

Dispatch and Scheduling Proposed Decision

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Key Themes

- Holistic Market Approach
 - Overall objectives
 - Energy Payments, Capacity Payments, Ancillary Services, Support Schemes, Use of System
 - Needs to balance needs of system and financial workability
- Renewable Targets
- Regulatory Risk in Uncertain Times
- Timely and Efficient Delivery of Infrastructure



Issue 1: Principles underlying Market Schedule

- Differences in Market Schedule and dispatch gives rise to constraint costs
 - Perfect Foresight – fundamental aspect of ex post market
 - Transmission constraints
 - Market modelling assumptions
 - Provision of Ancillary Services (e.g. reserve)
- Constraint / Energy Ratio not in itself a definitive metric
 - Constraint costs are largely driven by price differentials
 - Market features / unplanned outages
 - Qualitative Reasons for changes
- Proposed Solution is the degree to which market, by virtue of rules, accords more access rights than network access regime – test of “material harm”



Issue 2: Allocation of Infra-marginal Rents

- Treatment of non-firm access is based on the previous market design in ROI
 - Non-firm access provided to allow generators connect prior to completion of deep reinforcements
 - Non-firm access would be temporary (and short-term)
 - Generally applied to one, large “base-load” generator at a time
- Non-firm access now applies:
 - For extended periods of time
 - To multiple generators, in multiple locations concurrently
 - To generators with priority dispatch
- The current/proposed Market and Dispatch rules cut against the philosophy of current connection policy (additional access rights assigned by market schedule). Some ambiguity continues to exist in Northern Ireland (particularly Dx connected)



Issue 2: Allocation of Inframarginal Rents

- Option 3: model principle of financial access in Market schedule
 - Is the favoured option by EirGrid
 - Strikes a balance between giving effect to the philosophy of connection policy (First come, first served pending completion of infrastructure) with being implementable
 - It is only a proxy to exact principle.
- Option 1: model export constraint in Market Schedule
 - Description as proposed will be approximate
 - Not clear on implementation requirements
 - Difficult to determine/ define “export constraints” in a meshed network
 - To do this exactly requires Network modelling in market engine



Issue 3: Principle Underlying Dispatch

- EirGrid supports least cost dispatch ignoring firm/non firm access but allowing for priority dispatch
 - Implementable
 - Best short term signal consistent with long term policy objectives
- Needs to consider the treatment of Tx losses?
- Other rules for dispatch would not efficiently achieve long term policy objectives
 - Firm/non firm access - not theoretically implementable for constraints



Issue 4: Interpreting Priority Dispatch

- Option 1 – “Absolute” priority
- All priority dispatch is conditional on system security
- Priority between categories of priority dispatch will continue to be observed
- Keep under review
 - Constraint costs
 - Report to RA on significant dispatch down of renewables
- Election of generator to register as price maker should be seen as a decision to waive the right to “Absolute” priority
 - Large Scale Hydro



Issue 12: Treatment of VPTG

- Inequity in treatment of different generators
 - Perverse incentives
 - Increased constraints
 - But does provide an inadvertent support to renewable VPTG
- Proposal Corrects inequity
 - EirGrid on balance consider this appropriate
- Need to work to develop explicit Code and implementation time line
 - Interaction - Intra-day trading and interconnection
 - Impact on dispatch decision support tools



Summary of Position

- Agree with the RA position
 - Least Cost Dispatch
 - Grid Code, Additional Information
 - VPTG change
 - Tie Breaks
- Welcome clarity in the RA position
 - P Floor, Quantity
 - Hybrid Plant
 - Priority Dispatch
- Report to RA on significant dispatch down of renewables
- Caution on Proposed Approach to Allocation of Infra-marginal rents
 - Status quo leaves situation where Market and Dispatch rules in some conflict with philosophy of connection/ network access
 - A move to Option 1 needs further consideration

