

Gary McCullough  
Wholesale Markets  
Utility Regulator  
Queens House  
14 Queen Street  
Belfast  
BT1 6ED

22 June 2020

Dear Gary,

### **Implementation of Regulation 2019/943 in relation to Dispatch and Redispatch**

NIE Networks welcomes the opportunity to engage with the Regulatory Authorities (RAs) regarding the implementation of Regulation 2019/943 in SEM, and encourages further engagement regarding the issues raised within this response.

This response has been structured based on the questions raised within the consultation document. Responses have not been provided to some questions intentionally.

#### **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?**

The RAs have presented an interpretation that the only forms of redispatch within the SEM are curtailment (system wide issues) and constraint (local issues). On this basis, NIE Networks agrees that in the current SEM the TSOs are responsible for dispatch (central dispatch market model) and redispatch.

The RA interpretation has omitted any consideration of generation connected to the NIE Networks' distribution network being dispatched down due to limitations on that distribution network. At present, this would be enacted by NIE Networks issuing a request to SONI to dispatch down specific generator(s). This request will not take account the cost of diverging from Physical Notifications (PNs), as the DNO has no visibility of that information.

The SEM scheduling and dispatch process does not produce a physically secure schedule with regards to the distribution network. Within SEM, constraint and curtailment are transmission concepts, and as such the dispatch down of generators due to distribution network limitations does not constitute curtailment or constraint. NIE Networks currently issues Instruction Sets to Demand Side Units (DSUs) in order to facilitate their operation in a way that does not adversely impact the safety and operation of the distribution network. These Instruction Sets inform the availability of the DSUs in the SEM.

NIE Networks require confirmation, through acknowledgement as opposed to omission, that these scenarios do not constitute redispatch.

NIE Networks note that this interpretation is based on the current roles and responsibilities of the system operators in Northern Ireland and Ireland, and on that basis, would welcome RA acknowledgement that if these roles and responsibilities change in the future this interpretation will need to be revisited.

NIE Networks notes the applicability of these Articles to demand and suggests that greater consideration is required regarding the treatment of demand.

**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.**
- **Interested stakeholder's views are invited on these proposals.**

Approximately 93% of renewable generation capacity in Northern Ireland is connected to NIE Networks' distribution network. However in the RA interpretation of Article 12, in terms of eligibility for priority dispatch, there has been no consideration for distribution connected generation.

Article 12 is written to provide clear direction as to when eligibility for priority dispatch ends i.e. "Without prejudice to contracts concluded before 4 July 2019, power-generating facilities that use renewable energy sources or high-efficiency cogeneration and were commissioned before 4 July 2019 and, when commissioned, were subject to priority dispatch..."

It seems that the RA's proposed approach is based on arrangements between SONI (as the TSO entering into the Connection Agreement) and a generator connecting to the transmission system in Northern Ireland and will apply solely to such generators. NIE Networks would seek an assurance from the RAs that this is the case.

NIE Networks does not agree that the proposed RA approach is appropriate for generation connected to the distribution network in Northern Ireland as the arrangements for such generation are different to those for transmission connected generators.

NIE Networks would encourage the RAs to be mindful of the different connection processes and licenses obligations of the SOs in each jurisdiction.

**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.**

**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.**

**As an alternative or as a possible interim measure, taking account of the zero marginal cost nature of non-dispatchable but controllable generation in the market today, i.e. wind, solar, units no longer eligible for priority dispatch could be scheduled to their availability as per the process today on the assumption that this reflects economic dispatch in any case, but where there is excessive generation on the system such units would be subject to energy balancing prior to any priority dispatch units.**

**In particular, the RAs are seeking feedback from the TSOs on measures which can be introduced to facilitate required compliance with the new Electricity Regulation within the scheduling and dispatch and balancing market systems.**

In the near future it is likely that non-dispatchable but controllable generators without priority dispatch (either through non-eligibility or through choice) may wish to run and be settled at a position that is not equal to the TSO determined FPN (based on the TSO forecast of the units availability). This may be

to facilitate their participation in other markets, flexible connection arrangements or to suit business processes.

