

Capacity Remuneration Mechanism
2023/24 T-4 Locational Capacity Constraint Areas
Consultation Paper SEM-19-048

A Submission by EirGrid and SONI

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Executive Summary

EirGrid and SONI welcome the SEM Committee's consultation on the SEM 2023/24 T-4 Locational Capacity Constraint Areas.

An additional Rest of Ireland LCCA is an important and practical measure to mitigate future system risks. Adding new generation into the Greater Dublin region is necessary to meet growing load requirements but a prudent balance of plant across the system has to be maintained.

EirGrid and SONI agree with the overall need for a Level 2 Rest of Ireland LCCA within the T-4 CY2023/24 capacity auction and has set out specific answers to the questions raised per below.

Introduction

EirGrid and SONI

EirGrid holds licences as independent electricity Transmission System Operator (TSO) and Market Operator (MO) in the wholesale trading system in Ireland, and is the owner of the System Operator Northern Ireland (SONI Ltd), the licensed TSO and MO in Northern Ireland. The Single Electricity Market Operator (SEMO) is part of the EirGrid Group, and operates the Single Electricity Market on the island of Ireland.

Both EirGrid, and its subsidiary SONI, have been certified by the European Commission as independent TSOs, and are licenced as the transmission system and market operators, for Ireland and Northern Ireland respectively. EirGrid also owns and operates the East West Interconnector, while SONI acts as Interconnector Administrator for both of the interconnectors that connect the island of Ireland and GB.

EirGrid and SONI, both as TSOs and MOs, are committed to delivering high quality services to all customers, including generators, suppliers and consumers across the high voltage electricity system and via the efficient operation of the wholesale power market. EirGrid and SONI therefore have a keen interest in ensuring that the market design is workable, will facilitate security of supply and compliance with the duties mandated to us and will provide the optimum outcome for customers.

EirGrid and SONI have duties under licence to advise the CRU and UR respectively on matters relating to the current and expected future reliability of the electricity supply. We have also been allocated responsibility for administering the Capacity Market Code through our TSO licences. This response is on behalf of EirGrid and SONI in their roles as TSOs and MO for Ireland and Northern Ireland, including as operators of the Capacity Market.

EirGrid and SONI Views on the Consultation Topics

In the following section, EirGrid and SONI provide their comments on the topics discussed in the consultation paper and put forward its views on the consultation paper proposals and questions

Q1. Do you agree in principle with the need for a Level 2 Rest of Ireland LCCA within the T-4 CY2023/24 capacity auction (being proposed by the TSOs in the T-4 CY2023/24 Initial Auction Information Pack and referenced in the RAs T-4 Parameters decision paper published 10 September 2019 (SEM-19-043)? Please provide rationale.

The first T-4 (2022/23) Capacity Auction saw significant new generation capacity qualify in the Greater Dublin region. Such a concentration of new generation would at some point breach circuit capacity limits in the Dublin network. This would represent a further capacity constraint which should be taken into account in the Locational Capacity Constraint Area (LCCA) calculation and the determination of the minimum MW. The methodology is capable of imposing a cap on the capacity in the Dublin LCCA by defining a further LCCA as the Rest of Ireland, as we have proposed and as presented in the T-4 2023/24 Initial Auction Information Pack (IAIP). As a result, we agree in principle with the need for a Level 2 Rest of Ireland LCCA within the T-4 CY2023/24 capacity auction (being proposed by the TSOs in the T-4 CY2023/24 Initial Auction Information Pack and referenced in the RAs T-4 Parameters decision paper published 10 September 2019 (SEM-19-043)).

Q2: Do you have any views as to the proposed calculation of the Level 2 Rest of Ireland LCCA minimum MW level?

The calculation of the Rest of Ireland LCCA must comply with the methodology already approved and in use.

For the Level 2 LCCA analysis the boundary of the constraint area is first defined as per the methodology, where detailed network assessments are carried out to identify network capacity constraints within the meshed network. Similar detailed analysis is then used to determine the minimum MW through iteratively increasing generation capacity in the identified area until the constraints are resolved.

The application of this defines the Greater Dublin region as a Level 2 LCCA. However, no clear Level 2 LCCAs were identified outside of Greater Dublin. Placing a limit on the amount of de-rated generation capacity that can be successful in the Level 2 LCCA of Greater Dublin would ensure that no capacity limits are breached within that LCCA.

This limit can be achieved through the introduction of a Level 2 LCCA for the “Rest of Ireland”. This would ensure a minimum level of generation outside Greater Dublin and effectively put a limit, or cap, on the maximum amount of generation in Greater Dublin that is successful in the auction. No limitation would be placed on units that can qualify and bid in the Capacity Auction. The minimum level of generation outside the Greater Dublin Level 2 LCCA is calculated as the difference between the Ireland Level 1 LCCA and the maximum amount of generation in Dublin that can be accommodated without breaching capacity limits.

Q3: Do respondents view the addition of a Level 2 Rest of Ireland LCCA as being appropriate within the methodology set out in SEM-17-040a? Please explain.

The introduction of an additional Level 2 Rest of Ireland LCCA is appropriate and necessary to ensure that capacity limits are adhered to especially for the case where there is a significant increase in qualifying generation within the Level 2 Dublin LCCA. The proposed application of the methodology is capable of placing a cap on the amount of generation that can locate in the Level 2 Dublin LCCA and ensures that capacity limits are adhered to.

The approach proposed is consistent with the intention of the Locational Capacity Constraint methodology. The proposal does not require a modification to the methodology and its application is also consistent with the methodology.