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RE: TSO Obligations under Capacity Allocation and Congestion Management Regulation ('CACM'), SEM-15-033o ("the Consultation Paper")

Dear Elaine, Leigh,

Bord Gáis Energy (**BGE**) welcomes the opportunity to respond to this Consultation Paper on the minded to position on assignment of TSO roles and responsibilities under CACM. At a high level BGE agrees with the CER's and UR's decision to exercise the discretion provided for under Article 1(3) of CACM as it is evident from the draft CACM that all of its provisions do not equally apply to each of the four TSOs operating in the all-island market.¹ Based on BGE's understanding of the CACM provisions and related roles and responsibilities thereunder, there appears to be certain provisions addressed in the Annex to the Consultation where BGE believes greater recognition of the role of the relevant on-island or interconnector TSO may be required. The answers to the questions as outlined below highlight these key areas as well as a number of additional clarifications sought by BGE.

Q1. Do you agree with the CER and UR's application of Article 1(3) in assigning obligations to the TSOs operating in the all-island market as outlined in the Annex to this Consultation Paper?

As mentioned above, BGE agrees that the Regulatory Authorities (**RAs**) should exercise the discretion provided for in Article 1(3) of CACM. BGE's views on certain of these provisions include:

Article 11 ('stakeholder involvement'): The RAs have noted that none of the Irish TSOs are considered to have a role under Article 11. BGE believes that all of the TSOs have a role here. Article 11 provides that ACER and ENTSO-E will organise stakeholder involvement regarding DAM and IDM and other aspects of implementation of CACM to identify problems and propose improvements. As all TSOs are highly likely to have key insights into possible problems and may be instrumental in providing suitable solutions, all four TSOs should thus be considered relevant under this article.

Article 24 ('generation shift keys methodologies'): It is unclear as to why the interconnector (**IC**) TSOs, EWIC and Moyle, are not considered to have a role under this article. BGE believes they should be included. The article provides for a methodology, to represent the best forecast of the relation of a change in the net position of a bidding zone to a specific change of generation or load in the common grid model, be determined for each scenario and bidding zone. While the article provides that the forecast shall 'notably take into account the information from the generation and load data provision methodology' BGE anticipates that this is not the only information that will feed into the forecast. Interconnector flows/ capabilities may have important consequences for net positions in bidding zones which will require information from interconnector TSOs.

Article 35 ('coordinated redispatching and countertrading'): BGE believes that it is critical that the allocation of responsibilities for coordinated redispatching and countertrading remains as provided for in Annex 1 to the Consultation – i.e. only the TSOs responsible for balancing the system should be assigned this task. The interconnector TSOs should have no role in this and the TSOs in charge of maintaining a balanced system (EirGrid or SONI) should not be influenced by the impact on interconnector TSOs/ owners in executing these duties. BGE reiterates its concern outlined in its response to the I-SEM Roles and

¹ It is acknowledged that East West Interconnector Limited is yet to be certified as a TSO but this response is premised on the assumption that such certification will occur

Responsibilities consultation paper (SEM-15-016), that appropriate separation between EirGrid as TSO and interconnector operator/ owner is required for reasons including investor certainty and confidence in market outcomes including prices.

Articles 40/ 53 ('products accommodated' DAM/ IDM) and 41/ 54 ('maximum and minimum prices' DAM/ IDM): These articles place the onus on the NEMO to lead decisions on products to be accommodated and maximum / minimum clearing prices, notwithstanding that Articles 40/ 53 provides that the NEMO shall consult the TSOs (and all market participants) and Articles 41/ 54 provides that the NEMO shall cooperate with the TSO on the maximum/ minimum prices. BGE therefore requests clarity as to: what assigning the System Operators the 'lead' with interconnector owners playing a supporting role will mean with respect to these obligations under CACM, and; related to this, whether the 'lead' on this issue will be the NEMO as appears to be provided for under CACM? BGE believes that the views on articles 40 and 41 should be aligned with Articles 53 and 54 or if not, further information as to why they are not would be welcomed.

Article 69 ('proposal for day ahead firmness deadline') and 71 ('firmness of intraday capacity'): As on-island system conditions may affect the 'firmness' of IC capacity, BGE believes that EirGrid and SONI should be included as having a role under these articles (not just the interconnector TSOs).

Article 79 ('cost of ensuring firmness'): As this article mentions that the costs include those associated with redispatching, countertrading and imbalance costs of compensating market parties, it seems appropriate to also include EirGrid and SONI as having obligations under this provision. They may for example have an information sharing role at least.

Q2. Do you agree that we have correctly identified the Articles of CACM Regulation which place an obligation on the TSOs?

Please see BGE's comments in answer to question 1 above. Subject to BGE's answer to question 1, the articles of CACM Regulation that according to Annex 1 of the Consultation do not apply to any of the four TSOs are mainly NEMO led provisions and are in BGE's view correctly identified. As outlined in the first answer however, certain of the obligations under provisions may need to be expanded to include either or all of the on-island TSOs or interconnector TSOs. A particular provision that should not however be expanded is that relating to redispatching and countertrading which is the prerogative of the TSO responsible for system balance and the execution of this role must not be influenced by the potential impact on the interconnector TSO/ owner.

Q.3 How do you think the CER and UR should determine future changes to the assignment of TSO obligations under the CACM Regulation?

BGE believes that the RAs' minded to position that the TSOs should provide evidence and justification as to why their obligations under CACM should change seems reasonable. BGE suggests however that the RAs reserve the right to/ take account of the potential need to, unilaterally review the TSOs' obligations under CACM pursuant to any future amendments to CACM.

I hope that you find the above comments and suggestions useful. As mentioned in the introduction to this response however, these comments/ suggestions are put forward based on BGE's understanding of the responsibilities pursuant to the draft CACM provisions and BGE would welcome further discussion with you on these issues to ensure that our understanding is aligned with that of the RAs.

In the meantime, please do not hesitate to contact me should you have any queries on the above.

Yours sincerely,

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{By email}