

Thomas Quinn
Commission for Energy Regulation
The Exchange
Belgard Square North
Tallaght
Dublin 24

Karen Shiels
Northern Ireland Utility Regulator
Queens House
14 Queen Street
Belfast
BT1 6ED

Date: 22th September 2016

RE: I-SEM Capacity Remuneration Mechanism Supplemental Consultation Paper – Locational Issues

Dear Mr. Quinn and Ms. Shiels,

Thank you for the opportunity to provide feedback on the locational issues in the capacity market and the changes proposed to the high level design.

Brookfield Renewable Ireland is part of Brookfield Renewable Partners L.P., one of the largest publicly-traded pure-play renewable power platforms globally with over 7,300 MW of hydroelectric and wind capacity across 14 power markets and in excess of 460MW of operating wind capacity with a 200MW wind development pipeline in Ireland. Our power operating platform employs over 1,500 people globally, including full operating, development, construction oversight, and wholesale power marketing capabilities.

Brookfield do not support the locational proposals in this consultation. While, we believe that there is merit in providing locational entry signals for **new** capacity, we do not believe it is appropriate to provide exit signals to in-merit plant that are behind a temporary constraint. We believe that current proposals will provide exit signals to in-merit plant or transfer system constraint costs inappropriately to the capacity market.

The consultation states that 'local capacity issues may be expected to be more pertinent in the short to medium term'. The CRM is a long term generation adequacy solution. Choosing winners and losers based on temporary constraints may result in the regret closure of plant or jeopardise the resolution of system constraints.

Brookfield also believe that the TSO should continue to be incentivised to reduce system balancing and constraint costs. This should not be achieved through the capacity market by providing exit signals to in merit plant.

Brookfield

Brookfield support an unconstrained capacity market auction. An unconstrained capacity market is needed in order to limit price pollution in other ISEM markets. Ancillary services and system constraints should be dealt with separately by the TSO.

We would also like to take this chance like to re-iterate our position on the reliability option design; that the ISEM CRM is not technology neutral as its penalty structure is invoked through breach of a strike price. Wind as a zero cost variable generator with high penetration levels on a small system drives the system price down. Therefore ROs are most likely to be called when demand is high and wind is low. Brookfield also believe that wind should continue to be compensated for the valuable capacity it provides to the system and that it should not be subject to the same penalty structure as dispatchable generation.

Brookfield believe that this additional locational proposal highlights the inadequacy of the reliability option method for a constrained island system and suggest that in the absence of a workable design that the RAs reconsider the glide path option of transitioning from the current ACPS to the delivery year of the first T-4 auction at which point the North-South constraint will be resolved. We believe that this would be the most prudent solution for the interim phase as a result of the regret closure issue highlighted and the concerns that the ISEM go live date is no longer feasible.

I would be pleased to discuss these points or any other in relation to the proposed changes to the capacity mechanism in more detail.

Kind Regards,

Daire Reilly

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