

**Bord na Móna**

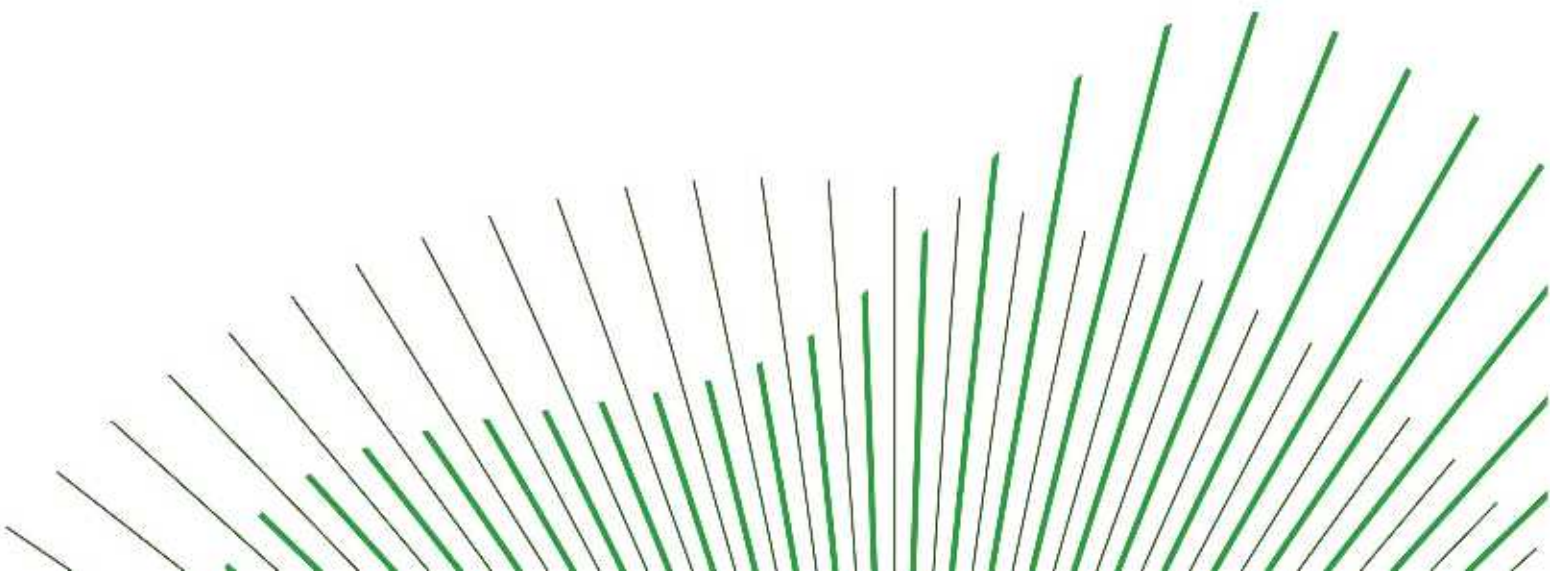
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System Services  
Future Arrangements  
High Level Design

Consultation Response

21st October 2021

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## 1. Overview

Bord na Móna's (BnM) mission is evolving to deliver essential climate solutions for Ireland. Having ceased peat harvesting, our focus is on developing Climate Solutions in renewable energy, sustainable waste management, carbon storage and biodiversity conservation.

Bord na Móna has a long history of contributing to Ireland's energy demand and we are actively considering development options that respond to the energy needs of the Irish system while supporting the low carbon transition. We currently have over 500MW of generation assets under management and we are actively progressing projects totalling 1.5GW across our landbank.

Bord na Móna has a proven ability to develop and operate energy projects in Ireland. Most recently we have secured investment for Phase 2 of the Owinenny Windfarm, a strategic joint venture developed with ESB that will deliver an additional 100MW of wind generation by December 2022. Earlier this year Bord na Móna also confirmed funding of €115m from the European Investment Bank to progress Cloncreen windfarm, our 75 MW project located in the midlands which will enter commercial operation in 2022.

