
Integrated Single Electricity Market

**Imperfections Charge
October 2019 – September 2020
and
Incentive Outturn
October 2017 – September 2018**

Response from



July 2019

1 Context & Recommendations

Bord na Móna welcomes this opportunity to respond to this consultation.

While largely relevant to Suppliers there are a number of key points which we make from our perspective as a generator.

Firstly, we are aligned with the RA's minded-to position to allow the full K factor to apply to the 2019/20 tariffs and agree with the general sentiment that profiling might not be wise at this time. We believe that this is appropriate in light of various uncertainties in the near future such as those highlighted, being Brexit, and revenue requirements of future years.

Secondly, while we recognise the value of the TSO's being able to accurately forecast Imperfections Charges – ultimately Constraint Costs¹, we highlight that there appears to be limited clear information available on the impact of constraints on market outcomes. This is important given that constraints have such a major impact on imbalance price, be it relating to scarcity pricing or otherwise. Consequently, we believe that there is an opportunity for the TSO's to share further modelling work with industry, so as to provide industry with greater visibility of market dynamic, and ultimately allowing industry to work from a more informed positions which would facilitate a more efficient market delivery model.

Thirdly, in estimating the 2019/20 Imperfections charges forecast we see no rationale for excluding the 'Undo Actions'. It would seem fully appropriate that they be included.

Lastly, regarding the design of the Incentive to the TSOs we make two points:-

- i) Until such time as the system is without constraints it is fully expected for constraint costs to drive Imperfections charges. Therefore, the objective of lowering Dispatch Balancing Costs and the design of the incentive payment, which is based on short term horizons, needs to be carefully designed.
- ii) While we acknowledge the merit of the TSO's being rewarded for accurately forecasting Imperfections charges we see merit in the calculation having an increased ex-post weighting, being based on actual performance vs what actions should have been taken (ideal World).

We hope that you find these comments of use and submit them for your consideration. We would be pleased of course to discuss any aspect of our responses should you so wish.

For and on behalf of Bord na Móna



Justin Maguire

Regulatory and Compliance
Bord na Móna PowerGen
Main Street
Newbridge
Co Kildare

¹ Given that Constraint costs account for c.95% of the revised imperfections charge in the 2019/20 Forecast.