

Submission by Bord na Móna PowerGen

on

Treatment of Curtailment in Tie-Break situations

Response to Proposed Decision

(SEM-12-090)

November 2012

Introduction

Bord na Móna (BnM) welcomes the opportunity to make a submission on the “*Treatment of Curtailment in Tie Break situations*” (the Proposed Decision). Bord na Móna has previously furnished submissions to the SEM Committee (SEMC) which have outlined the organisation’s stance on this matter, most notably in responses to SEM-09-073 (at pp 11), SEM-10-060 (at pp 10), SEM-11-063 (at pp 4) and most recently in SEM-12-028. In each of the cited submissions, Bord na Móna’s response has been consistent, succinct and based on the equitable principle that in tie break events, de-loading should occur on a pro-rata basis.

Bord na Móna welcomes the substantive issue in the Proposed Decision, namely that the SEM Committee’s intention that curtailment for all operational windfarms will be treated on a pro-rata basis. However, Bord na Móna is not convinced of the merits of the proposed addendum to accompany the pro-rata principle, namely the imposition of a ‘defined curtailment limit’. The body of this submission outlines Bord na Móna’s concerns as to why this addendum is not merited at this stage.

Proposed Decision

Bord na Móna welcomes the substantive issue in the Proposed Decision, namely that the SEM Committee’s intention that curtailment for all operational windfarms will be treated on a pro-rata basis.

Bord na Móna is concerned that the linking of the curtailment methodology to a ‘defined curtailment limit’ is neither appropriate nor justified, for the reasons outlined below.

- At a very high level, the concept of a ‘defined curtailment limit’ sends a signal of policy incoherence – on the one hand European (RES Directive 2009/29/EC) and national legislative instruments (REFiT & ROCs) are designed to encourage and support renewable deployment, while on the other the Proposed Decision is initially limiting and ultimately disbanding access to a revenue stream which will remain open to non-renewable generators. This is particularly pertinent as the SEM will transition to compliance with the ETM

- At an operational level in the Single Electricity Market, the Proposed Decision would appear to move away from the Trading & Settlement Code (TSC) policy of ‘no undue discrimination’ – as there would be a phasing out of an *existing* revenue stream for a specific cohort of market participants who have a legitimate expectation that such payments would remain a feature of the market as a whole. In addition, these market participants who may lose out following implementation of this discriminatory policy are market participants who pay the same rates and tariffs for connections, market charges, TUoS costs etc., as those generators who will not be impacted by this proposed elimination of an existing revenue stream.
- Notwithstanding the principled and operational concerns listed above, Bord na Móna must voice some disquiet as to the procedural process which gave rise to the putative ‘defined curtailment limit’ in the Proposed Decision. The Proposed Decision paper states that the “*central question that has arisen in relation to this issue is the following; on what basis do the Transmission System Operators (TSOs) make the decision for curtailment, when the plant available is seen as equal by the TSOs, i.e. no deciding indicator, including a bid price differential, exists to support such a decision?*”. It could be argued that the Decision Paper, by proposing the concept of a ‘defined curtailment limit’, went above and beyond its own terms of reference for the consultation. Rightly, it would be counter-argued that the first of the five assessment criteria when examining the original four options was ‘Impact on the consumer and Dispatch Balancing Cost (DBC)’. However, limiting the impact on the consumer to DBCs, without taking into consideration (or modelling as per the TSO work appended to the Consultation Paper) and netting off the downward pressure on SMPs by increasing Wind penetration, denies the ‘defined curtailment limit’ its birthright of transparent, consultative and sound regulatory legitimacy. It is, therefore, respectfully suggested that the ‘defined curtailment limit’ be excluded from the forthcoming Final Decision.

- Furthermore, when considered in conjunction with the on-going process of SEM redesign for compliance with the European Target Model post 2016, the logical home for DSCs modifications in the SEM is the consultative process which will design the future ‘Balancing Market’ as a work-stream in the integration project.

Conclusion

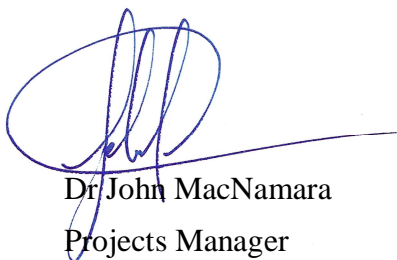
Bord na Móna welcomes the substantive issue in the Proposed Decision, namely that the SEM Committee’s intention that curtailment for all operational windfarms will be treated on a pro-rata basis.

Bord na Móna remains unconvinced that the ‘parachuting’ into the Proposed Decision of a ‘hybrid’(a term used in the Proposed Decision) addendum containing a ‘defined curtailment limit’ is unwarranted, potentially discriminatory and not consistent with either the SEMs own TSC and the specific consultative process which originally focused on establishing a ruleset for Curtailment in Tie Break situations.

I trust that the above comments will be helpful in the consultation process. If you have any queries or comments, please do not hesitate to contact me.

For and on behalf of

Bord na Móna PowerGen,



Dr John MacNamara
Projects Manager

Bord na Móna PowerGen

19th November 2012