

BARNA WIND ENERGY (B.W.E.) LIMITED



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11-10-11

**Paul Brandon,
Commission for Energy Regulation,
Belgard Square North,
Tallaght
Dublin 24**

Dear Paul,

Please find enclosed a submission from Barna Wind Energy (B.W.E.) Ltd in relation to the 'Consultation on Tie Breaks in Dispatch in the Single Electricity Market and Associated Issues, SEM/11/063.'

I am also sending this to you by e-mail.

Yours Sincerely

David N. Murphy

Company Secretary.

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12th October 2011

Paul Brandon
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

Email: pbrandon@cer.ie

Re: Consultation on Tie Breaks in Dispatch in the Single Electricity Market and Associated Issues, SEM/11/063

Dear Mr Brandon,

Barna Wind Energy Ltd welcomes the opportunity to respond to the Regulatory Authority's (RA's) consultation on Tie Breaks in Dispatch in the Single Electricity Market.

Barna Wind Energy Ltd is developing a wind farm at Barnadivane, Co. Cork. Barna Wind Energy Ltd was incorporated in 2003 and is an independent development company. The majority of the shareholders are local landowners. An application for a grid connection was submitted in October 2004. Planning consent for the wind farm was received in 2007. The wind farm received a Gate 3 connection offer in November 2010 for an MEC of 60 MW.

Although providing fair and transparent rules for the treatment of renewables in dispatch is hugely important it should in no way take away from the focus to remove the reasons for constraint and curtailment. Constraint and curtailment are essentially inefficiencies in the electricity system and as well as European legislation directing that member states minimise constraint and curtailment it will also be to the benefit of consumers to remove such inefficiencies. To reduce constraint it is essential that the System Operators, with support from all stakeholders, advance Grid25 works. To minimise curtailment, EirGrid's Facilitation of Renewables program of works should advance without any further delays. There is a need for substantial work to be done in the areas of further interconnection, demand side management and storage to minimise curtailment levels.

Outlined below are comments on some of the issues in the consultation paper.

Constraint Groups, Lists and Categories

In the consultation document it suggests that the solution to manage the dispatch of renewables is constrained by existing systems and that any solution would need to ensure no additional resources. Ireland and Northern Ireland are going to be world leaders in the penetration levels of wind generation on a medium sized synchronous system. To try to do this by not investing in systems and resources appears to be very short-sighted. This decision also appears to be outside of the requirements in the 2009 RES-E directive for member states to minimise constraint and curtailment. This is a complex problem and implementing a crude solution could result in wind farms being constrained off more than is actually required.

The RA's proposal for the allocation of constraint lacks the level of detail to understand how this approach will work in practice. For our wind farm it is unclear if we are included within one of the three constraints areas. If we are within one of the constraints areas it is unclear how projects will be constrained within each category. If we are outside of a constraint area it is also unclear how constraint will be managed.

Whatever approach is taken for the allocation of constraints it must provide the level of certainty required to bank finance our project. The proposals in the paper suggest that constraints groups will be regularly reviewed so it will never be certain to any reasonable level if wind farms will be allowed constraints based on the "grandfather" or "pro-rata" approach. It does not appear unreasonable or unfeasible for the System Operators to use their system modelling to clearly define the nodes within the constraints groups for at least a 5-7 year period but preferably for a 10-15 year period.

As well as being implementable in the National Control Centre it is also important that the final solution can be modelled with some level of certainty and results provided to developers for the period of non-firm access. The System Operators will not be able to provide constraint reports with the required level of certainty if projects at the fringes of constraint areas are unclear if they are in a constraint group or not. It has to be noted that in the absence of reliable constraint and curtailment information there is a high potential of projects not being financed.

Barna Wind Energy support the categories proposed in the consultation paper. We believe that it is important that projects with partial firm access are recognised as it is consistent with the high level

decision by the regulators in SEM-11-062 that between firm capacities date order should determine capacities.

Curtailment

Barna Wind Energy supports the position that curtailment is allocated on a pro-rata basis. To grandfather curtailment would be a de-facto decision that earlier connected wind farms have priority access to the baseload of demand customers in Ireland. This appears to be anti-competitive. Unlike constraint there has never been information published by System Operators or Regulators to suggest that curtailment would be grandfathered. In fact any information provided on Curtailment has always been presented on a pro-rata basis.

Compensation for Curtailment

It is proposed that non-firm generators will not get any compensation for curtailment events, i.e. if they are included in the market schedule but excluded from the dispatch schedule. The reasons why non-firm generators are not compensated for constraint are 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. In section 4.9 of the document the RAs accept that firmness is derived with reference to the physical ability of the network to accommodate output under normal circumstances and not with reference to system operator's decision regarding "curtailment". If only firm generators are provided with compensation for curtailment this appears to be discrimination against non-firm generators especially as the TSOs now have a mechanism/methodology to differentiate between constraint and curtailment.

Barna Wind Energy proposes that all wind farms, regardless of firm status, should be compensated for curtailment. It is discriminatory for one group of generators to be compensated and another not to be compensated when the reasons differentiating the groups are not material to the reason for compensation. It would also put a strong financial focus on the regulators and system operators to minimise curtailment events. Market mechanisms should be put in place to remove this discrimination and ensure non-firm generators are compensated for curtailment.

Hierarchy

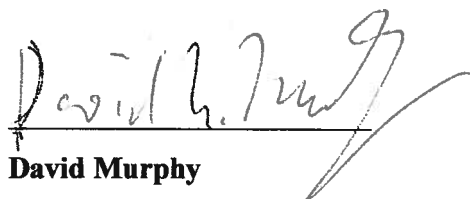
Barna Wind Energy Ltd does note that in the associated Principles of Dispatch and Market Schedule decision document, also published in August 2011, a hierarchy for dispatch was detailed that was not

consulted with industry. The hierarchy listed in this document proposes that interconnectors should have a higher dispatch priority than renewables. There does not seem to be any policy or legal justification for this decision. It appears that this decision was reached based on advice from EirGrid, who are actually conflicted as the owner of the new East-West Interconnector. The scope for EirGrid's recommendation also appears to be very narrow as it did not consider issues outside of market price and security of supply. Considering the Government's renewables targets we would strongly argue that renewables should have priority over interconnectors. We would respectively suggest that the RAs complete a separate consultation on the hierarchy list and as part of this process receive further direction from the EU and both Governments on this policy.

We also note that in this document it is proposed that when generators are being re-dispatched it will only be to the minimum generation limit and not decommitted. This again is a decision that was not consulted on and does not appear to have a policy or legal justification. The 2009 RES-E directive gives priority dispatch to renewables. This direction is not caveated with re-dispatch being limited to minimum generation levels. Although we understand there may be security of supply issues with decommitting all generators to allow for priority dispatch of renewables this does not give justification to assume that no generators will be decommitted. We would respectively request the RAs reconsider this position as it does not appear to be within the requirements of the RES-E directive.

Should you have any queries, or should you wish to discuss this matter further, then please do not hesitate in contacting me on the details provided below.

Yours Sincerely,

A handwritten signature in black ink, appearing to read "David H. Murphy", written over a horizontal line. The signature is fluid and cursive.

David Murphy

Director

Barna Wind Energy Ltd

barnawindenergy@gmail.com