Response by Energia to SEM Committee

SEM-22-038 Imperfections Charge 2022/23
Consultation Paper

10 August 2022

1 Introduction

Energia welcome the opportunity to respond to SEM Committee consultation SEM-22-038 Imperfections Charge 2022/23 Consultation Paper. Energia has outlined our position into the key considerations below.

2 Consultation Response

2.1 Preferred Approach

Energia welcome the review by the RAs to explore two alternative approaches to the calculation of the Imperfections Charge for the year 2022/23 as a measure to help mitigate some of the impacts that customers are facing in the current environment this Winter. Energia is supportive of the second alternative; using current financial information as a predictor, a run rate approach, to conduct the calculation for this year. This approach facilitates the lower imperfection charge calculation of €621m which is more favourable to customers in the current environment.

2.2 Mid-Year Review and Alternative Approach

Energia would not be supportive of a mid-year review, it is our view that this would provide customers with less certainty of their potential fixed charges for the year ahead. It is preferable for customers to have sight of charges for the full year for the purpose of budgeting and forecasting.

Energia believe that in lieu of a mid-year review there would be greater merit in carrying out a multi-annual calculation of the charges over a longer period e.g. looking at three years. With this forecast approach a decision could be taken on spreading the costs over a longer period and smoothing the charge across future years if the cost is high in one year, meaning the customer is exposed to less volatility.

2.3 Actions to Minimise Imperfections Charges

Energia would propose continued network investment and development in areas driving high levels of constraint costs which contribute to the dispatch balancing costs, to help reduce these constraint costs. Energia would also suggest a full system wide review of All Island operational parameters which may provide an opportunity for some efficiencies or changes to how the system is operated.