At BnM we are taking real and tangible action by building and managing large scale renewable energy infrastructure to deliver clean power for the national grid. We are the leading developer of onshore wind in RESS1 and continue to work across wind, solar, biomass, biogas, storage and other technologies to help achieve Ireland's 80% renewable electricity target by 2030 – to provide Energy Security for the future.

Our objective is to play our part in meeting the Climate Action Plan targets by progressing new large-scale Renewable Energy projects, while also ensuring we can contribute to Security of Supply on the Electric Power system. To do this we need investor confidence, clear policy signals and a facilitative legislative framework to support project development.

BnM therefore welcomes the initiation of the consultation process on the design of the future arrangements for system services. Our views on the SEM Committee proposals are outlined in the remainder of this paper.

### Summary of Bord na Móna Position

-The investment case for projects is very challenged. Bord na Móna is acutely aware of the uncertainty across revenue streams for Energy, Capacity and for DS3 Ancillary services – as highlighted comprehensively in the recent Shape of Our Electricity Future consultation.

-We believe that there can be an investment case, there has to be, so as to deliver on Security of Supply and to meet Climate Action Plans Net Zero carbon goals, and that the future of DS3 Energy Services needs to be developed to facilitate these, that is, to be developed around these.

-The current position is that while Wind and Solar can be procured through the ECP process and RESS, other technologies such as Thermal, BESS and the new technologies which will soon be needed to support the grid have to have their own investment signals.

-We would very much encourage that the Authorities are mindful in their development of mechanisms to encourage new technologies in such a way as to have the optimal balance of the required new technologies alongside the correct amount of thermal generation, required to underpin the transition. Likewise there

needs to be signal for new thermal generation; the Capacity Market has not delivered: the current cap on new capacity of €138k/de-rated MW is below a reasonable threshold to incentivise new large-scale thermal generation, which is clearly required to achieve the pathway towards net-zero. Also, to avoid giving early unintended exit signals to the level of existing generation which is required.

-Likewise, intermittent generation such as renewables need to be remunerated appropriately in recognition of their contribution to grid stability, as the system progresses towards net zero decarbonisation. Given that many of these will continue to be sited in the distribution network where access may be Non-Firm, but where there is the best availability of wind, solar resource, we would suggest that it is not appropriate for their Firm/Non Firm status to negatively influence their remuneration from the provision of DS3 services.

-It is BnM's view if that the RA's decision is to implement distinctions between firm/non-firm for the provision of DS3 services that, at a minimum, the ATRs in the original grid connection offer should become binding through the concept of deemed firmness in the case that firmness cannot be accommodated. Through this concept of deemed firm connection, generators would be fully remunerated for providing DS3 services regardless of any associated systems constraints.

-Long term contracts for DS3 services need to supplement short-term auctions. Providing specific market signals to incentivise investments in necessary technologies should be provided in future to ensure system needs are met.

-Linked to this is the need for urgent clarity regarding the pathway to the €700m Ancillary services budget – so as to signal to industry how to deliver on that pathway.

-Clarity should be accompanied by confidence, such as from clear indications of future volumes of services, types of services, contracts tied in to SNSP and long-term volume arrangements – all without excessive penalties or punitive measures.

-What is very clear is that With 80% RES-E targets and 95% max SNSP, it is entirely transparent that Ancillary Services are and will be i) an increasingly important revenue stream for participants and ii) a critical enabler for the pathway to net-zero decarbonisation.

-The RA's should develop the future arrangements in a way that prioritises:

- i. security of supply
- ii. decarbonisation
- iii. cost minimisation

-While we appreciate at this early stage the proposals are very high level, this means our feedback is somewhat limited. We would welcome more detailed proposals and worked examples in future.

## 2. Overarching comments

- Justifying new investment around future DS3 revenue streams is increasingly challenging and there is little visibility yet of a future investment roadmap.
  - i. There is much uncertainty across ancillary service revenue streams, beyond knowing that they are likely to reduce to far lower than current levels. This severely negatively impacts the business case for new assets, as well as of existing assets, as well as of technologies specific to the new DS3 supply requirements, so as to support a grid with 80%+ RES-E and 95%+ SNSP.
  - ii. The unintended signal this delivers is for early exit of existing generation from the market as well as acting as a deterrent to new investment. This is concerning for security of supply in a

power system which is likely to be acutely short for the foreseeable future.

