

12th November 2010

Your Ref: SEM-10-060

Email submission to:

Mr. James McSherry (jmcsherry@cer.ie)
Commission for Energy Regulation,

&

Mr. Andrew McCorrison (Andrew.mccorrison@uregni.gov.uk)
The Northern Ireland Authority for Utility Regulation

Re: DW Consultancy Ltd's response to 'Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code (SEM-10-060)'

Dear Sirs,

DW Consultancy Ltd. (DWC) welcomes the SEM committee's publication of this current consultation paper titled '*Principles of Dispatch and the Design of the Market Schedule in the Trading and Settlement Code (SEM-10-060)*', and also the opportunity to provide an opinion on the wide range of important issues with which this consultation deals with.

In the first instance, we support the positions outlined by the Irish Wind Energy Association (IWEA) in their response to this consultation.

In addition to our support of the IWEA position on this consultation we would also like to note the followings:

Facilitation of Renewable and Support Systems:

The level of support for renewable generation from the REFIT and ROCs schemes was based on a set of input assumptions for the likely revenue, capital and ongoing costs for a Windfarm. The revenue that was assumed for a Windfarm did not give any consideration to the reduced output of a Windfarm due to constraint and curtailment. The current rules of REFIT and ROCs only guarantee renewable support for metered generation. With the likely increase of constraint and curtailment the certainty on the revenue from windfarms is being undermined.

One of the key questions for renewable generation is; where do you expect to get the certainty for your wind farm revenue, from the market or from the government support scheme. The high level market design is dictated by a number of overarching principles including but not limited to facilitating renewable targets. However, REFIT and ROCs are more focused in their objective as renewable

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support schemes to provide the financial certainty to fund renewable projects. Motivated by the government and EU targets for renewables, the schemes should be able to evolve to ensure it continues to meet this objective. In the recent NREAP submission the Irish government commented with reference to REFIT, "*The scheme allows RES-E generators to secure the necessary investor confidence to finance debts*".

The responsibility for the decision on how REFIT is calculated appears to be shared by the DCENR and CER, see CER-08-236. A solution is that REFIT is based on availability rather than metered energy. It is important to note that rules for REFIT are outside of this consultation but are critical if the industry is to address the issues of compensation for constraint and curtailment.

It is less clear how certainty could be provided for ROCs. As this is a UK wide scheme, there is a greater challenge to change this scheme to be based on availability rather than metered generation.

Definition of Curtailment:

In the previous consultation it was concluded that there is no need for a separate concept or definition of curtailment. The argument as to why a non-firm generator is not compensated for constraint is clear but there is no clear reason why a non-firm generator is not compensated for curtailment. Firm access and the reasons for curtailment are not interrelated. DWC would propose that the system operator differentiates between constraint and curtailment events and a market mechanism is put in place to ensure non-firm generators are compensated for curtailment.

Access Rights:

DWC support the request for deemed firm access, i.e. projects get firm access when the scheduled firm access date and risk of delay is included in the market. If this risk is in the market it will provide the incentive for EirGrid or SONI to deliver the grid on schedule.

Should you have any queries, or should you wish to discuss this matter further, then please do not hesitate in contacting us.

Yours Sincerely,

A handwritten signature in blue ink, appearing to read "Barry O'Kane", is written over a horizontal line.

**Barry O'Kane, B.Eng, C.Eng, MIEI,
Chartered Engineer
For: DW Consultancy Ltd.**

cc Ms. Doreen Walker DW Consultancy Ltd.