



Integrated Single Electricity Market (I-SEM)

**Measures to promote liquidity in the I-SEM
forward market**

Indaver consultation response

SEM-16-030



July 2016

RESPONDENT DETAILS

Indaver Ireland Ltd currently owns and operates a small, centrally dispatched hybrid renewable generator (17MW registered capacity) in Duleek, Co. Meath. Within the next 5 to 10 years we plan to develop two similar generators in Cork and Belfast. Given the timelines, these facilities could become the first new build/own/operate projects in the I-SEM.

Waste-to-energy (WtE) hybrid capacity is controllable and predictable, though the operation is driven primarily by waste treatment rather than energy production. The facilities have priority status in the merit order and the Meath facility receives REFIT support on the renewable fraction of output.

For these reasons, areas of key importance are:

- Consideration of new entrants to the system and the impact of proposed regulatory interventions.
- Simplicity in design and lowering administrative burden for small scale generators.
- Ensuring Forward Contract Selling Obligations for dispatchable plants exclude REFIT volumes.

INTRODUCTION

Indaver Ireland is cognisant of the structural features affecting I-SEM forward trading, and the concerns of the Regulatory Authorities regarding the possible lack of incentive for generation to supply forward products. For the purposes of this consultation, the focus of our response relates to the proposals in section 7 on the introduction of a Forward Contract Selling Obligation (FCSO), one of the proposed forms of regulatory intervention addressed in the paper.

SECTION 7 - FORWARD CONTRACT SELLING OBLIGATIONS

The paper suggests spreading selling obligations across a larger number of market players allocated proportionally to the forecasted market share of the DAM of each generator. Therefore as noted in the paper, all but the smaller generators would be required all to offer CfD contracts to be backed by the physical positions they could take in the DAM using in-merit dispatchable generation.

Indaver's WtE facility in Meath is in receipt of REFIT 1 support as approximately 50% of the energy is sources from the biomass fraction of waste. In the case of renewable dispatchable plant such as WtE, any FCSO requirement on dispatchable generation must exclude REFIT hedged volumes.

Furthermore, the proposed threshold for mandatory participation should be re-examined against the backdrop of transaction costs for small generation businesses.