It is essential that as much flexibility is built into SEM systems regarding the bidding behaviour of non-dispatchable but controllable generation.

On this basis it would seem unreasonable for market systems to apply a filter to PNs submitted by non-dispatchable but controllable generation such as tolerance levels from TSO forecasts.

**Consultation Question 10 - Feedback is requested from interested stakeholders on the types of demonstration projects that may be suitable for an application process for limited priority dispatch eligibility.**

Demonstration projects should be facilitated for any technology where there is the need to develop learning (possibly update policy, procedure and systems) specifically in relation to the power system and energy market in Northern Ireland and Ireland.

It may be appropriate to award priority dispatch status to demonstration projects that could provide learning specifically regarding market processes and systems and would facilitate the continued connection of renewable technologies and contribute towards the achievement of ambitious renewable energy targets.

Consideration should be given to the balance of effort required in setting up a new connections process to facilitate these demonstration projects, as it is unlikely that a demonstration project will be above the de minimis level and therefore a mandatory SEM participant.

It will be important to consider the national funding and any criteria placed on a demonstration project through this funding stream and how this may vary between Northern Ireland and Ireland.

**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. The RAs also propose that units should be able to make a choice on whether they wish to retain their priority dispatch status or not. Feedback is requested on this proposal.**

Approximately 93% of renewable generation capacity in Northern Ireland is connected to NIE Networks' distribution network. However in the RA interpretation of Article 12, in terms of eligibility for priority dispatch, there has been no consideration for distribution connected generation.

Article 12 states "Priority dispatch shall no longer apply to such power-generating facilities from the date on which the power-generating facility becomes subject to significant modifications, which shall be deemed to be the case at least where a new connection agreement is required or where the generation capacity of the power-generating facility is increased."

For clarity, when any information contained within a Connection Agreement between NIE Networks and a generator connected to the NIE Networks distribution network changes, this results in a new Connection Agreement being issued. This is irrespective of the power generating facility having been subject to significant modification and would also apply, for example, if there was a change of legal entity.

NIE Networks have experienced the difficulties that can result from the application of such a vague requirement, and would encourage the RAs to carefully define what constitutes a significant modification.

NIE Networks would urge the RAs to apply a consistent approach to all network operators in Northern Ireland and Ireland to ensure there is no unintended consequence in the SEM.

At present there is no requirement for the DNO to inform the TSO when a Connection Agreement has been amended, and as such there are no existing processes. NIE Networks request the RAs provide an open and transparent process to ensure consistency of approach.

**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.**

NIE Networks agree with the principle that the overall redispatching of electricity produced from renewable energy sources or from high-efficiency cogeneration should be minimised.

NIE Networks request clarity from the RAs on their interpretation of Article 13(5)(a) with regards to the issuing of non-firm offers to generation connections. It should be noted that non-firm offers relate to the ability of the transmission system to facilitate the full MEC of a connection under an N-1 scenario. There is no concept of firm distribution access, and in fact distribution connections are designed to export the generators MEC under normal system operation only.

Likewise the future development of flexible connections, where a customer's export or import is managed based upon the availability of capacity, ensures the most efficient utilisation of network infrastructure, but will not guarantee unrestricted network access.

**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?**

The RAs have determined that curtailment is one of the forms of redispatch in SEM, which is a transmission concept and enacted by the TSO (see response to consultation question 1).

Within SEM, firmness is the ability of the transmission system to facilitate the full MEC of a connection under an N-1 scenario. There is no concept of firm distribution access, and in fact distribution connections are designed to export the generators MEC under normal system operation only.

Clarity is therefore required from the RAs that at present NIE Networks does not carry out any form of dispatch or redispatch, and as such is not obliged to provide any form of financial compensation.

NIE Networks would encourage further engagement regarding the applicability of the implementation of Regulation 2019/943 in relation to Dispatch and Redispatch (Article 12 & Article 13) this Regulation and the RA interpretation with respect to distribution connected generation and the actions of the DNO.

Yours sincerely



**IAN BAILIE**  
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