RE: SEMO Revenue Requirement – Price commencing 1 October 2016

Dear Ms. Mc Keown,

Thank you for the opportunity to provide feedback on the Single Electricity Market Operator (SEMO) Revenue Requirement – Price control commencing 1st October 2016.

Brookfield Renewable Ireland is part of Brookfield Renewable Partners L.P., one of the largest publicly-traded pure-play renewable power platforms globally with over 7,300 MW of hydroelectric and wind capacity across 14 power markets and in excess of 460MW of operating wind capacity with a 200MW wind development pipeline in Ireland. Our power operating platform employs over 1,500 people globally, including full operating, development, construction oversight, and wholesale power marketing capabilities. In addition to operating a wind portfolio in the Single Electricity Market, Brookfield Renewable also actively trade power across the interconnectors between SEM and BETTA.

In this response, Brookfield would like to highlight one particular area of the SEMO Price Control for the 2016-2019 period, namely the transparency of SEMO Key Performance Indicators (KPIs) and SEMO’s accountability to the same. Brookfield believe that there has been inadequate consideration given to the potential commercial impacts to market participants or subsequent SEMO accountability for failure to reach these targets.

The efficient use of the EWIC and Moyle interconnectors is an essential part of the overall operation of the SEM. Enabling the interconnectors to be used efficiently by market participants ultimately helps to ensure accurate price discovery in the SEM to the benefit of consumers across the island. As interconnector participants in the SEM, Brookfield are reliant on the timely publication by SEMO of pricing reports and have a direct commercial exposure as a result of delays ex-ante price publication. Interconnector users are particularly exposed to delays to the publication of MIUNs. However, delays to MIUN publication are not considered in the KPIs. Brookfield request that MIUN publication is included as a KPI or incorporated into EA1 pricing such that a delay to the MIUNs are considered a delay to this pricing report. In March 2016, there were...
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2 delays\(^1\) to EA1 pricing publications (of which SEM-O recorded 1). If MIUN delays were incorporated it would show that interconnector users were subject to 5 delays to EA1 publications.

In our view, the existing one-way incentive that seeks to reward satisfactory performance without penalty for substandard performance is inadequate. This is an inequitable transfer of the risk of substandard performance to market participants. Brookfield believe that sharper incentives are required to ensure that the market operator has sufficient stimulus to minimise such incidents. Brookfield further request that other power exchange services should be consulted so that global benchmarks can be sued to measure performance for the timely and accurate publication of price reports.

Brookfield also note that the ex-ante pricing report weighting has been reduced from 0.2 to 0.15. In light of recent performance, and in accordance with the commercial exposure faced by market participants and in particular those actively trading on the EWIC and Moyle interconnectors, Brookfield believe that the weighting of this KPI should be increased, not decreased.

Brookfield also believe that the target time of 20 business days to respond to general queries is inappropriate and it should be significantly reduced to reflect the business needs of market participants who rely on such information for their day to day activities.

I would be pleased to discuss these points or any other in relation to the SEMO revenue requirement in more detail.

Kind Regards,

Daire Reilly
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