- The budget for system services is not appropriate or reflective of market conditions and the broader policy context.
- iii. Ireland is on a pathway to net-zero by 2050. To do this we need to decarbonise our electricity sector by diversifying our generation and increasing the volume of renewable electricity being produced.
- iv. Regulated tariffs have provided a degree of investor confidence to date, but they are uncertain to mid-2024, with a move to competitive procurement thereafter. However, there needs to be sufficient investor return to ensure security of the power system, backed by DS3 industry revenues per the reports from EirGrid and Sysflex.
- v. We recognise that there is a careful balance between competitive cost minimisation and security of supply, and of the importance of avoiding the likes of current difficulties being experienced in the capacity market.
- vi. The Irish electricity system has an intermittent SNSP in 2021 higher than anyone could have realistically anticipated 15 years ago, and it is notable that Ireland’s penetration of intermittent renewable electricity is already 13 years ahead of European targets – and that these levels will increase further and Ireland will continue to lead Europe. The annual SS budget cap of €235m was put in place to reach 2020 RES-E targets and a 75% SNSP limit. These have now been surpassed and the CRU has set ambitious targets for 2025. The target for 2030 will exceed 95% SNSP. To ensure this ambition is realised, developers of System Services projects need to be confident that adequate resources and funding will be provided to support investment and to deliver the technologies and services required.
- vii. Defining a methodology for funding System Services that prioritises decarbonisation and security of supply first would be welcome. This issue needs to be addressed well in advance of the enduring arrangements coming into place otherwise there is a real risk of stalling new System Service investment on the island.
- A pathway to decarbonisation that acknowledges the role of system services would be welcome. Reaching the 80% renewable electricity target will not be achieved by any one technology or market participant. It will be a collective effort and reaching the 2030 target will require investment on a much greater scale than was needed for 2020 targets. In developing a pathway, that pathway needs to look to 2030 and beyond, and to work back from there.
- The energy/ancillary services market needs to continue to recognise the role of conventional generation in the transition and of the need to incentivise innovation and investment in alternatives. In relation to duration of tenure, we note the potential provisions for layered procurement, noting that these require a derogation from Europe.
- The Irish electricity system is uniquely characterised with very high levels of intermittent renewables, limited interconnection with any partners, and a constrained network. In that context, the energy/ancillary services market needs to continue to recognise the role of conventional generation in the transition and of the need to incentivise innovation and investment in alternatives. Ensuring the right solution for our system is imperative. We note the potential provisions for layered procurement and encourage the authorities to engage with the EU to seek the necessary derogations to enable same.

### 3. Market Design

BnM can offer only our initial views at this stage, without further engagement and detailed consultation and consideration, and based only on a limited review of options. We would welcome worked examples of the proposed arrangements in future papers.

- Contract duration & Layered Procurement

We generally support layered procurement and recognise that long term projects require long term contracts.

We would be interested in understanding better the proposals of procuring some services across several time-periods, with this being seen as possibly advantageous to promoting a mix of technology solutions, mitigating market power concerns and facilitating a transition to short-term markets for most services over time. The transition to short term markets for most services over time gives rise to some concern and would merit further discussion/understanding. We do not favour Price Caps; the balanced approach would match a Price Cap with a Price Floor. We have proposed this in our previous submissions.

- The concept of Firmness in Ancillary Services

In Ireland, most of the wind and solar farms are increasingly likely to connect to the distribution network with non-firm access. These projects are 'non-firm' for a time while reinforcements to the electricity networks are delivered by the TSO and DSO. There is an associated risk for the developer that infrastructure could be delayed and therefore they are considered 'non-firm' by the market for longer than expected. This has remuneration implications and could mean that system services cannot be delivered due to system constraints. This is not within the control of the operator/generator owner but of the System Operators and the SEMC.

BnM believes that the risk associated with non-delivery of actions by these entities should sit with them and that all projects should be remunerated equally for DS3 services, in the way that they are now. The Locational signal is already given by the Locational Scalar, so does not need to be repeated using a Firm/Non-Firm categorisation.

