



ELECTRICITY
ASSOCIATION
OF IRELAND

Date 25TH August 2022

6 Merrion Square North Dublin, D02 FF95

By email: Kevin.Lenaghan@uregni.gov.uk
Donna.Maye@uregni.gov.uk

RE: SEM-11-22 Consultation on De-Rating for Annual Run Hour Limits

Dear Kevin and Donna

EAI welcomes the opportunity to respond to the consultation on SEMC-11-22, which follows on from the recent proposal to further de-rate Annual Run Hours. It would appear that the *overriding rationale for changes being made to derating factors is that a saturation of units, which are energy limited or have Annual Run Hours Limits applied to them, is a risk for security of supply and decarbonisation aims. On the basis of this rationale, our members have the following comments:*

- *Significant concerns exist amongst some of our members about the proposed changes to derating factors for energy limited and annual run hour limited plant. If derating is going to be applied in the manner proposed, they are of the view that this must be reflected in uplifted bid limits to enable such units to participate in future capacity auctions and contribute to security of supply.*
- *Moving away from ARHL capacity can add to investor costs which would justify an increase in the Auction Price Cap to avoid choking off investment. The imminent BNE review should in our view take this into consideration.*
- *We reiterate the concerns from our members regarding the high derating factors applied to interconnectors in past auctions, which can be contrasted with ongoing TSO actions to curtail interconnector flows in the market. This would suggest that derating factors for interconnectors must be revisited.*
- *It is unclear what is being proposed with respect to the treatment of battery and storage insofar as derating this, coupled with the current assumption from the TSO that storage will only be for reserve requirement, could further undermine investment in this area. Battery and storage must be viewed as more than simply reserve and should be signaled entry for more than this activity. These technologies will be valuable assets to meet climate targets as system volumes of intermittent generation increase, Indeed, the recent RePowerEU communication recognizes storage as being in the overriding public interest.*
- *As a matter of urgency, the TSO must make scheduling and dispatch in the negative volumes available. The TSO scheduling and dispatch is designed to dispatch generators from zero to a positive volume, it currently is not able to accommodate a negative volume dispatch which is needed to charge a battery or to engage flexible consumption unit.*



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Making this software change will enable faster decarbonisation of our economy by allowing dispatchable consumption of active users, batteries and storage. Without the ability of the TSO to economically dispatch consumption units more indigenous renewable electricity will be dispatched off than is necessary and Ireland's carbon emissions will remain higher than is necessary

We do not believe there is sufficient distinction between the function of the CRM and the System Services mechanisms. The capacity market is intended to make up the 'missing money' after energy market and system services revenues are taken into account to make projects investable. Capacity market design should allow technologies which are required by the system to compete effectively. The current design & mechanisms are inherently short term in terms of identifying system needs and facilitating the necessary investment required for decarbonisation

Please do not hesitate to contact me if you should have questions or require any clarifications regarding this submission.

Yours Sincerely

Dara Lynott
CEO
Electricity Association of Ireland

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Electricity Association of Ireland

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