



SEM Committee,
Mr. Jamie Burke,
c/o Commission for Energy Regulation,
The Exchange,
Belgard Square North,
Tallaght,
Dublin 24.

25th May 2012

By email to: jburke@cer.ie

Re: **"Treatment of Curtailment in Tie-Break situations " Consultation Paper, SEM-12-028**

Dear Mr. Burke,

Wind Prospect welcomes the re-opening of the treatment of curtailment in tie break situations decision paper (SEM-11-105) issued in December 2011. It must be recognised by all stakeholders that allocation of curtailment on an all island basis is a difficult and complex issue with many factors affecting the ultimate decision, some of which are unknown at this time. It is vital however that the SEMC make the right decision to allow the wind industry move forward and achieve its 2020 renewable targets in the most efficient and effective manner possible.

We believe that that linking curtailment to firm access is a completely inappropriate market signal and one which discourages rather than encourages investment. It will result in the required level of wind to meet 2020 targets not materialising resulting in possible fines at EU level, increased cost to the customers and the loss of significant inward international investment in the wind industry.

Wind Prospect has reviewed the four options presented in SEM-12-028 and has the following comments:

1. Grandfathering:

As indicated above grandfathering of curtailment based on firm access is an inappropriate mechanism for allocating curtailment. Viable projects with planning, ease of grid access, financial approval, and suitable wind speeds will be prevented from progressing if their connection will be on a non-firm basis, while less viable projects which are marginal or may never connect have an entry signal to do so. This is inefficient as projects which will reduce the wholesale cost of electricity while also increasing security of supply will be prevented from being realised.

It is clear from the initial tie break decision paper that the SEMC was attempting to protect existing projects from the danger of experiencing prohibitive curtailment in the future with the consequence of possible default, which would be catastrophic for the industry. This must be commended as it shows the decision to grandfather curtailment was made in what the

SEMC saw as the best interests of protecting the wind industry. The critical piece of information relating to the likely level of curtailment has not been assessed and this should be a key consideration when determining the appropriate treatment of curtailment. We believe the figures produced by IWEA demonstrate grandfathering is not an appropriate means of allocating curtailment.

We note the statement that there shall be sufficient firm access in 2020 to meet national targets provided the required network capacity is delivered by the System Operators and Owners. We think it is prudent to review the delivery of infrastructure to date and assess current plans based on previous experience. Furthermore not all firm projects will be delivered and those that are will most lag the receipt of firmness by at least 12 months. Therefore in our view it is quite unlikely that a grandfather approach will deliver the 2020 targets.

2. Pro Rata:

We believe pro rata is the fairest method to allocate curtailment and note the concerns in relation to exposing existing projects to unlimited curtailment as more firm and non-firm wind connects to the system. We also note the concerns re an increased divergence between the SEM market schedule for wind and actual dispatch resulting in greater dispatch balancing costs to the customer. We note the addition of new wind increasing curtailment need not be unlimited and a solution to this problem is proposed in IWEA proposed Option 3b which we support. We also draw the SEMC attention to Redpoint report commissioned by IWEA that allowing additional non-firm wind to connect, which pro rata allocation of curtailment is a market signal to do so, will in fact save the customers approximately €40m per annum.

3. Temporary Pro Rata

We believe the temporary pro rata option as described in the consultation paper is unworkable as the duration for which projects will be subject to pro rata treatment is undefined. Furthermore the duration for which projects will non firm is undefined meaning it is not possible to accurately predict the treatment of curtailment for an individual project over its lifetime. This increases uncertainty and complexity unnecessarily.

4. Pro Rata with Generators taking the risk

We believe this proposal is inappropriate and further undermines the priority dispatch of renewables whilst eroding the business case for wind projects.

In conclusion we fully support the IWEA proposed Option 3b which we believe represents an industry compromise position and meets all of the SEM Committee key objectives, striking the right balance between existing projects and future projects required in order to meet our national targets.

The issue of full compensation for curtailment of both firm and non-firm generators remains outstanding and should be addressed via a consultation process in a fair and transparent manner in the near future.

Wind Prospect would like to thank the SEM Committee for the opportunity to engage on this issue and to highlight the particular importance of this consultation given the significant implications it has for the viability of the wind sector.

Yours sincerely,



Ciaran Donnelly BE CEng MEM MIET