

Commission for Regulation of Utilities
The Exchange
Belgard Square North
Tallaght
D24 PXW0

22/06/2020

EDF Renewables response to the Implementation of Regulation 2019/943 in relation to Dispatch and Redispatch

EDF Renewables is part of one of the world's largest electricity companies and our investment and innovation is bringing down costs for consumers and bringing significant benefits for communities. We operate in more than 20 countries around the world. We develop, construct and operate wind farms (onshore and offshore), solar and battery storage projects, and have more than 25 years' experience in delivering renewable energy generation. We have recently opened an office in Dublin and are already in advanced discussions for an onshore wind development pipeline of around 500MW, with aspirations for far greater growth in Ireland across all technologies, as can be seen by our recent acquisition of 50% of the Codling Offshore Windfarm Development, off the East Coast of Ireland.

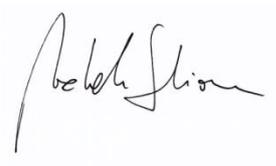
EDF Renewables welcomes the Single Electricity Market Committee's Consultation on the Implementation of Regulation 2019/943 in relation to Dispatch and Redispatch. For a number of questions, we have noted that EDFR supports the IWEA position. In particular, it is imperative that a clear roadmap to implementation of Article 12 and 13 is given as soon as possible. A roadmap should include, as a minimum, the path and timings to implementation of an interim solution, an enduring solution, and the proposed back-dating date of any payments due. These are needed to give clarity to the Market Operator, System Operator and Market Participants on the RAs position and subsequent market tools and code changes needed, as well as for consideration in upcoming RESS auctions and commercial decision making of market participants.

In that context of a road map, we note that, in the long-term, delivering the maximum flexibility in the electricity system will require actions by all participants and selection of the appropriate incentives to maximise overall efficiency. However, for the current implementation of Regulation 2019/43, our key recommendations are:

- A level playing field is required for energy balancing of all new renewables from 4th July 2019
- Full compensation for constraint and curtailment should be provided, in order to ensure a greater degree of certainty within RESS auctions, making investments feasible for renewable developers and reducing the overall cost to the consumer

Should you wish to discuss any of the issues raised in our response or have any queries, please contact Matt Streater on matt.streater@edfenergy.com , or me. I confirm that this letter may be published on the Single Electricity Market Committee's website.

Yours sincerely



Michele Schiavone
Director for Offshore Wind and Ireland

Attachment

Consultation on the Implementation of Regulation 2019/943 in relation to Dispatch and Redispatch Response from EDF Renewables (EDFR) to your questions

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Consultation Question 1: *Do you agree with the RAs' interpretation of the requirements under Articles 12 and 13 and specifically the application of dispatch, redispatch and market based/non-market based redispatch in the SEM?*

EDFR agrees with the scheduling and dispatch process outlined in Figure 3 (Page 15) of the consultation that constraint and curtailment are considered redispatch. EDFR agree that curtailment is considered non-market redispatch and strongly believe that constraint is also non-market redispatch.

EDFR do not agree with the assertion in the consultation that constraint action can be considered as market based redispatch. This is because units that are subject to constraint actions are not chosen with reference to any submitted prices or to the supply/demand balance but solely due to local system limitations.

Consultation Question 2: *In terms of the practical implementation of Article 12(1) to introduce a distinction between units which retain eligibility for priority dispatch and those which are not eligible, the RAs propose;*

- *Where a commissioning programme has been agreed with the TSOs on or before 4 July 2019, it is proposed that such units will be eligible for priority dispatch.*
- *Where a unit is eligible to be processed to receive a valid connection offer by 4 July 2019, the RAs are of the view that this represents a contract concluded before priority dispatch ceases to apply under Article 12 and that such units are also eligible for priority dispatch.*
- *Where a unit becomes active under a contract concluded before 4 July 2019 including a REFIT letter of offer or PPA, the RAs welcome feedback on the proposal for such generators to be eligible for priority dispatch*

EDFR do not support option 2 because becoming eligible to receive a connection offer does not guarantee a connection contract concluded before 4th July 2019. EDFR agree with IWEA's position paper submitted to the Regulatory Authorities in November 2019, which states that point 3 - "Where a unit becomes active under a contract concluded before 4 July 2019 including a REFIT letter of offer or PPA" is the industry's preferred position. This option creates a level playing field for all renewable technologies going forward and prevents a two-tier RESS auction.

