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**RE: SEM Committee Decision Paper SEM-22-009**

Dear John and Colin,

We hope this letter finds you well. We are writing to you seeking clarification in a number of areas of the recent SEM Committee (SEMC) Decision Paper SEM-22-009 on Dispatch, Redispatch and Compensation Pursuant to Regulation (EU) 2019/943. Wind Energy Ireland and RenewableNI members have considered the Decision Paper in detail in the past number of weeks and several immediate queries have come to light based on the paper.

In the first instance we are prioritising areas of the Paper which we believe need to be clarified in advance of the RESS 2 auction window, which opens on Monday 2<sup>nd</sup> May. We have raised a number of clarification questions below. In the absence of receiving a sufficient response to these questions, we believe that bidders in the RESS 2 auction will be required to make assumptions that could be wildly different and could potentially lead to damaging outcomes for themselves and for the end consumer.

Please note, in addition to sharing with you the below list of areas for clarification, we are also in the process of developing a second and more substantial letter for the SEM Committee, which we will issue in the coming weeks. The purpose of our further correspondence will be to clarify in more broader terms what we believe has been decided on in SEM-22-009, highlighting issues where we believe this is either unclear or does not meet the requirements of the Clean Energy Package.

We would greatly appreciate the opportunity to meet with you in the coming weeks, and we are hopeful that clarifications on the below areas can be provided to the industry before the end of April.

### Market vs Non-Market Based Redispatch

1. With respect to the Paper, can you please confirm how a) oversupply and b) curtailment will be treated for the purposes of the interim arrangement, and is this a **DECISION**?
2. Per our understanding, constraints (“as matters presently stand”) are to be managed on a pro-rata basis in constraints groups. Is this correct, and is this a **DECISION**? Can you please confirm that the existing constraints groups will remain **in their present condition** for the duration of the interim arrangement?
3. Can you please confirm if a **DECISION** has been made to implement market-based re-dispatch at some point post 2026, or is this simply a notification of a ‘**minded-to position**’, with a further consultation and/or a SEM Committee Decision anticipated when the specific re-dispatch regime is clarified through engagement with industry and the TSOs?
  - a. In relation to the specifics of an enduring regime, we note reference in the Paper to non-Priority Dispatch units being redispatched first, ahead of Priority Dispatch generators (termed “grandfathering”) and it is our current understanding that this would apply to both constraint and curtailment (inc. oversupply). Is this correct, and is this a **DECISION**?
  - b. Subject to the clarification of Question 3(a) above, if a **DECISION** has been made to move to market-based re-dispatch at some point post 2026, can you please confirm whether all generators would be free to bid a price at which they are prepared to be redispatched in such an enduring system?
4. We note that the Paper appears to be silent with reference to any incentivising of generators voluntarily giving up Priority Dispatch. Responses on this matter in the consultation was seeking clarity and commenting on the strength of the potential incentive. Therefore, we would have expected some reference. Can you please clarify whether this aspect of the implementation of Article 12 and 13 has been reconsidered, or postponed to a later date for consideration?

### Market Compensation for Redispatch – Generators without Priority Dispatch

5. Are we correct in understanding the following in relation to non-Priority Dispatch Units?
  - a. That non-Priority Dispatch Units will be treated, in terms of compensation, as Priority Dispatch units for an interim period, as follows:
    - i. **DECISION**: Traded energy on firm capacity that is constrained will be compensated as per the market rules as today. No change to the Bidding Principles is envisaged during the interim period.
    - ii. **DECISION**: Further compensation for constraints up to the level of any foregone support, if any, will be managed outside the market, on a jurisdictional basis.

- iii. **DECISION:** Traded energy on firm capacity that is curtailed will be compensated as per the market rules for constraints and will be paid retrospectively from January 1st, 2020, with payments commencing in October 2024.
  - iv. **DECISION:** Further compensation for curtailment up to the level of any foregone support, if any, will be managed outside the market, on a jurisdictional basis. This will follow the same time-period (retrospectively to January 2020, commencing October 2024).
- b. Should the response to Question 3 mean that post-2026 market-based dispatch redispatch is implemented in some manner, that subject to the transition to an enduring regime:
- i. Non-priority units will be able to reflect the costs of lost market and foregone support when dispatched down, for both constraint and curtailment in their market bids. For the avoidance of doubt, can you please advise if there will be any limitations on this approach if a unit is non-firm? Is this a **DECISION**?
  - ii. Treatment of constraints and curtailment (inc. oversupply) in any future market-based arrangement will be on a “grandfathered” basis i.e., with non-priority units dispatched down ahead of priority dispatch units. Is this a **DECISION**?

### Jurisdictional Compensation for Foregone Supports

6. The Decision Paper contains several guidance statements around the further possible jurisdictionally managed compensation for constraint and curtailment for firm windfarms which are in receipt of government subsidy. In summary, the intent appears that REFIT and ROC supported generation should not receive any further jurisdictional support for their power, whereas CPPA/RESS generation (due to the potential to include the extra certainty into a lower offer price and thus be “no regrets” for the consumer) should be able to receive this further compensation up to the level of financial support. The status of these guidelines is unclear to us. Can clarity please be provided on the following:
- a. Is the intent of these guidelines that they should endure post 2026? This implies that no change to Bidding Principles or market rules which might allow recovery of subsidy foregone through the market, funded by the Imperfections Charge, is intended at any stage (Interim or Enduring) at this time?
  - b. Are these guidelines a **DECISION**?

In conclusion, we would welcome an opportunity to meet you and your colleagues to discuss these issues at the earliest opportunity. Again, we would strongly re-iterate, in the absence of receiving a sufficient response to these questions before the end of April, we believe that bidders in the RESS 2 auction will be required to make assumptions that could be wildly different and could potentially lead to damaging outcomes for themselves and for the end consumer.

We look forward to hearing from you shortly.

Best Regards,



Noel Cunniffe

CEO, Wind Energy Ireland



Steven Agnew

Head of Renewable NI