BnM outlines in this paper a proposal around the RA's decision to implement distinctions between firm/non-firm for the provision of DS3 services, whereby, through the concept of deemed firm connection, generators would be fully remunerated for providing DS3 services regardless of any associated systems constraints.

In short, introducing firmness as a factor in the system services market would add unnecessary complication and would undermine the investment case, for existing and future providers of renewable electricity, most of which are on the distribution network. This could lead to inefficient outcomes due to the consumer then paying a risk premium on their energy and capacity prices.

- Commitment Obligation and Scalars

Developers are provided with a clear signal on where to locate through the locational scalar.

Introducing the concept of firmness into the AS market will therefore not 'add' anything new rather it

would duplicate the signal. Neither does it need to be incentivised by a penalty attaching to the obligation, as well as a reduced performance scalar – on account of the already high negative financial impact from a reduced performance scalar.

- Volumes

Providing as much clarity as possible on the volumes required is imperative for investors. Introducing a requirement for EirGrid to provide defined volumes by product on a timeframe basis would be helpful; contracts might, for instance, be conditional on the achievement of an agreed increasing SNSP schedule. Likewise, the risk to an investment project due to constraints should be such that the risk relating to the shortfall on volumes of services being provided to the market, should sit with the party best placed to manage them i.e. the System Operators and SEMC, and not the investor.

- Auction design, Secondary trading and Scalars

These need more consideration and industry engagement; critical are the interactions between DS3 and Energy revenues. Inter-related is the concept of secondary trading which we support – and we do believe that through industry consultation that Secondary Trading issues can be solved.

## 4. Implementation

Given the complexity and need for further engagement with industry on the specifics of the future arrangements, we believe the timelines set out are extremely ambitious. As a developer, BnM naturally wants certainty as soon as possible to support future investment decisions. However, progressing a suboptimal solution simply to meet a timeline presents a considerable risk that investment in new capability needed to support our 2030 renewable electricity targets and beyond will not be delivered.

BnM has set out our initial views but at this stage but it is difficult to comment adequately on many of the questions, auction design and market design, without further engagement and detailed consideration. This highlights the need for a considered process that allows time for detailed stakeholder timely engagement and review of options.

Therefore, our views are subject to further detail being made available throughout the process of developing this System Services framework.

## 5. Responses to Consultation Questions:

### Consultation Questions – Introduction:

***Question 1: Do stakeholders consider that the commitment to putting these arrangements in place on an enduring basis, at least to 2030, represents sufficient certainty of process?***

We believe that arrangements should be in place beyond 2030. With changes to Go-live in 2024, there would be just 6 years certainty. The prospect of potential significant change at 2030 would further dampen investor sentiment. We propose that, like other market arrangements, that there is no fixed end date specified.

## **Consultation Questions – Governance Arrangements:**

### ***Question 2: What are stakeholders views on the options and recommendations presented for qualification/registration? Are there further options that may be considered?***

BnM supports Option 2: Rolling Application Process, in that it affords more flexibility to new service providers to be rewarded for service provision as soon as they are in a position to provide. The additional cost of this flexibility should not be for the service provider.

### ***Question 3: What are stakeholders views on the proposed formalisation of the QTP?***

BnM supports SEMC's proposals in this regard, in terms of an annual process with a call for evidence to allow for industry, new entrants, and new technologies to input into the design of the trial. This would be an improvement on current arrangements, involving greater industry participation towards finding a path to net zero decarbonisation. Again, the additional cost should not be for the service provider.

### ***Question 4: What are stakeholders views in terms of the introduction of a single System Services Code?***

The SEMC proposal is for a System Services Code to be developed which would replace the current multiple System Services documents. While we recognise that the amalgamation of documents has the potential to expedite and realise efficiencies, clearly the Governance of the Code document is critical. It would be important that amalgamation does not widen the scope for investor uncertainty. The concern here would be insufficient emphasis towards facilitating the path to decarbonisation, in favour of excessive focus on EU compliance and cost minimisation – recognising that there are flexibilities which allow a balanced approach.