Consultation Question 3: *It is the RAs' understanding that any unit which is non-renewable dispatchable but is no longer eligible for priority dispatch can be treated like any other unit within the current scheduling and dispatch process, through submission of PNs with an associated incremental and decremental curve. Feedback is requested on this aspect of implementation of Article 12 of the new Electricity Regulation.*

EDFR supports the IWEA position.

Consultation Question 4: *It is proposed that any unit which is non-dispatchable but controllable and is no longer eligible for priority dispatch would run at their FPN, be settled at the imbalance price for any volumes sold ex-ante and could set the imbalance price.*

EDFR supports the IWEA position.

Consultation Question 4 (continued): *As part of this proposal, there is a question of whether such units would be required to submit FPNs or where no FPN is submitted, the unit could be assigned a deemed FPN calculated by the TSOs as per the process today. Where a unit elects to submit an FPN, in this case, the TSOs would be required to use this as long as it does not deviate above a certain percentage of the TSOs' own forecast availability of the unit.*

EDFR supports the IWEA position.

Consultation Question 5: *Feedback is invited from interested stakeholders on the treatment of non-dispatchable and non-controllable units.*

EDFR supports the IWEA position.

Consultation Question 6: *Do you agree with the RA's interpretation that new generators which are no longer eligible for priority dispatch (both dispatchable and non-dispatchable but controllable) will be subject to energy balancing actions by the TSOs, considered in dispatch economically and settled like any other instance of balancing energy?*

EDFR supports the IWEA position.

Consultation Question 7: *What is your view on the application of bids and offers to zero marginal cost generation?*

EDFR supports the IWEA position.

Consultation Question 8: *What is your view on a potential rule-set being implemented for non-dispatchable units where (a), systems cannot facilitate ranking of decremental bids for such units for balancing actions for a certain time period and/or (b) where convergent bid prices require a tie-break rule?*

EDFR supports the IWEA position.

Consultation Question 9: *Do you agree with the TSOs' proposal for a revised priority dispatch hierarchy?*

EDFR supports the IWEA position.

Consultation Question 11: *The RAs' interpretation of the Regulation is that where a new connection agreement is required or where the generation capacity of a unit is increased, a unit will no longer be eligible for priority dispatch.*

EDFR supports the IWEA position.

Consultation Question 12: *Do you agree with the RAs' interpretation of Article 13(5)(b) whereby downward redispatching of electricity produced from renewable energy sources or from high-efficiency cogeneration (i.e. the application of constraints and curtailment) regardless of priority dispatch status, should be minimised in the SEM? Under this interpretation, the only difference between renewable generators and HECHP eligible for priority dispatch will be how they are treated in terms of energy balancing.*

Consultation Question 14: *Do you agree with the RAs' interpretation of Article 13(7) and the view that the provision of financial compensation to firm generators subject to curtailment based on net revenues from the day-ahead market including any financial support that would have been received represents an unjustifiably high level of compensation?*

Consultation Question 15: *Which of the options on compensation for curtailment presented above do you view to be most appropriate to adopt in the SEM? Are there additional options that the RAs should consider around compensation for curtailment?*

EDFR do not agree with any of the seven compensation options in the consultation. Similar to the IWEA position put forward in their response, our view is that generators should be fully compensated for all benefits when units are curtailed, whether capacity is firm or not, and all benefits under constraint where the capacity is firm. This will provide a degree of certainty within RESS auctions, making investments feasible for renewable developers.

EDFR welcome compensation for constraint and curtailment because the System Operators are best placed to manage and mitigate this dispatch down risk, as opposed to a renewable developer who has no control over the future levels of constraint or curtailment once connected to the power system. Reducing the uncertainty of constraint and curtailment levels for renewable developers will lead to lower prices in upcoming competitive renewable generation auctions. EDFR appreciate that there will be an increase in the costs of compensation but there will be a corresponding reduction in the PSO levy for the RESS support scheme. The decrease in PSO costs may actually be greater as the developer does not have to include the risk premium of uncertainty of constraint and curtailment levels in the bid price. This should have an overall positive benefit on the cost of renewable energy to consumers.

Consultation Question 13: *Do you agree with the RAs' interpretation of Article 13(6) and the introduction of a new hierarchy for the application of non-market-based downward redispatching?*

EDFR supports the IWEA position.