where grid access is available.

Finally, we support the position of NIRIG that projects being developed explicitly for export should not add to the curtailment burden of projects that contribute to 2020 targets.

Yours sincerely,



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