

SEM-22-030

APPLICABILITY OF
RELIABILITY OPTION NON-
PERFORMANCE
DIFFERENCE CHARGES TO
AVAILABLE IN-MERIT UNITS

SSE Response



For a better
world of energy

INTRODUCTION

SSE welcomes the opportunity to respond to this consultation seeking views on the applicability of Reliability Option Non-Performance Difference Charges on Available In-Merit Units.

For the avoidance of doubt, this is a non-confidential response.

WHO WE ARE

At SSE we are proud to make a difference. From small beginnings we've grown to become one of Ireland's largest energy providers, supplying green electricity and natural gas to over 700,000 homes and businesses on the island. We are driven by our purpose: to provide energy needed today while building a better world of energy for tomorrow.

Since entering the Irish energy market in 2008 we have invested significantly to grow our business here, with a total economic contribution of €3.8bn to Ireland's economy over the past five years. We own and operate 890MW of onshore wind capacity across the island (including Northern Ireland's largest, Slieve Kirk Wind Park), offsetting over 700,000 tonnes in carbon emissions annually. Our portfolio includes Ireland's largest onshore wind farm, the 174MW Galway Wind Park, which was jointly developed with Coillte. We also own and operate the Great Island Power Station, Ireland's newest gas station and a strategic asset for Ireland's security of electricity supply.

As a leading developer of offshore wind energy in Great Britain, we believe offshore wind has the potential to transform Ireland's response to climate change. SSE is currently progressing the development of a consented offshore windfarm off the coast of Co. Wicklow - Arklow Bank Wind Park Phase 2. We also have plans to progress projects at Braymore Point and in the Celtic Sea.

SSE are proud to have been a Principal Partner for COP26 – the 26th United Nations Climate Change Conference of the Parties – where world leaders will be seeking a more ambitious climate change agreement. We look forward to continuing to work with governments and agencies in the jurisdictions we operate, to realise the ambitions of the United Nations Climate Change Conferences.

SSE RESPONSE

In the first instance, we support the industry response submitted by EAI in response to this consultation. In addition to the comments raised in that response, we have the following brief comments to make:

1. In the first case, we would encourage the TSO to provide the necessary data as requested in Question 1. We strongly support the position from the EAI that this list of scenarios should be shared. For our part, we can point to the following generic scenarios where we are exposed to Non-Performance Difference Charges at times where the units have limited or no ability to mitigate or respond:
 - a. When on planned outage (even if in merit). Planned outages are critical to the health and continued efficient operation of a unit. To be penalised when a unit should not be relied upon to respond since it requires such outages, is inappropriate.
 - b. When under test which is usually necessary to ensure the safety of the unit and to test the success of the maintenance programme

- c. When a system constraint (outturn availability for instance) necessitates our plant to be offline by direction of the TSO
- d. Where any portion of a unit's MEC is non-firm as this has a bearing on dispatch order
- e. Curtailment/dispatch down
- f. If not in merit and not needed by the TSO for any reason

We can provide some data to support these scenarios at the RAs' request.

2. We agree that at present where a unit is providing Reserve Requirement, it should not be exposed to Non-Performance Charges. However, we cannot understand how this question is different from Question 2. It is worth remembering that the exhausting of the Reserve Requirement is related to triggering ASP, not Non-Performance Difference Charges which are triggered by system alerts and a lower strike price to incentivise responsiveness before Reserve Requirement.
3. We would reiterate that in principle we consider that units should not be exposed to risks outside their control and that Non-Performance Difference Charges are not meant to penalise such risks. As the market is trade-to-PN with central despatch there is not a lot participants can do if their unit hasn't cleared in the market and not needed by the TSO. It doesn't feel right to call this non-performance given the events are out of the generators control. As above, we also are often not aware of the reasons why the TSO considers a unit to be unneeded. We would welcome further engagement to be able to redefine non-performance in an effort to refine the Non-Performance Difference Charge signal.
4. There are sufficient constraint signals in the CRM at present. The CRM should not be continuously used to further address constraints. Constraints are required to be reduced actively under Clean Energy Package and to meet unit expectations for firm access rights. Once these are addressed, the overall deep-engrained effect of constraints will reduce to reasonable levels. Where the focus is on more layers of constraint design targeting generators, the necessary signal for active mitigation of constraints by the TSO is completely overlooked and/or absent. Where constraints are removed, any perceived opportunity for unfair advantage is also removed; with the benefit of supporting greater penetration of generation onto the system.

In light of the additional consultation SEM-22-054 relating to the CRM, we have included the following additional high-level comment to make. We intend to provide more detailed response to SEM-22-054 by the October deadline.

- The EY review has suffered significantly from the lack of input from industry. This would have ensured that CRM design like Best New Entrant reference plant signalling expected capital costs, the exposure faced by units of the RO Strike Price limiting scarcity events, the significant investment costs relating to CCGTs and the significant implications of TSO central dispatch affecting reliability, could have all been considered in the final report.