

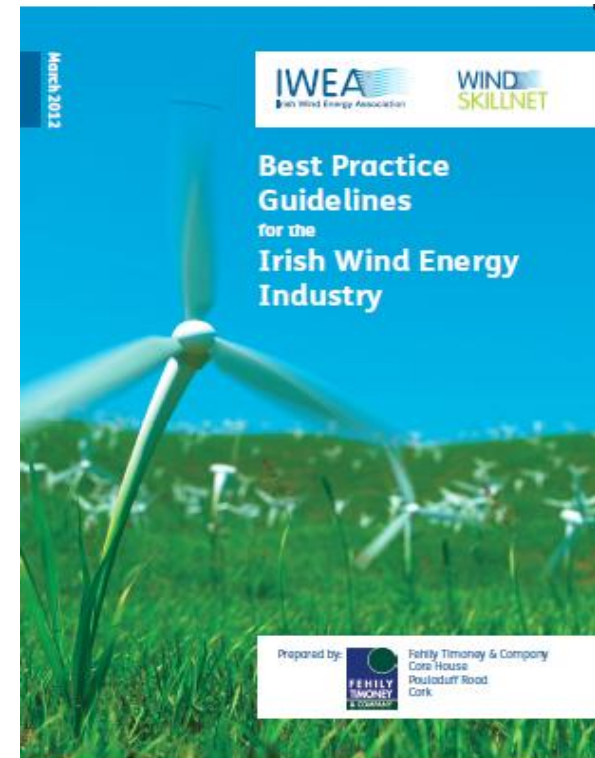
DS3 Workshop on Auction Design

IWEA Presentation

**Monday 25th April,
Crowne Plaza, Dundalk**

IWEA Aims

- IWEA believes that Ireland can be a world leader in renewable energy
 - **Reduce** CO2 emissions
 - **Create** investment and jobs
 - **Increase** energy security
 - **Create** a thriving export industry
- IWEA is committed to responsible and sensitive wind energy development.
- IWEA promotes the development of onshore and offshore wind
- IWEA supports the development of other renewables particularly marine energy



IWEA Members

- IWEA is committed to responsible and sensitive wind energy development.
- Largest national network with members from various sectors

- Wind farm developers
- Turbine manufacturers
- Construction companies
- Supply companies
- Accountants
- Insurance
- Consultancy
- Legal firms
- Banks
- Small local businesses



Overview

IWEA's overriding objective with the DS3 arrangements is that they **must deliver the necessary system services** and any required investment for services to facilitate the achievement of the 2020 renewable targets and minimise curtailment.

Wind and System Services

- Wind will be able to contribute to some of the system services, however not all.
 - Fast Frequency Response
 - Fast Post Fault Active Power Response
 - Steady State Reactive Power
 - Dynamic Reactive Power Response
- Significant build out of wind expected in 2016 and 2017 – need the signal to invest in extra services.
- Therefore it is necessary that other providers are incentivised to invest in the provision of system services.

Investor Certainty

- IWEA is concerned at the level of complexity associated with the DS3 System Services workstream, and in particular in relation to the auction design.
- The level of complexity gives rise to uncertainty in the revenue adequacy associated with the provision of services.
- In order to develop an investment case there needs to be a clear understanding of the business case and the process which should be kept as simple as possible.
- If investment is required to achieve a volume of system services necessary for the facilitation of higher levels of SNSP, this may not be achieved with the proposed DS3 arrangements.

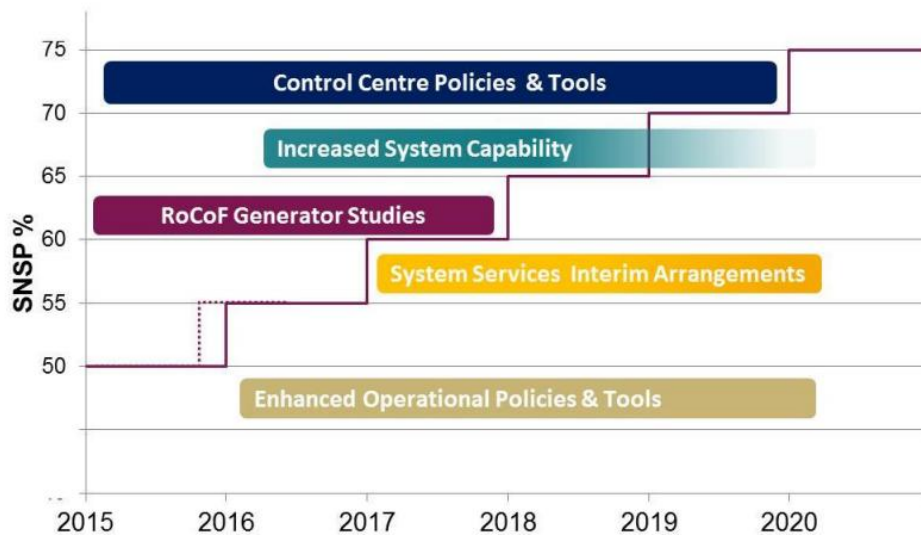
Investor Certainty

- IWEA believes that the DotEcon proposals allocate risk away from the TSO (who is best placed to manage it) and onto market participants.
- We believe there is still a need for a minimum revenue guarantee.
- Further attention to risks and incentives is required within the proposals
 - Need to ensure incentive is there to provide system services at times of need
 - Need to ensure bidding rules for service providers don't put them at a disadvantage in the market
 - There needs to be a benefit to those who are successful in the auction

Delays to SNSP

- IWEA would like to commend the work to date carried out by EirGrid
- However IWEA has significant concerns re the delays to increasing SNSP levels

Operational Capability Outlook 2016



SNSP Level	2010 (PGOR's)	April 2013	March 2016
55%	2013	2014	Q1 2016
60%	2013	2014	2017
65%	2015	2015	2018
70%	2017	2017	2019
75%	2019	2019	2020

Summary

- IWEA is concerned in relation to the delays we have seen in the DS3 programme to date.
- However, it is essential that the auction design can deliver the necessary investment for the provision of system services.
- IWEA welcomes the introduction of the interim arrangements in October of this year.