

Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code

IWEA

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Overview

1. There is a need for a broad policy pathway
2. The development of transmission should be incentivised
3. The market should be stable
4. Access rules must be clear and meaningful
5. Diminution of support systems must be addressed

1. Policy Pathway

- Many related issues under review
 - Capacity payments, loss allocation, support systems, ancillary services etc.
- Difficult to assess proposals in one area without understanding general direction of policy development
 - Binding EU renewable energy commitments on member states and the resulting energy policies formed by government;
 - The impacts of a change in the fundamental costs of energy from fuel markets to capital markets;
 - The aspiration to promote more liquid and efficient trade between SEM and neighbouring markets; and
 - The need for strong incentives on transmission asset owners and operators to deliver necessary infrastructure.

2. Incentivise Transmission Development

- Risk should be allocated to parties best placed to manage it
- Delays in delivery increase overall costs of system

3. The Market Should be Stable

- Risk of major changes following “material harm” trigger is very concerning
- Damages investor confidence in Market
- Need to understand how market responds to broad changes in environment

4. Access Rules

- Must be clear and meaningful
- Should not be changed after offer acceptance
- Prior rights are a huge issue in NI and Ireland
- Deemed Firm Access is a reasonable requirement

5. Diminution of Support

In Market Schedule	In Dispatch	Description	SEM Payment	REFIT Protection	ROC Payment
Yes	Yes	Scheduled	Energy	Yes	Yes
Yes	No	Constrained off	Energy adjusted by Constraint	No	No
No	Yes	Constrained On	Constraint Payment Made	Yes	Yes
No	No	Curtailed	No	No	No

5. Diminution of Supports

- Both Support systems operate based on dispatched energy
- Both systems calibrated based on full available output
- Facilitation of Renewables identified a varying volume of non dispatch
 - Outside the control of Generator
- This will have a material impact on ability to meet targets and must be considered

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Thank You