

James Curtin  
Commision for Energy Regulation  
The Exchange  
Belgard Square North  
Tallaght  
Dublin 24

Brian Mulhern  
Northen Ireland Utility Regulator  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

Date: 18<sup>th</sup> November 2016

**RE: Offers in the I-SEM Balancing Market Consultation Paper**

Dear Mr. Curtin and Mr. Mulhern,

Thank you for the opportunity to provide feedback on the offers in the I-SEM Balancing Market.

Brookfield Renewable Ireland is part of Brookfield Renewable Partners L.P., one of the largest publicly-traded pure-play renewable power platforms globally with over 7,300 MW of hydroelectric and wind capacity across 14 power markets and in excess of 460MW of operating wind capacity with a 200MW wind development pipeline in Ireland. Our power operating platform employs over 1,500 people globally, including full operating, development, construction oversight, and wholesale power marketing capabilities. As a 100% renewable generation portfolio, Brookfield offer a different perspective on consultation responses than other market participants as we face unique challenges with the implementation of the ISEM market redesign.

The biggest challenge to wind generators participating in ISEM is the introduction of balance responsibility and the subsequent exposure to balancing market prices for deviations between actual and forecast power production. This exposure is unique to renewable generators who rely on an intermittent resource for generation. Existing market participants share a valid concern regarding the volatility and unpredictability of the imbalance price. The introduction of administered scarcity pricing (a penalty introduced through the capacity remuneration mechanism that excludes wind by design) to the balancing market adds a further unmanageable risk for wind participating in ex-ante markets.

Competitive pricing in the balancing market is a particular concern for the Irish market as there will be relatively few generation units able to set the price in a given balancing market time frame combined with considerable market power concerns. These are some of the reasons that BCOP was introduced in SEM. None of the rationale for BCOP will change with the introduction of ISEM. Brookfield believe that the principled approach to bidding should be retained in ISEM.

The price control interventions proposed in this consultation will be extended to energy actions in the balancing market if generator behaviour warrants. It is important that due consideration is given to the design of these instruments as a result. Brookfield believe that of the two suggestions made in the consultation the

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principled approach is most appropriate. Brookfield believe that technology band offer caps allow generators to alter their inc and dec prices to levels that are not cost reflective.

I would be pleased to discuss these points or any other in relation to our position on the balancing market offers in more detail.

Kind Regards,

Daire Reilly

Regulation and Power Markets Analyst

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