



## Information Note on Synergen GSA end date

**SEM-18-035**

**July 5th 2018**

### **Purpose**

The purpose of this information note is to provide additional clarity to the market on the status of the Synergen Gas Supply Agreement (GSA). The Commercial Offer Data (COD) submitted by Synergen power plant to the wholesale electricity market is based on the terms of this GSA, rather than the spot price of natural gas, as allowed for under SEM Committee (SEMC) decision SEM-08-069<sup>1</sup>.

The Synergen power plant comprises a generator unit which is traded in the Single Electricity Market (SEM). The plant is owned by Synergen Power Limited (Synergen) (formerly Dublin Bay Power), a wholly owned subsidiary of ESB.

### **Background**

In June 2008, the SEMC issued a final report and decision on an inquiry into complaints regarding certain bidding practices in SEM (SEM-08-069).

As part of this inquiry, the SEMC considered the bidding practice of Synergen, whereby Synergen bases its COD on the price it pays for gas under the terms of a long-term GSA with its gas supplier, rather than the spot price for gas.

Based on its review of the GSA and having regard to the duties of the SEMC and the principles of good regulation, the SEMC was satisfied that for the purposes of the Bidding Code of Practice, Synergen had demonstrated good cause to calculate opportunity cost by reference to the price paid under the terms of the GSA.

### **Synergen GSA Term**

The Regulatory Authorities (RAs) have recently received queries in relation to the term of the Synergen GSA. In the interests of full market transparency, the RAs have discussed the issue with ESB and received permission from ESB (on behalf of Synergen) to release the following information.

The terms of the GSA, as amended following a commercial settlement between ESB and the gas supplier (which, in July 2009, the SEMC confirmed did not impact on decision SEM-08-069), provide

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<sup>1</sup> <https://www.semcommittee.com/publication/sem-08-069-clarification-bidding-principle>



for termination of the GSA on the earlier of (i) a specified gas volume limit being reached<sup>2</sup>; and (ii) 1 July 2020.

At this time, it is not possible to provide a reliable estimate as to the actual end date of the GSA but the RAs and ESB propose to keep this under review.

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<sup>2</sup> The volume limit is commercially sensitive