



# **Integrated Single Electricity Market (I-SEM)**

**Measures to promote liquidity in the I-SEM  
forward market**

**CEWEP Ireland consultation response**

**SEM-16-030**



**July 2016**

CEWEP is the umbrella association of the owners / operators of Waste-to-Energy Plants, representing approximately 400 Waste-to-Energy Plants from 18 European countries. Our members make up 86% of the Waste-to-Energy capacity in Europe.

CEWEP Ireland is the Irish branch of CEWEP Europe and has two members: Indaver, which operates the Meath Waste-to-Energy Facility and is proposing to develop a similar Waste-to-Energy Facility in Cork; and Covanta, which is currently constructing the Dublin Waste-to-Energy Facility. By 2020 it is anticipated that members will have a total treatment capacity of over 1,070,000 tonnes per annum residual waste and export more than 90MW electricity and/or heat.

For these reasons, areas of key importance include:

- Consideration of new entrants and impact of proposed regulatory interventions.
- Simplicity in design and lowering administrative burden for small scale generators.
- Ensuring Forward Contract Selling Obligations for dispatchable plants exclude REFIT volumes.

## INTRODUCTION

CEWEP Ireland welcomes the opportunity to respond to the SEMC consultation paper SEM-16-030, “Measures to promote liquidity in the I-SEM forward market”.

We are restricting our comments to the Forward Contracting Sell Obligation (FCSO) de minimis threshold of 267GWh per annum, and how subsidised generators are measured against that threshold.

## SECTION 7 - FORWARD CONTRACT SELLING OBLIGATIONS

We note that Edenderry Power Limited’s MSQ volume is calculated without reference to the fact that a portion of its MSQ is contracted under REFIT. Entering into a contract against REFIT subsidised power would mean that the purpose of the REFIT subsidy would be undermined, as REFIT will not compensate the generator for cash-out against the FSCO.

Waste-to-Energy plants are considered part renewable under REFIT 1 and REFIT 3. For the above reason we want it confirmed that any obligation to contract under the FSCO is determined using forecasts of non-subsidised generation volumes, i.e. the “brown” portion of the electricity.

To oblige part-renewable subsidised generation to participate in the FSCO would be to undermine the certainty of revenue afforded under REFIT scheme.

By means of example:

- 30MW plant, 92% Market Load Factor 50% renewable.
- Annual forecast of power:  $30\text{MW} \times 8760 \times 92\% \times 50\% = 120.8\text{GWh}$ .
- As  $120.8\text{GWh} < 267\text{GWh}$ , no FSCO will apply.

For the avoidance of doubt, however, we believe that non-obligated smaller parties should be allowed to participate in a FSCO auction, should they choose to do so.