It would be of utmost importance that changes which would not be supported across industry by a sensible/reasonable investor would not be imposed with undue force. This links in with our views on the establishment of a System Services Code Panel – which we comment on in response to Q5.

### ***Question 5: What are stakeholders views on the options in terms of governance of rules changes?***

BnM supports the establishment of a 'System Services Code Panel' to which there would be open access (full representation & participation) by technology and by company, given that changes to System Services documentation and requirements can have important commercial impacts on service providers. It is essential that industry has sufficient influence and oversight in the rules change process. Such a panel could run similarly to the existing Modifications panels for the markets for Capacity and Balancing, thereby enabling industry proposals to be brought forward and discussed with relevant parties such as the TSOs on a timely basis.

Aligned with our response to Q4, it is critical that the Governance of rules changes is such that there would be sufficient emphasis towards facilitating the path to decarbonisation, rather than excessive focus on EU compliance and immediate cost minimisation – recognising that there are flexibilities with EU compliance which allow a balanced, and well publicised phased approach, within an enduring solution.

### ***Question 6: Do stakeholders have views on the potential to amalgamate different Panel meetings?***

While we believe that it makes sense to coordinate and streamline aspects of governance of the System Services Code with other panels such as the Grid Code Review Panels and the Trading and Settlement Code Panel, we recognise that they have different remits, but that such coordination and streamlining could lead to more timely decision making, and implementation of same.

Therefore, the form of amalgamation might be difficult to extend beyond better coordination between the panels – which would be a worthwhile result.

**Question 7: What are stakeholders views on the funding arrangement proposals?**

BnM does **not favour** at all Option 1 for the exact reasons as are set out in the paper.

We agree with the views expressed that, given the scale of the increase in both quantum and variability of costs over the past number of years and the expectation that this will continue into the future, we support that this is no longer the optimum approach.

We agree that the annual revenues associated with System Services are significant, and tend to outturn at significant variance to the original forecast. This can lead to volatility in network charges. This may therefore cause significant annual swings in the network tariffs in each jurisdiction. Competitive arrangements are likely to increase the volatility of charges as it becomes more challenging to forecast a year of revenue requirements. This can lead to large k-factors and variance to the network charges year-on-year, variances which are not driven by the underlying controllable costs of the TSOs.

We note SEMC's favour for Option 3 under a 'Trading Period Supplier Based Charge', and their recognition that Option 3a 'Allocation of costs to grid users causing increased costs' is likely to be too complex.

We support SEMC's assessment that Option 2 'Annual Supplier Based Charge' approach is more appropriate than the network charge approach, Option 1, as it improves the transparency of the costs by clearly distinguishing between the TSOs' operational costs and the costs for system services.

**Question 8: What level of involvement should the DSO/DNO have in the governance process?**

We believe the arrangements would best be served by being led by the TSOs and that they should be the point of contact/engagement with service providers. We recognise that it is ultimately, the TSOs which are procuring these services and we believe the approach should remain the same as today. The obligation should be on the TSO and DSO to work together and ensure a seamless process for providers, in full recognition of the absolute key importance in the effective participation of the DSO, given that that is where much of the increasing volume of decentralised generation assets will reside.

**Question 9: How should the interactions with distribution connected parties be governed?**

It is imperative that distribution connected service providers can participate fully in the future arrangements and provide the full range of services possible. It is important to have a straightforward process for Service providers such that the TSO would remain the main point of contact / engagement, providing both transmission and distribution connected providers with market & availability information via the TSO/DSO interface.

**Question 10: Are there any further considerations for the High-Level Design of the Governance Arrangements?**

**Consultation Questions – Auction Design:**

**Question11: What are stakeholders views on the Auction Design options and SEMC Recommendation?**

BnM favour the Auction Design option which most supports investor confidence towards enabling net zero decarbonisation.

Although our initial leaning is towards Option 1 'Post DAM Day Ahead System Services' it is very difficult to comment on our preferred approach at this early stage as there is still a lot of detail to consider in terms of the various design options. It is not clear which products would be procured under short-term auctions and those which might be procured over longer timeframes.



Before locking in any high-level decision, we would emphasise the need for further industry engagement and detailed consideration of the options, services to be procured and the types of technologies that could participate in the market.

