



Response to SEM Consultation Paper SEM-10-065
Trading & Settlement Code Annual Parameters for 2011

on behalf of AES

(incorporating AES Kilroot Power Ltd and Premier Power Ltd)

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Prepared by

Lesley Hogg
Kilroot Power Station
Larne Road
Carrickfergus
Co. Antrim BT38 7LX
Tel: 028 93 356213
E-mail: lesley.hogg@aes.com

Introduction

AES (incorporating AES Kilroot Power Limited and Premier Power Ltd) welcomes the opportunity to respond to the consultation paper on the Trading & Settlement code Annual Parameters for 2011.

Comments

AES wishes only to comment on the proposed value of the Annual Capacity Exchange Rate.

While AES considers the adopted methodology to determine the Annual Capacity Exchange rate to be reasonable in respect of managing exchange rate exposure in the next period, we fundamentally disagree with the selection of spot and forward points so far in advance of the start of the year to which they relate. The selection of a rate at such a premature date means that it will almost certainly be out of date by the time it is applied. This is particularly noteworthy during periods of extreme volatility. At the time of writing the spot rate was approximately 0.88 which is a variance of 7.3% against the spot rate of 0.82 used in the consultation paper. AES therefore strongly requests that SEMO recalculate the Annual Capacity Exchange Rate at the end of December so that it is more closely aligned with the period to which it relates. AES also suggests that SEMO consider using an average of the rates for the last week of December in order to reduce the volatility associated with the selection of a rate on a particular day.