

**Power NI Energy Limited
Power Procurement Business (PPB)**

Imperfections Charge

October 2015 – September 2016

And

Incentive Outturn

October 2013 – September 2014

Consultation Paper

SEM-15-041

Response by Power NI Energy (PPB)

10 July 2015



Introduction

Power NI Energy – Power Procurement Business (“PPB”) welcomes the opportunity to respond to the consultation paper on Imperfections Charge for October 2015 – September 2016 and the Incentive Outturn for October 2013 – September 2014.

Comments

Imperfections Charge

PPB cannot comment on the derivation of estimated amounts and therefore can only comment on the principles. We agree that the estimated Dispatch Balancing costs, Make Whole Payment and Others System Charges be recovered in full through the Imperfections charge in the coming tariff period.

PPB agrees that the current K Factor mechanism be continued in the new tariff period and we believe that the final approved tariff should include a latest “K” estimate.

Incentive outturn

PPB cannot comment on the calculation of the TSO incentive reward as not enough information has been provided. We note that the RAs are considering introducing a penalty mechanism on any material errors within the modelling forecast. We would caution that this must be clearly thought through such that no perverse incentive is introduced. We are surprised at the negative figure for the High Impact Low Probability events as intuitively one would expect these events to increase constraint costs unless there had been a forecast in HILP events.