If a decision is made on an auction design approach without full consideration of the potential interactions and impacts, then we risk locking ourselves into an approach which could lead to issues, and delays down the line in the implementation phase.

***Question 12: Are there any further considerations in terms of the Auction Design options?***

Auction design should be aligned with the full revenue stacking of energy, DS3 and Capacity payments.

Auction design should also be mindful of facilitating well-operated units, which have DS3 revenues as their primary revenue driver.

**Consultation Questions – Market Design:**

***Question 13: What information is required to get a full view of the volumes requirements for System Services?***

This is fundamental to the business/investor case, where the need for same is one of the underlying themes of our response. We see value in the concept of long and short-term System Service forecast statements containing elements of location and volume forecasting for System Services.

The longer-term forecasts need to provide an indication of definition and timing for any new System Services that are likely to be required. We believe at least a 5 year and 10 year look ahead will be required for long-term forecasting and this should be updated on an annual basis. This is of utmost importance to drive the investor case.

To support the investor case, it will be necessary for these volume/SNSP/revenue related investor signals to be locked in by the SOs such as to provide sufficient revenue certainty to secure an adequate level of investment.

This echoes the theme across our response that the risk needs to sit with whichever entity has most control over that risk.

The shorter term locational and volume forecasting would need to be on monthly, weekly and daily/half hourly bases.

Both Long and Short-term volume forecasts would need to be mindful of the N/S jurisdictional issue and the need to factor in differing requirements between Northern Ireland and Ireland.

***Question 14: What are stakeholders views on the development of Secondary Trading of System Services?***

We support the notion of secondary trading – it will contribute to more efficient solutions than without, particularly with Auction Options 1 and 2: Post DAM Day Ahead System Services and Pre-DAM Day Ahead System Services, respectively.

We believe that volatility in both the Energy and DS3 markets will drive liquidity and that there will not be a need for an additional boost to liquidity from commitment obligations and penalties; the performance scalar on its own will achieve that. The treatment of all units equally, agnostic of whether they are firm/

non-firm, as is the current case (ref Q16 response), will also contribute to an orderly secondary trading market.

Industry and the Authorities should work together to explore solutions to allow Secondary trading for volumes with scalars.

**Question 15: What are stakeholders views on the proposals regarding Commitment Obligations and Scalars?**

We recognise the need for a commitment obligation to ensure service availability and scalars to incentivise reliable performance.

We had thought that the proposed removal of the temporal scarcity scalar (TSS) would be factored into the auction price, within a form of scarcity signal, and that therefore industry should not be concerned about the loss of the 4.7 and 6.3 TSS multipliers – and that Industry, at large would be kept whole. However, on listening to the SOs assertions in Workshop 1 that there would not be any scarcities, will give rise to industry concerns regarding the investor case, and their need to be kept whole.

This scarcity argument is unlikely to be relevant for all services as some services are not linked to SNSP (i.e. voltage) and so consideration needs to be given to incentivise provision, particularly where services might be location based.

Therefore, we believe the locational scalar could be maintained but this needs a clear roadmap for implementation which gives adequate investment signals and allows a lead time for new builds to deliver.

Please note that we refer to the locational ‘scalar’ as distinct from the locational ‘signal’. We make the clear distinction on the basis that of the proposed locational signals, we favour the ‘carrot’ locational scalar itself, but completely reject the ‘stick’ firm/non-firm locational piece.

While we recognise that there is a commitment obligation based on availability, we believe that the opportunity cost to a participant from not providing adequate volume does not warrant an additional once-off penalty over and above its own lost revenue, combined with a potentially very punitive reduced performance scalar. Currently, just one event fail can lead to a scalar ‘penalty’ reduction of c.3 months revenues. While we appreciate that there would be a resultant cost in constraining another participant on, we believe that this should be socialised – in view of this very punitive performance scalar deterrent, and the resultant disincentive to invest.

**Question 16: Do Stakeholders have views on the introduction of the concept of Firm Access to the System Services market?**

We believe this is a very important topic and we do not agree with the concept that all providers should be treated as having non-firm access for the purposes of service provision. Where a provider is located in an area and helping to mitigate constraints or has made an investment decision based on a commitment from the TSO or DSO that is not delivered on, they should not be penalised.

