



GridBeyond™

To:

SEM Committee

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Re: SEM-22-030 Applicability of Reliability Option Non-performance Difference Charges to Available In-Merit Units

Dear SEM Committee,

GridBeyond would like to take this opportunity to respond to the consultation paper on Applicability of Reliability Option Non-performance Difference Charges to Available In-Merit Units. GridBeyond is a world leading Irish business providing intelligent Energy-as-a-Service to tackle the challenges businesses face as they move towards a Net Zero future. We manage over 1.5 GW of load, over 60 MW of battery storage, across over 400 client sites. We operate in the energy markets of Europe, North America, Asia and Australia. We are a leading demand aggregator Ireland, and have provided capacity to the Irish grid through controlling Industrial demands for 10 years.

GridBeyond are members of and fully support the response of the Demand Response Association of Ireland's (DRAI) response. GridBeyond's response reiterates and agrees with the response of DRAI. We welcome the opportunity to provide feedback and answer the questions of this consultation.

In summary, GridBeyond reiterates DRAI's statements and agrees that addressing the applicability of RO difference charges seeks to resolve an issue in the market design where DSUs are unfairly impacted and faced with a risk that they cannot control.

It is better to extend protection to units impacted by the TSOs' decisions than to constrain the actions open to TSOs in operating the power system. The possibility of other impacts highlighted in the paper (e.g. ex ante market participation and locational signals) do not negate the need to remedy the issue at hand which is unfair and outside the control of DSUs.

Question 1: The SEM Committee requests that the TSOs provide further information regarding all of the possible reasons why, in practice, units may not be dispatched when available and in-merit. This information is required as different scenarios may need to be considered differently in the context of the applicability of Non-performance Difference Charges.

It can be observed that there are numerous instances where DSUs have been available but not dispatched during RO events and other times of system stress. We do not believe there is a realistic means of avoiding these situations without overly constraining the TSOs' actions. Our preference is for a solution which extends protection to those units impacted by TSO decisions, where they have no ability to avoid the resultant penalties through their own actions.

Question 2: Feedback is requested from market participants, with supporting data where possible, as to circumstances in which units have been available and in-merit but not dispatched. While the SEM Committee's particular interest relates to circumstances that occur during an RO event, any other occurrences are of interest also, as it may be possible that the same circumstances could occur during an RO event

The DRAIs consultation response highlights a number of events as requested where the market reference price exceeded the strike price and DSUs were in merit and available but not dispatched. There are also examples given of dates where there were high market prices and/or system alerts where DSUs were in-merit and available but not dispatched.

Question 3: Under what circumstances, if any, beyond being flagged for providing Replacement Reserve, should units be exempt from Non-performance Difference Charges that would otherwise apply? Please provide supporting rationale for your response.

The current capacity market design presents significant and uncontrollable risk exposure for GridBeyond's demand side units. This centres on the design of Reliability Option (RO) difference charges. We have seen the impacts of this quite markedly in September 2021, and during several scarcity events prior to that. Where a Demand Side Unit (DSU) is available for dispatch, but the TSO does not choose to dispatch them, they are unfairly penalised – through exposure to difference charges – as if they had been unavailable.

There is a clear market design flaw in existence and in turn this exposes units not dispatched by the TSO to difference charges, despite clear availability from Units during events. This flaw in design leaves DSUs exposed to huge losses even at times of full declared availability. Units that are ready and available, should not be exposed to difference charges as result of TSO actions outside of their control.

The DRAI and GridBeyond is of the view that units who are acting under TSO instruction (in this case the decision by TSOs not to dispatch them despite being in-merit and available to meet their capacity market obligations), should not be unfairly penalised by being exposed to non-performance difference charges. A suitable remedy to this issue may be an extension of protection to units impacted by this risk, rather than seeking to constrain the actions open to TSOs in operating the power system.

Question 4 &5.

GridBeyond has no further comments to add to Questions 4 and 5.

Conclusion



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GridBeyond is the trading name of Endeco Technologies a private company limited by shares and registered in Ireland.
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We would like to thank the SEM Committee for the opportunity to provide feedback on this consultation. We are available to discuss any of the points made above in more detail should you require.

Kind Regards,

Laura Leonard

Regulatory and Market Lead, Ireland



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