

**NIE Energy Limited
Power Procurement Business (PPB)**

**Trading & Settlement Code
Annual Parameters for 2010**

Consultation Paper

SEM-09-097

Response by NIE Energy (PPB)

13 October 2009.



Introduction

NIE Energy – Power Procurement Business (“PPB”) welcomes the opportunity to respond to the consultation paper on the Trading & Settlement Code Annual Parameters for 2010.

Comments

1. Parameters for the determination of Required Credit Cover.

PPB agrees with the rationale in setting the Historical Assessment Period for Capacity Period to 90 days for 2010.

PPB agrees that the Fixed Credit Requirement for Supplier Units should be reduced to €20,000 for 2010.

PPB agrees that the current Fixed Credit Requirement for Generator Units of €5,000 should be retained for 2010

PPB agrees that the current Historical Assessment Period for Billing Period of 100 days should be retained for 2010.

PPB agrees that the current Analysis Percentile Parameter of 1.96 should be retained for 2010.

PPB agrees that the current Credit Cover Adjustment of 30% should be retained for 2010.

PPB agrees that current Warning Limit of 75% should be retained for 2010.

2. Settlement Recalculation Threshold

PPB agrees that a balance between early resettlement of a material data error and the operational overhead has to be achieved. PPB agrees that the Settlement Recalculation Threshold of 3% should be retained for 2010.

3. MSP Software Penalty Cost Parameters

PPB has no reason to dispute SEMO’s analysis and therefore agree that the existing values should be retained for 2010.

4. Annual Capacity Exchange Rate

PPB agrees with the methodology proposed by SEMO to determine the appropriate Annual Capacity Exchange Rate. However, PPB does not agree with the calculated Exchange Rate value of 0.8586. This is determined based on a spot value of 0.8580 (which appears to coincide with the rate published by SEMO for the 12 – 14 July 2009 trading days). This is considerably lower than the current exchange rate (e.g. 0.9333 published by SEMO for 14 October 2009). If the 14 October 2009 value were used as the spot rate in the methodology an average value of 0.9339 would be calculated for 2010.

PPB agrees with SEMO's methodology but believes the spot exchange rate used should be that applicable at the point the decision is made i.e. based on the rate prevailing closer to the period to which it applies.

5. Parameters used in the calculation of Uninstructed Imbalances

PPB agrees that the current parameters should remain for 2010.

6. Flattening Power Factors

Until the planned Capacity Payments Mechanism review has been completed, PPB agrees with the TSOs that it would be inappropriate to change the FPF at this time.