Most wind & solar farms are increasingly likely to be located in the distribution network with non-firm access. The potential inability of their services to not be delivered due to system constraints is not a function of their operation.

We believe that the key principle here is that the risk of non-delivery of actions which would reduce constraints should sit with the party best placed to manage them i.e. the System Operators and SEMC – and consequently all projects should be remunerated equally for DS3 services, in the way that they are now.

If it is the case that a locational signal is required, then it should be recognised that this is already achieved

by using Locational Scalars.

In addition to this, the use of a firm access-like approach would add significant complexity to the market, and, if handled poorly could increase risk to participants, and in particular renewable participants, which could increase costs to the end consumer and undermine the market and its effectiveness.

It would also act as a barrier to investment; if a participant is unaware as to whether or not they will be able to deliver a service, due to dispatch down, and may be penalised for this through scalars, and not compensated, due to lack of firmness. This would act as a barrier to a unit participating in the market, which is unjustified, as the locational signal has already been given by the Locational scalar. It would deter much needed investment required at this time to strengthen security of supply.

However, it is BnM's view if that the RA's decision is to implement distinctions between firm/non-firm for the provision of DS3 services that, at a minimum, the ATRs in the original grid connection offer should become binding through the concept of deemed firmness in the case that firmness cannot be accommodated. Through this concept of deemed firm connection, generators would be fully remunerated for providing DS3 services regardless of any associated systems constraints.

***Question 17: Do stakeholders have views on layered procurement of System Services? What approach could be taken to support this?***

BnM supports the SEM Committee's proposals to require the TSOs to publish a document that would, at an early stage, help to identify System Service scarcities required to operate the system at ever-increasing levels of SNSP, as we move toward a 95% - 100% SNSP target in 2030 - to supplement the work already completed in EU-SysFlex Task 2.4.

We note, and welcome that SEMC expects that this will allow for a layered approach to the procurement of System Services and that this approach will allow for fixed contracts, longer-term procurement and daily auctions. This approach should offer a balance between stimulating investment in service provision, where this is required, and enabling competition where the market is competitive, and where there is an absence of market power.

We support a layered approach, but more clarity is needed on the roadmap, services volumes, and timeframes for procurements. New products should also be considered for long-term procurement as there may not be a mature market, and where new investment is required there should be clear signalling with a lead time for development. We note the references to market power and to mixes of technologies.

We would be interested in understanding better the proposals of procuring some services across several time-periods, with this being seen as possibly advantageous to promoting a mix of technology solutions, mitigating market power concerns and facilitating a transition to short-term markets for most services over time. The transition to short term markets for most services over time gives rise to some concern.

Long term projects require long term contracts.

We do not favour Price Caps; the balanced approach would match a Price Cap with a Price Floor. We have proposed this in our previous submissions.

***Question 18: Are there any further considerations in terms of Market Design?***

i) Volumes

The risk on delivering project volumes to an investment project due to constraints should be secured by investor certainty such that the risk of non-delivery of these volumes, should sit with the party best

placed to manage them i.e. the System Operators and SEMC. Could equally apply to non-delivery of increases in SNSP Limits.

#### ii) Budgets & Caps

The consultation does not address System Services expenditure. We believe that the move to enduring competitive arrangements should not require an expenditure cap, similar to how the energy market does not have a cap. The current cap of €235m per annum was put in place to reach 2020 RES-E targets and a 75% SNSP limit. The system has now exceeded 40% RES-E and we are already trialling the 75% limit so it logically follows that the budget must now be reviewed and revised upwards to ensure the 2030 targets are met. The CRU has set targets in the PR5 framework for EirGrid to reach 80% SNSP by 2023 and 85% SNSP by 2025. It is evident that in order to meet RES-E targets in Ireland and Northern Ireland by 2030 the system will need to be capable of operating at 95%+ SNSP. This ambition must be supported by adequate resources and funding to deliver the technologies and services required.

