



TYNAGH ENERGY
L I M I T E D

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Ref: TEL/JC/19/116

2nd July 2019

RE: Response to SEM-19-025

Dear John / Billy,

Tynagh Energy Limited (TEL) welcomes the opportunity to reply to this consultation on Generator Financial Performance Reporting (SEM-19-025).

TEL agree with the core reasons set out in Section 1.3 of this consultation for updating the reporting requirements on generators. However, TEL have reservations over some of the recommended changes set out in the remainder of the document, especially when referring to Financial Year (FY) 2019. Generator's should have been consulted on the requirements before the commencement of FY 2019 so participants' internal processes could have been adjusted accordingly. Therefore, TEL suggest not implementing most of the recommended changes in this consultation until FY 2020.

Q 2.1 Do stakeholders see benefit in the inclusion of the additional breakdown into DA, ID, and BM revenues, noting that this would need to be accompanied by the associated MWhs? When responding, stakeholders are requested to indicate as to whether this is feasible for "FY2019" considering that generation companies may not have already put systems in place to track this information.

TEL see limited, but some benefit to the inclusion of revenues for the various market timelines in the I-SEM arrangement. TEL would be able to provide the breakdown for FY 2019, but, are neutral on its inclusion for 2019 due to time constraints. However, TEL would be willing to provide these figures for FY 2020.

Q 3.1 Are any of the required breakdown elements in this section unclear? Please identify any which you believe are unclear and the reason why. Please also provide your proposed clarification.

Revenue from System Services and revenue from Ancillary Services are separate items while in the past we would have usually provided one figure which was called System Services / DS3. Splitting this up accordingly would be a very cumbersome task for TEL to perform for FY 2019. Would need to have known this requirement in advance of the financial year

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Q 3.2 Do you agree with the proposed categories and breakdowns of costs and revenues in Table 3.1 and as detailed above? If not, please explain why

- 1) As explained in the response to Q 3.1, breaking down System and Ancillary Services would be a too cumbersome task for TEL to perform for the current financial year.
- 2) To align with TEL's financial statements, RO Difference Charges should not be a cost. RO difference payments are recorded as negative BM revenues.

Q 3.3 Would you welcome the further breakdown of the market revenue into Day Ahead, Intra Day and Balancing Market revenues as well as the associated MWh data? If so, please explain why.

See response to Q 2.1

Q 3.4 Is there any aspect or variation of the reported profitability ratios (e.g. gross margin, net margin, etc.) which may need to be amended or added to?

TEL do not believe further ratios need to be added, nor do current ratios need to amended.

Q 4.1 Are there emerging classes or categories of grouping of generators – with significant capacity - which you believe might be considered as being appropriate for reporting on in future Generator Financial Performance reports? Please explain your view

No, TEL agree with the RA's that introducing a "by Technology" will add little benefit due to existing "Fuel Source" groupings.

Q 4.2 The current form of the report includes reporting on groups of generators according to "Generation Type" (i.e. baseload, mid-merit, peak, price taker). Do you think that reporting on this method of grouping (i.e. "by Type") is relevant to the evolving electricity market and is therefore an appropriate and informative form of grouping to be reported on?

TEL believe the current "by Generation Type" grouping is losing relevance in the I-SEM arrangement due to the more flexible and dynamic bidding practices being adopted by participants. Therefore, determination of a more up to date grouping should be carried out sooner than the RA's suggest.

Q 4.3 In your opinion, does the above market price, commodity and spread information provide useful and informative content in the report? Q 4.4 In your opinion, should this information be omitted from future reports? Please explain your view.

Yes, the inclusion of this information provide context on the financial figures presented in the report. Q 4.4: No, this information does not need to be omitted from future reports.

Should you have any queries, please do not hesitate to contact me.

Yours sincerely,

John Casley
Market and Regulation Analyst