We believe that new investment should be supported by increasing System Service expenditure limits and that this issue needs to be addressed well in advance of the enduring arrangements coming into place otherwise there is a real risk of stalling new System Service investment on the island.

#### iii) Market Power

We note that there appears to be unusually less reference to market power in this paper, which might suggest less emphasis on long term fixed contracts. We would hope that this would not be the case, given the importance of long-term contracts to long term projects.

### 3. Summary & Concluding Remarks

A summary of the key points of our response are listed below:

- The investment case around DS3 provision is very challenging at present; this is required urgently to ensure the correct path to net zero decarbonisation and energy security; this to include increased system services expenditure limits
- There needs to be a clear path which prioritises decarbonisation and security of supply
- Further engagement with stakeholders, working through options is urgently required, especially in context of complexity of interactions between the DS3 & Energy

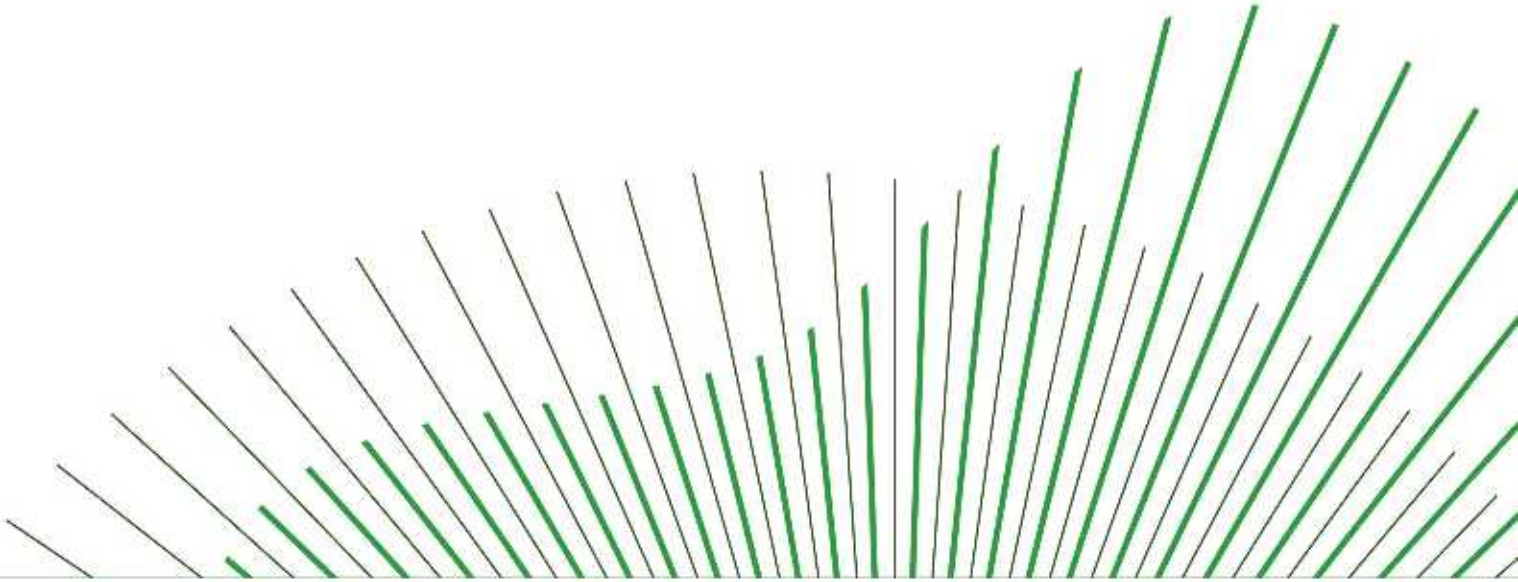
We look forward to participating in this further engagement to help build an enduring solution supporting the investment case. If you have any queries or require clarification on any point, please do not hesitate to contact us. We would be pleased of course to discuss any aspect of our responses should you so wish.

For and on behalf of Bord na Móna,

A handwritten signature in blue ink that reads "Justin Maguire". The signature is written in a cursive, flowing style.

Justin Maguire  
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**Bord na Móna**



**Bord na Móna**

